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A Personal Reading of the Document of the Fifth Session of the 17th CPCCC

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The International and Domestic Environment for China's Economic Development has Undertaken Profound Changes

I believe that the Fifth Session of the 17th CPCCC was a very important conference convened at a crucial historical juncture. Since the outbreak of the global financial crisis, the international environment for China's economic development has witnessed some profound changes. During the 11th Five-Year Plan period, some problems and contradictions in areas of economic structure, costs of the development, etc. exposed in the course of rapid development need to be given greater attention. Problems related to redistribution of income in the course of China's sustainable growth should also call for good attention since they have gradually surfaced.

Viewing comprehensively from these two perspectives, the above-mentioned contradictions must be fundamentally resolved and the capacity to respond to the changing external environment built if we are to realize further development of China's economy. Otherwise, a further growth will confront significant difficulties.

Therefore, the Session held at this moment to make all-dimensional arrangements for the economic development of the 12th

Five-Year Plan, I believe, is of tremendous importance.

Three Favorable Conditions for Accomplishing the Modernization Program

In this regard, my understanding is that, firstly, the transformation of the mode of economic development is very important because this development model of quantitative expansion characterized by high input, high consumption and low efficiency in the past is no longer feasible whether from aspects of resources availability, or the changing environment of domestic and global markets, or the growing costs of productive factors, etc. Hence, the transformation of the mode of development should be accelerated. It is enterprises that play the most important role in transforming the mode of development. And the people should also readjust their consumption behavior, which should become the most rational changes. Looking at the whole economic environment, it is the rules and regulations that mainly determine the behavior of enterprises and residents. So, the economic restructuring and improvement of mechanisms and institutions are key-links in the transformation of the mode of development. But as far as the progressing of the reform is concerned, it is undoubted that

the reform is at the crucial stage, which involves many in-depth contradictions and problems that are difficult to handle. Hence, in this sense, the transformation of the mode of economic growth is a major historic task, and can only be completed through pains-taking efforts.

Secondly, we should recognize that China's economic development has indeed a broad prospect. We are still in an important period of strategic opportunities, as confirmed by the Fifth Plenary Session. These are mainly reflected in the following: China still has a large number of people needed to be transferred to urban areas from rural areas; a huge labor force to be transferred to non-agricultural sectors from the agricultural sector; China's population totaled 1.335 billion by the end of 2009, with 620 million in urban areas and 710 million in rural areas, and the rural population still accounts for a bigger percentage. With regard to the total labor force, the year of 2009 recorded a labor force of 780 million in total, but only little over 300 million was in relatively stable urban employment. Therefore, the rural labor force or the labor force excluding those in relatively stable non-agricultural employment in urban areas accounts for a bigger percentage. This means that the majority of population is still in the rural areas. To achieve economic modernization is to continuously promote this transfer of the labor force and the population, so as to improve working conditions, raise income and provide better life for more and more people. That is the process of China's modernization, and it is from this basic national reality that China still possesses a huge potential to further develop industrial

sectors and cities.

On the other hand, China has a huge space for domestic market. Over one billion Chinese people will reach the living standard of developed countries within this century through efforts, and this change-to-be together with a big population determine that the potential demand of China's domestic market is unprecedented and unmatched by any country. This domestic demand will shape up a very favorable and sustainable support to the industrialized and urbanized process in terms of domestic demand.

Thirdly, China has a relatively sound support in terms of funding, labor, technology, etc. Under these conditions, China's economy can achieve sustainable and rapid growth, which provides support to the sustainable and rapid growth of employment and income, and continuously helps release our consumption potentials to further expand domestic market demand for pushing economic growth.

Talking about these available conditions, they are all very favorable conditions for materializing modernization within this century, and are also very important historic opportunities China faces. China should firmly grasp this important opportunity and earnestly transform the mode of economic growth, and combine the two organically. China can hardly grasp this historic opportunity if it fails to transform the mode of economic growth. Hence, we should both have full confidence and stronger sense of urgency, so that the historic task of transforming the mode of economic growth should be implemented earnestly to accelerate the course of economic modernization.

China's Economic Growth will get More Stable with Better Quality during the 12th Fiver-Year Plan

Firstly, China's economic growth has a good opportunity and a strong driving force, which conditions that China's economic growth will not be slow. Secondly, China should transform its mode of economic growth, i.e. the mode of fast economic growth featured by high input, high consumption and low efficiency. It should be admitted that this transformation of the mode of economic growth will, to certain extent, slow-down the economic growth because of strengthening the efforts of energy-saving and emissions reduction, the increasing costs on energy-saving and emissions reduction, on pollution control and equipments for reducing consumption by enterprises. Thirdly, during such a transformation of the mode of economic growth, competition at the market will become more severe. So enterprises shall raise their competitiveness through more capacity building for R & D, managing costs, products promotion and brands promotion, etc. Viewing from the macro-respect, these changes will generate more stable economic growth than that during the 11th Fiver-Year Plan, but the quality of economic growth will continuously improve.

Building a Foundation for a New Round of Smooth and Fast Economic Growth

The core of transforming the mode of economic growth is to achieve a maximum development and maximum improvement of the livelihood of the entire people with minimum costs. In the light of this objective,

the transformation of the mode of economic growth indeed requires a firmer grasp of this strategic development opportunity. We should advance the national modernization process well with better quality so as to coordinate the national modernization process with resources and environment and continuously strengthen the sustainability of the modernization in its course of benefiting the entire people.

Therefore, viewing from this perspective, the transformation of the mode of economic growth and a comprehensive grasp of this important strategic opportunity are organically integrated, which is also reflected in the basic judgment on the coexistence of opportunities and challenges. In this broad context, the importance of transforming the mode of economic growth and of economic restructuring lies in building a growing capacity of market, including independent investment capacity of enterprises and in elevating residents' consumption pattern and building the overall capacity for consumption. In fact, we should further expand the domestic demand and enlarge the increasing domestic demand driven by the market force. It is on this basis that we shall build a foundation for a new round of smooth and fast economic growth, and push our economy move faster onto a smooth track of sustainable development. So there is tremendous amount of work to be done in this aspect and this work should also be closely integrated with the transformation of the mode of economic growth and economic restructuring.

Improving Mechanisms and Integrate Government with Market

It is critical to improve mechanisms and

institutions. Looking at the operation of developing economy as a whole, the role played by the government and that by the market should be organically combined. Both the allocation of resources by the government and the improvement of productive efficiency are fundamental environment for driving growth. We should ensure a continuous play to the basic role of market through continuous improvement of mechanism and institutions. However, there are some aspects that the market can not play a good role, for instance, leading to obvious fluctuations of economic growth as the market is prosperous with demands and investors actively expand investments to meet the demand of market. These expanding activities will drive the market search for faster expansion, hence, bringing about an over-heated economic growth. Responding to this, the market may be forced to make a great deal of readjustments, for example, by bankruptcy of a number of enterprises and unemployment of a huge labor force, etc. It should be viewed that this rapid growth and fast drop are unfavorable to economic growth as a whole, and especially to the economic growth and efficiency improvement in a relatively long period to come.

Therefore, this needs a macro-control by the government to smooth the circular economic growth and ensure a stable and faster economic growth, thus, elevating the economic growth in a relatively long period to come and improving the growth results. Besides, looking at some aspects outside of the market, for instance, pollutants discharged by enterprises as maximizing their profits, and adversely affecting the environment or the

public can not be solved completely through the market, and the government should also strengthen control and guidance in this regard. It is a major government responsibility to control pollutants discharged and protect environment.

In summary, the government and the market play different roles, but their different roles should be properly positioned. We should avoid the fact that the government fails to do what it should, such as continuously building the government capacity through improving mechanisms and institutions. On the other hand, the government should continuously readjust its functions to ensure it to play a better role. A continuously raising the quality of national economic operation and the comprehensive efficiency are supported by the government and the market to play their due roles.

Stable Economic Growth and Faster Society-building During the 11th Five-Year Plan

During the 11th Five-Year Plan period, China's economy has recorded a great progress, and it is expected that GDP growth may be over 11% and is fairly fast. We should also take note of the stability of the overall economic growth even though it also suffered some huge shocks from the global financial crisis. The year of 2009 recorded lower growth of 9.1% and this year will expect about 10%. During these 5 years, the fluctuations of the economic growth as a whole are not severe and a roller-coaster phenomenon was prevented even though it was hit by the global financial crisis, the growth rate maintained about 10% .

During the 11th Fiver-Year Plan period, the development of social undertakings, including compulsory education, basic medical services as well as construction of council housing projects, etc. has accelerated. What is more is that China's social security mechanism, particularly the social security, compulsory education and basic medical services in the rural areas have seen incremental changes. Besides, the economic growth of this year may elevate per capita GDP to over US\$4000. In accordance with the World Bank standard, this amount of per capita GDP is also a historic achievement. During the 11th Fiver-Year Plan period, regarding emissions reduction targets and especially reduction of pollutants discharge such as sulphur dioxide etc., 10% absolute reduction is achieved though the national economic aggregate has doubled that of the year 2005, which is also a tremendous achievement.

A Key to the Transformation of the Mode of Economic Growth is to Improve Mechanisms and Institutions

The key to the transformation of the mode of economic growth is to speed up reforms and improve mechanism and institutions. Rapid economic growth depending on expansion of low costs or on more input of material resources is a result of defects of mechanisms and institutions. Considering the development of an enterprise or a sector, internal control by mechanism or institutions should be further improved. There are some controls but inadequate, or only some soft controls.

The market pricing mechanisms include

resources pricing mechanisms and productive factors pricing mechanisms, which still witness many problems. So that this phenomena lead to the fact that natural resources pricing and productive factors pricing do not reflect their real costs, which are supportive to some enterprises to seek high profits and high growth by consuming more resources and productive factors. As far as the overall development is concerned, the improvement of mechanism and institutions is a key issue. Talking about improvement of mechanism and institutions, it refers to further improvement of resources pricing mechanisms and productive factors pricing mechanisms, further restructuring of taxation mechanism and financial systems, and further improvement of the basic economic system including further restructuring of the government functions, etc. All these, in fact, are the most crucial links for pushing the transformation of the mode of economic growth.

The document of the Fifth Session points out that based on the natural requirement of adhering to development as the priority, we must adhere to scientific development, to putting the people first, to attaching more importance to comprehensive, balanced and sustainable development, to overall consideration, to ensuring and improving people livelihood and to promoting social equity and justice. Regarding people as the core, the 12th Fiver-Year Plan period will enter a new development period with more balanced and high-quality growth, more effective improvement of welfare for the people and development at still lower costs. The requirements proposed by the 12th Fiver-Year

Plan accurately outlines the optional changes for the social and economic development during the period and, in fact, points out the direction of making efforts in all respects.

It is Difficult to Step toward a Moderately Prosperous Society in All Respects Only by Expanding Economic Aggregate

Building a moderately prosperous society in all respects was put forward by 12th CPC National Congress, which refers to achievement of a moderately prosperous society in all respects by the year 2020 when the Chinese people will enjoy a better life and development at more advanced level. As far as this target is concerned, the national economic aggregate and the expanded economic aggregate in the 11th Five-Year Plan period had taken a huge step forward. However, it is inadequate just to have an expanded economic scale for accomplishing the target of prosperity at a higher level and of the common prosperity for the people as a whole. That needs coordination between economic growth and social development, coordination between man and nature, as well as continuous improvement of mechanism and institutions related to economic development, and constant improvement of political restructuring.

In order to achieve these objectives, those tasks put forward by the 12th Five-Year Plan are critical. For example, China should, based on the guidance of the Scientific Outlook on Development, comprehensively push forward social-economic development and national prosperity, accelerate the transformation of the mode of economic growth and the economic restructuring, and deepen reform to keep the

door still wider toward the world. Efforts in all these areas will elevate the building of a moderately prosperous society in all respects onto a higher stage and toward a more rational development mode. This is actually the only way to build a moderately prosperous society in all respects.

Unfair Redistribution of Income Restrains Consumption Growth

The redistribution of income for resident's accounts for a lower percentage among the national redistribution of income, and this percentage is getting smaller in recent years. Though being bigger, the percentage of redistribution of income for enterprises is still witnessing a trend of increase. Besides, the percentage for residents is lower among the national redistribution of income. A comprehensive negative impact of all these combined may more and more adversely affect the increase of consumption. The income of enterprises is mainly used for reinvestment while the government revenue is mainly invested for infrastructure construction though an increasing portion of it is used for social-economic development during the transformation of government functions. However, a major part of resident's income is also used for investment and making profits, and the continuous development of this situation will in the end lead to reduced consumption. This phenomenon, viewing from a long-term perspective, will slow down the increase of consumption. Under such circumstances, the achievement of economic growth will be unable to universally improve the livelihood of Chinese people, which is a more fundamental matter. The further development

of this issue also constitutes a threat to our social stability and to the improvement of the socialist market system. So, an emphasis on restructuring redistribution of income and achieving common prosperity is very important. This is a key for restructuring in terms of expanding consumption, displaying the results of economic growth and the nature of the socialist market system. Restructuring redistribution of income is of great significance and must be pushed with all efforts.

We should have better grasp of some other aspects too. Regarding increasing labor's income, firstly, jobs should be vigorously created and the participation of labor in the construction of modernization be strengthened. Talking about an inclusive growth, it includes an idea of having more and more labor to take part in the course of construction of socialist modernization. This is reflected in the fact that non-agricultural employees or employees in industrial sectors at township level or above should constantly increase and expand in scale through which labor income increases.

Secondly, The Law on Labor Contract must be implemented in earnest, and the minimum pay must be strictly controlled. The minimum pay should certainly be integrated with the current labor supply and demand at market, thus, generally coordinating the pay determined by market and the "minimum pay" controlled by the government as well as pay increases together with economic growth and enterprises competitiveness at the current stage.

Pushing the Establishment of a Long-term Effective Mechanism for

Expanding Consumption Demand

It is very important to put forward a long term effective mechanism for expanding consumption. That is to say that a short-term policy to stimulate consumption to grow fast at a certain time is undesirable. Consumption expansion should be aimed at improving people's livelihood and ensured to grow sustainably, which are the most important. In order to accomplish it:

1. We should vigorously and appropriately push forward the urbanization process. China's economic progress and improvement of people's livelihood are mainly reflected in the fact that more rural peasants turn into urban residents. Comparing China's economy with economy of developed countries, a major gap is urbanization. Some principal criterion of economic modernization are that the major portion of employment is created by non-agricultural sectors, and the majority of people are living in urban areas.

Facing future and the objective of modernization and improvement of people's living conditions, the most important is to push forward urbanizing and industrializing rural peasants. Through industrialization, we can effectively build up capacity for urban employment, and through urbanization, we could provide continuous consumption supportive of industrialization process. Because people's consumption should grow significantly when they become urban dwellers from rural peasantry. Firstly, this growth is resulted from their income increase. We all know that agricultural productivity is rather low, which has low efficiency in creating income. Meanwhile their income would obviously grow when moving to

non-agricultural sectors from the agricultural sector. This will be positively supportive of consumption expansion. Secondly, commercialization in rural areas is rather low since farmers grow their own vegetables, raise their own poultry, etc. However, living an urban life from a rural life, their commercialization will increase, which could also expand consumption. What is more is that there is a big gap between facilities for rural life and that for urban life, such as electric appliances, IT products, etc. The consumption of these commodities is much more by the urban than by the rural way of life. All these indicate that a transfer of rural population to urban areas would shape up a continuous expansion in consumption.

2. An urban building will bring about a large amount of investment. As far as domestic demand expansion is concerned, urbanization is a huge inexhaustible resource, and also the biggest room for expanding domestic consumption. Therefore, we should vigorously and appropriately promote urbanization, which is an important foundation for sustainable consumption expansion.

3. We should accelerate the restructuring of the redistribution of income. If we are to solve the problem of widening gaps of redistribution of income, we must earnestly settle the problem of a declining percentage of residents' income among residents, enterprises and State. We should institutionally support a comprehensive disposal income to increase so as to drive a sustainable expansion of consumption.

4. We should continuously improve various social welfare systems, including

compulsory education, basic medical services, subsistent housing, basic livelihood security, etc. to raise the level and coverage of public products and dissolve worries of consumers to spend money.

5. We should continuously readjust consumption-related policies and continuously improve consumption-related environment. Various efforts should be made to drive consumption grow universally and sustainably, and consumption pattern step continuously step onto new higher stages, which are favorable to sustainable increase of domestic demand.

“Inclusive growth” means that the Chinese people as a whole should enjoy the development achievements, i.e. the development should cover the Chinese people as a whole and their welfare should be continuously improved in the course of social and economic progress. To achieve this calls for farther social progress and economic growth and common participation of the total labor force to shape up comprehensive growth of income and support faster improvement of people livelihood. This “inclusive growth” also covers coordinated economic and social progress, coordinated development between urban and rural areas, and also between man and nature. In fact, this is an understanding of the Scientific Outlook on Development from a different perspective.

Even though the new problems and challenges we face are tough, so long as we unswervingly push forward restructuring and reform of the socialist market economy, we shall have a bright future.

New Era Perceptions from China's Perspective

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In the unprecedented historical course of advancing socialism with the Chinese characteristics, China's new central leadership of China's new Administration headed by Hu Jintao, General Secretary, the CPC, has inherited and developed the basic strategic thinking on the issue of present era, made scientific judgments on the developments and changes of the era, and creatively initiated a set of fundamental views reflecting the era trends, and how to push and guide the era to move forward. The new era perceptions of China's new central leadership reflect the major theoretical innovations under the new conditions at the new stage in the new century, mainly including perceptions on Profound Changes, Harmonious World, Common Development, Common Responsibilities and Active Participation.

Perceptions on Profound Changes

The world today has been undergoing unprecedented historic changes, and the era we are in is one that is full of opportunities and

challenges.

Deepening the knowledge of the era conditions, correctly commanding the era developments, making overall judgments and scientific summary of the era features are questions first and foremost answered by the new era perceptions of China's new central leadership. The current central leadership of China holds that the world today has been undergoing unprecedented historic changes, and the era today is full of opportunities and challenges.

The world today is in a period of tremendous development, changes and realignments.

The current international relations, international pattern and international order are in a new round of realignments and changes. The international situation has continuously gone through complex and profound changes, and a series of events have "brought about rather complex and profound changes of the international political and

economic pattern”, and the “prospect of global multi-polarity is getting clearer”. On the one hand, the newly emerging developing countries such as China, India, etc. are on the rise, and the collective rise of major developing countries has been becoming an important trend of the present world. On the other hand, the pattern that the comprehensive national strength and core competitiveness of developed countries are still in the leading position has not changed, and developed countries are not only working very hard to maintain and expand the past international political and economic order in their favor, but also attempting one way or another to attain greater international political and economic benefits. Developed countries still occupy an important position in the international affairs.

Science and technology have become decisive factors to push the era moving forward.

The modern science and technology featured by information science and life sciences, etc. have made rapid progress, which has not only generated a powerful driving force to the growth of global productivity but also exerted extensive influence in areas of politics, economy, culture, military, society, etc., thus, catalyzing major changes of social production and ways of life of mankind. Major innovations triggered by progress of science and technology in the future will deepen the changes of productivity, means of production and ways of life world-wide, and is bound to leave major impacts on development of world economy and science and technology as well as international competition of comprehensive national strength. In the new era, the strategic

high-tech has been increasingly becoming a decisive factor for social and economic development and a focus of the competition of comprehensive national strength.

The era we are in is one that is full of opportunities and challenges.

Politically, on the one hand, global multi-polarity is irreversible and the democratization of the international relations is progressing, and on the other, hegemonism and power politics have shown new developments and appearances, and the basic posture of the international balance of power indicates that the North is strong and the South weak, and the West is strong and the East weak. Economically, on the one hand, science and technology have been making rapid progress, new industries and knowledge economy are in the ascendant, and the global productivity has prominently improved, and on the other hand, the growing globalization has even worsened the uneven global economic development in the current world, developing countries are on the whole in unfavorable position in the fierce global economic and technical competition and are under magnificent pressures of economic and technical superiority of developed countries. Culturally, on the one hand, the acceptance of different cultures is strengthened and international cultural exchanges are increasingly expanded, and on the other hand, confrontations of ideas and cultures have become deepened and complicated across the world, Western countries have spared no efforts to promote their ideology, social systems, development models, and to whip up various “color revolution”. On the issue of

security, the overall situation of peace and development are stable and international cooperation on security has been strengthened, and in the meantime, local conflicts and wars have cropped up now and then, traditional security threats and non-traditional security threats are interwoven, and some hot-spot problems have remained unsolved for a fairly long time. The Chinese leadership emphasizes that as new challenges and new threats are growing, we must give a serious consideration to how to better solve a series of major problems faced by human society and to the development orientation of human society.

The Perceptions on Profound Changes have all-dimensionally commanded the trends of the historic changes in the current world, scientifically identified the developing features and mega-trends of the era, and advanced the pragmatic and major subject of how to correctly orientate the development of human society in the era full of opportunities and challenges.

Perceptions on Harmonious World

It is an irresistible historical trend of the times to pursue peace, promote development and seek cooperation and the international community should redouble efforts to build a harmonious world with lasting peace and common prosperity.

In the overall backdrop of multi-polarization and economic globalization of the world today, every country actively pursues rapid development. Peace, cooperation and development have merged into the currents of the times, which push mankind to develop and progress at an unprecedented rate. Observing this historic trend, the Chinese

central leadership points out that all countries attach more importance to dialogue and cooperation and to solutions of disputes through negotiations even though chaos in some regions never comes to a stop and conflicts crop up now and then, that dialogue and exchanges and harmonious coexistence have become a main stream of international relations, and mutual respect on an equal footing has become an important consensus of the international community even though there still exist power politics and democratization of international relations is yet to be accomplished, and that the international community has set targets for poverty reduction and development promotion, and to strengthen cooperation for common development has increasingly become a universal choice of all countries even though the global development is rather uneven, and poverty and hunger are still rampant in a number of counties. Their conclusion is that peace and development remain the main themes of the present era, and pursuit of peace, development and cooperation has become an irresistible trend of the times even though there are various contradictions and conflicts, and incremental uncertain and unstable factors in the world today.

Facing a changing and complicated world, we should give more attention to, emphasize and advance harmony.

The Chinese leadership holds that the current trend of peace, development and cooperation has provided unprecedented opportunities for peoples of all countries to materialize coexistence peacefully and consciously so that there is an objective and

pragmatic possibility to build a harmonious world, and that under the conditions of both opportunities and challenges, it is for the welfare of peoples of all countries to build a world with lasting peace, common prosperity and harmony, the only way to attain global security, stability and prosperity, and also the indispensable requirement of development of human society. On 28th May 2003, in his speech delivered at the Moscow International Relations Institute during a visit to Russia, President Hu Jintao pointed out that the international community should make joint and unremitting efforts to build a harmonious world in order to achieve lasting peace and common prosperity. This strategic thought was set forth for the first time by the Chinese central leadership and is to be continuously enriched in practice.

Building a harmonious world is embodied in all aspects, political, economic, cultural, environmental, security, etc.

Politically, all countries should respect each other and conduct consultations on an equal footing in a common endeavor to promote democracy in international relations. Economically, they should cooperate with each other; draw each others strengths and work together to advance economic globalization in the direction of balanced development, shared benefits and win-win progress. Culturally, they should learn from each other from the spirit of seeking common ground while shelving differences, respect diversity of the world, and make joint efforts to advance human civilization. In the area of security, they should trust each other, strengthen cooperation, settle international

disputes by peaceful means rather than by war, and work together to safeguard peace and stability in the world. On environmental issues, they should assist and cooperate with each other in conservation efforts to take good care of the Earth, the only home of human beings.

Grasping peace, development and cooperation as the opportunities of the times, taking as a lofty mandate keeping abreast with the trend of the times and the people's aspirations, appropriately coping with various contradictions and challenges, creating peace for the world, promoting prosperity of all countries and pushing human society to march forward more progressively, the thought of building a harmonious world is the significant inheritance and development of harmonious ideas of human civilizations and also the epoch development of Marxist international strategic theory of modern China. The thought of building a harmonious world is the core tenet of the era perception.

Perceptions on Common Development

Sharing common interests with each other, we must have an epoch thinking of promoting common development, attaching more importance to exchanges and cooperation and drawing each others strengths, and promoting mutual benefit, win-win progress and joint development.

Since WWII, the development as an effective channel and means to promote economic growth and to settle social contradictions and hard problems has occupied a prominent place in the domestic affairs of all countries. However, the global development is yet to be properly handled. The "riddle of global development" is yet to be settled.

Proceeding from the essentials and fundamentals of promoting development and prosperity among all countries, the Chinese central leadership upholds that all countries should transcend their traditional concepts, and establish a new thinking corresponding to the changes of the times. Its essence is attaching more importance to exchanges and cooperation, and drawing each other's strengths, and to mutual benefit, win-win progress and joint development.

The inter-dependence among countries is getting stronger, shaping a situation of shared interests and survival

In the current world, there co-exist the more extensive international cooperation and fiercer international competitions. Various forms of dialogues on international economic policies coordination have been intensively conducted, regional, trans- and sub-regional cooperation, bilateral and multi-lateral cooperation has been deepened, and multi-lateral mechanism is on the rise. International industrial shifting has been accelerating, trans-national investment and mergers more active, and a global production system based on specialized division of labor has gathered momentum. So, the global economy has become an organic and interactive whole.

In the backdrop of economic globalization, development should be realized through mutually beneficial cooperation.

The rapid progress of economic globalization and its results have made the information, concepts, human beings,

resources, capital and products move around at an unprecedented speed and in an unprecedented volume across the world. At the same time, the economic globalization has been affecting in depth how peoples and countries in every corner of the globe know the world and the ways they cope with the world. Economic globalization has brought about a systematic effect on the development of all countries characterized by the fact that one country's loss is the loss for all and one country's glory is the glory for all. The Chinese central leadership has pointed out that in the long development of human history, the destiny of peoples of all countries has never been so closely connected as today, sharing weal and woe, choices for us all can only be promoting win-win cooperation. For that end, the following principles should be upheld: all countries are equal, be they big or small, strong or weak, and rich or poor, safeguarding and developing common interests should be made as the starting point and outcome of cooperation; the relative advantages of every country should be given full play and efforts should be redoubled to expand development space in order to advance common development; we should mutually benefit each other and learn from each others strong points, continuously expand the shared interests, innovate cooperative ways, broaden cooperation areas, and enrich cooperation contents; we should care about the legitimate interests of each other in cooperation and work hard for win-win progress.

Firmly establish the thinking of promoting common development for all countries

The Chinese central leadership holds that development should be viewed more comprehensively to promote common prosperity, and that the state-to-state relations should be judged and handled with wide-ranging and deep-going strategic vision and the epoch thinking of mutual benefit and win-win progress. Any country should objectively understand and reasonably treat development of others, take each other as partners for win-win cooperation but not as competitive counterparts of zero-sum games; and mutually support each other's peaceful development. Dialogue between developing countries and developed countries should be strengthened, and the right to discourse of developing countries on deciding the dialogue forms, agenda and results be enhanced in order to establish a new type of global development partnership featured by equality, mutual benefit and win-win progress. Proceeding from fundamental problems of institutions and mechanisms, developed countries should earnestly assist and support developing countries in accelerating their development; should reform and improve the global economic, trade and financial institutions, build a global economic system of sustainable development and establish a wide-ranging and orderly international financial system, a fair and reasonable international trade system and an equal and effective global development system; should honor their promises and take actions in terms of exempting or reducing debts, opening market, transferring technology, etc. Developing countries should promote cooperation among them, continuously expand trade and cooperation, diversify cooperation forms, and attain complimentary and mutual

benefit, win-win progress and common development.

Advocate mutual respect and drawing strength from each other and maintenance of global diversity and diversified development models.

The Chinese central leadership holds that there is neither a universally applicable development road and development model, nor an ossified development road and development model. So we should adapt to the changing situation at home and overseas, satisfy people's new expectations to live a better life and continuously explore and improve our development road and development model compatible to the national conditions in combination with the national realities and changing conditions of the era. Particularly in the context of deepening economic globalization, it bears practical significance and long-term historical importance to maintain global diversity and diversified development models to propel common development of all countries, and countries should advocate an outlook that is open and incorporates into things positive, respect development models of each choice, share development experiences and learn from each other's development models.

China unswervingly follows peaceful development road and open strategy of mutual benefit and win-win progress.

Since the reform and opening-up program, China's strong momentum of development has attracted the attention of the world. The world is surprised at China's economic miracle that human history has never seen "such a huge

human group has maintained such a high and sustainable growth rate in such a long period". As a companion, various versions of "China threat" have cropped up now and then. Thinking twice the relationship between China's development and the world, the Chinese central leadership is of the view that as the world pays more and more attention to China, and China should also consider an important issue, that is how China could continuously contribute to regional and global prosperity through itself development. The strategic choice of China's development is that China unswervingly follows a peaceful development road, takes full advantage of opportunities brought about by the global peaceful development to develop it and also serves better to safeguard world peace and propel common development through its national development. The Chinese central leadership points out that this strategic choice is based on the national conditions and keeps up with the times, and is the only indispensable road to attain rejuvenation of the Chinese nation. China unswervingly upholds mutual beneficial and win-win strategy: China is committed to pushing sustainable and stable growth of world economy, to promoting regional and global common development through its national development, and to expanding the converging interests of all sides, and cares for the legitimate concerns of its partners, especially developing countries as it has been achieving development. China firmly follows the normal international trade rules, expands market access and safeguards the rights and interests of partners according to relevant laws. China supports the international community in building capacities of

developing countries for independent development, improving peoples' livelihood and narrowing down the gaps between the South and North. China advocates and supports the transformation and improvement of the global trade and financial system, pushes for liberalization and facilitation of trade and investment, and is committed to appropriate settlement of trade frictions through consultations and coordination.

Grasping the key issue of promoting common development and prosperity, the "Perceptions on Common Development" have revealed the trend of human society marching toward openness and collective prosperity, and expounded in depth the intrinsic similarity of all countries to get development and prosperity under the current conditions. The high principle of maintaining national interests and vigorously advocating and caring for common interests orientate the settlement of a "development riddle" of the times.

Perceptions on Shared Responsibilities

Proceeding from multi-aspects of human subsistence and development, the international community should establish the consciousness of "Shared Responsibilities", make overall arrangements and collaborately respond to major global challenges and threats.

Since the end of the Cold War, the waves of a new round of economic globalization has been surging high, the timing and space constraints for human exchanges have been shattered and the awareness of global village has been extensively spread. At the same time, the human society has been more and more suffering from disastrous results of global dissimulation. Upon entering the new century,

various major global challenges and threats such as financial crisis, energy and resources difficulties, climate change, food safety, public health, natural famines, etc. cropped up, and gravely affected the global peace, stability and prosperity. The international financial crisis triggered by the U.S. sub-prime mortgage crisis in April 2008 has promptly evolved into the worst, most destructive and influential financial crisis since 1929 due to deepening and accelerating global economic and financial incorporation. The influenza A (H1N1), having broken out in Mexico and the United States in the Spring of 2009, immediately developed into a global pandemic in over 200 countries and regions across the whole world. Then, a report by the World Bank predicted that the influenza A (H1N1) might cost 0.7%-4.8% of the global GDP. It is just based on the various unpredictable risks that the modern society is termed as “global risky society” in the fast progress of economic globalization. Responding to various major global challenges and threats, the Chinese central leadership holds that all countries should proceed from the height of human subsistence and development and look at and cope with various major global challenges and threats in an interrelated vision, establish the consciousness of shared responsibilities, work in all-dimensional manner and make overall arrangements and collaboratively respond.

An outlet to various major global challenges and threats depends on strengthening cooperation by the international community.

A response to various major global challenges and threats is related to people's

lifeline of every country, and crucial to maintain global peace and security and promote common development of all countries. So we should vigorously build a sound political environment of joint response to the global challenges and threats. All countries should settle their differences and contradictions through dialogue and consultations, promote mutually beneficial cooperation and establish and improve multi-lateral international cooperation mechanisms, embody fairness and justice in their cooperation and take into overall consideration the national development stages, conditions and capacity, and should give full play to the United Nations and relevant international organizations. They should attach importance to the role played by science and technology and enhance capacity building. They should give special care to developing countries and the poorest countries in particular and sincerely help them to overcome their difficulties.

Upholding the principle of shared responsibilities.

The Chinese central leadership holds that it is the commonly shared responsibilities of all countries to properly cope with various major global challenges and threats. Responding to climate change, all countries should uphold the main channel status of the UNFCCC and the Kyoto Protocol and in the corresponding international cooperation respect the principle of “common but differentiated responsibilities”. Recognizing their historical responsibilities and the current reality of high per capita emissions, developed countries should strictly observe the emissions

reduction targets set by the Kyoto Protocol and continuously undertake the duty of big quantitative reduction, and those developed countries that have not ratified the Kyoto Protocol should also make some comparable contributions. In line of national conditions and under the support of funding and technical transfer of developed countries, developing countries should try their best to mitigate their green-house gasses emissions and to adapt to climate change. With an effective funding mechanism, developed countries should undertake their responsibilities to provide funding to developing countries, and ensure to introduce, diffuse and transfer their environment-and climate-friendly technology to developing countries so as to enhance their capacity to deal with climate change through effective institutional arrangements. Regarding response to the financial crisis, the Chinese central leadership emphasizes that the major developed economies should shoulder their due responsibilities and duty, adopt macro-economic policies beneficial to their national and global economic and financial stability and development, help vigorously stabilize national and global financial markets, protect investors interests and oppose any form of trade-investment protectionism. Meanwhile, all countries should further their macro-economic policy coordination, implement the global financial reform, deepen cooperation on international financial monitoring and jointly push the global economic recovery. The sense of global responsibilities of corporations especially the transnational ones should be enhanced.

Jointly promoting global balanced and

sustainable development

The Chinese central leadership points out that it is the development issue that is fundamentally the global challenge and threat so the interests and needs of both developed countries and developing should be given balanced consideration, global economic management be strengthened and improved to promote global economic balanced and sustainable development. We should advocate increasing tolerance and push for balanced growth, and emphasize that the efforts to respond to various major global challenges and threats are the same as “a forest with no tree” if there is no development of developing countries. The international community should make the push for development of developing countries an important task to implement and ensure developing countries to build a capacity for self-development, sustainable development and risks resistance. With a long-term vision and overall arrangements, we should appropriately handle those prominent global problems especially those related to welfare of peoples of the world and global interests, such as climate change, food safety, energy and resources safety, public health, etc. and should not attend one to the neglect of the other.

Developing countries should make concerted efforts and shoulder corresponding responsibilities.

The Chinese central leadership is of a view that developing countries should play its due role compatible to its status by making concerted efforts and shouldering due responsibilities to cope with various major global threats and challenges. As a responsible

member of the international community, China has been actively participating in international cooperation on responding to the international challenges and threats. Coping with climate change, the Chinese Government has constantly followed a sustainable development strategy and the national policy of saving energy and protecting environment, adopted and published China National Program on Climate Change, incorporated the response to climate change into the national social and economic development program and vigorously pushed for green growth. In its course of responding to the international financial crisis, China has attached high importance to the organic combination between ensuring growth and restructuring, unswervingly pushed for the economic strategic restructuring, spared no efforts to save energy and reduce emissions, redoubled efforts to develop new emerging sectors including circular economy, new energy, energy saving and environmental protection, and to cultivate new growth areas and promote transformation of growth mode. Meanwhile, the Chinese Government has firmly followed an open strategy for mutual benefit and win-win progress, energetically strengthened economic relations and trade with all countries and maintained the multi-lateral trade system. In its implementing stimulus plans to respond to the financial crisis, China has observed the relevant clauses of WTO, given equal treatment to both domestic and overseas products, and provided many opportunities to foreign enterprises. Since 2009, China has organized trade missions to Europe and the United States, etc. to expand import and investment cooperation with countries

concerned, and demonstrated its clear-cut positions on undertaking responsibilities compatible to its strength, thus winning extensive commendation.

Proceeding from comprehensive interests and common destiny of mankind, the Perceptions on Shared Responsibilities have actively explored new channels and new measures to promote global balanced and sustainable development, and to put forward a series of meaningful principles and methods to cope with and overcome major international challenges and threats. It is especially the idea on developing countries undertaking due responsibilities that is a scientific judgment made to command the growing trend that the overall strength of developing countries has grown and their influence and roles have become stronger in the international political and economic areas. The identification and implementation of this idea have shown that developing countries have awakened to their global responsibility and are favorable for developing countries to play bigger role in the international affairs, hence pushing the international pattern and international order to evolve in more positive and rational direction.

Perceptions on Active Participation

The prosperity and destiny of contemporary China have been closely connected with that of the world, and we must combine the adherence to independence with participation in economic globalization, take into overall consideration the domestic and external situation and make contributions to the lofty cause of promoting human peace and development.

Since the reform and opening-up, China

has succeeded in pioneering the socialist development road of Chinese characteristics, attained a historical transformation from planned economic system to a socialist market economic system full of vitality and from closed and semi-closed phenomena to all-dimensional opening. In 2007, China's economic aggregate reached 25730.6 billion yuan RMB, ranking third in the world. China's development has increasingly linked with that of the world. Looking at the development of China and the world and exploring and adopting China development strategy at the height of interaction between global situation and domestic situation, the Chinese central leadership points out that we must combine the adherence to independence and participation in economic globalization. China sticks to independence and also vigorously participates in economic globalization.

The relationship between contemporary China and the world has witnessed historic changes,

Firstly, China's economy has become an important composition of the world economy. In 2007, China's GDP accounted for more 5% of the world economy and the total volume of two-way trade amounted to 8% of that the world, ranking third in terms of imports. By the end of 2008, China's total actual foreign investment was over \$US 850 billion, raking second in terms of futures' market only next to the United States. China's economy contributes 10% to world economic growth and China's foreign trade contributes 12% to world trade growth. The U.S. think tanks believe that China's economic growth has created opportunities for global economy.

Secondly, China has become a major member of the international system. China has acceded to 130 governmental international organizations, ratified over 300 international treaties, dispatched personnel to 20 peace-keeping operations and participated in handling hotspot issues such as the Korean peninsula nuclear issue, the Iranian nuclear issue, the Darfur issues of Sudan, etc., actively responded to the global issues such as the international financial crisis, climate change, environmental protection, energy security, public health, etc. and strengthened anti-terrorism cooperation. International media believe that China has sent out signals of peace to the world and the world needs China. The Chinese central leadership emphasizes that China's development has played an increasing role in and exerted growing influence on the world, and the changes of international environment have also produced an expanding impact on China's development. This is the distinct characteristics for governing a country the Chinese Government must grasp firmly.

China faces unprecedented development opportunities and unprecedented challenges as well. Generally speaking, opportunities overtake challenges.

Marked by \$US 1000 per capita GDP achieved in 2003, China's reform and development had entered a crucial stage. To put it simply, this stage is a critical stage for development, a formidable stage for the reform and a stage for showing contradictions. Thoroughly analyzing the periodic features of China's development, the Chinese central leadership has expounded in depth that at

this stage, China faces new opportunities and new challenges to comprehensively take part in economic globalization, faces a new situation and new tasks of deepening industrialization, informationization, urbanization, marketization and internationalization, etc., faces new topics and new contradictions in development, faces new situation of maintaining social harmony and stability domestically, and faces growing Western restraints in all areas and more complex and severe overseas environment, etc. In the meanwhile, there are also favorable factors for us to build a moderately prosperous society in all respects and further socialism with Chinese characteristics. They are the following: the trend of global multi-polarity and economic globalization is irreversible and the pursuit of peace, development and cooperation has become a trend of the times ; China unswervingly follows peaceful development road and has acquired an initiative and favorable status in the international affair ; particularly, the successful host of major international events such as Beijing Olympics, Handicapped Disabled Olympics, etc. and active participation in response to the international financial crisis demonstrate China's comprehensive national strength, the superiority of socialist system, the coherence and centripetal force of the Chinese nation, the high spirits of the Chinese people and continuous rise of China's international standing and influence. Having made comprehensive judgments on both domestic and overseas situation, the Chinese Central Leadership emphasizes that opportunities are greater than challenges, and we should firmly grasp the opportunities and

earnestly deal with the challenges.

Combining the adherence to independence with the participation in economic globalization, taking into overall consideration the domestic and external situation and making contributions to the lofty cause of promoting peace and development for mankind

The Chinese central leadership holds that fending off the risks generated by the economic globalization is related to both the growth rate of China's economic development and the political issue of determining China's destiny. Summarizing the experiences since the reform and opening-up, the Chinese central leadership points out that China must combine the adherence to independence with the participation in economic globalization. Firstly, China must at any time make independence and self-reliance the foundation of the national development and stick to the socialist system and the development road chosen by the Chinese people, always prioritize the national sovereignty and security, firmly safeguard the national sovereignty, security and development interests, uphold that China's national affairs should be run in the Chinese way by the Chinese people and absolutely oppose any foreign interference in our internal affairs. At the same time, on the basis of the Five Principles of the Peaceful Coexistence, China should conduct exchanges and cooperation with all countries, actively advance global multi-polarity, push democratization of international relations, respect global diversity and oppose hegemonism and power politics. China should expand opening-up further to the outside world, combine "introducing to China"

with “going overseas”, earnestly learn and draw strength from the achievements of all civilizations created by human society, seek benefits to avoid defects and shape new advantages of participating in international economic cooperation and competition under the conditions of economic globalization, push economic globalization to develop in the orientation of balanced, universal and win-win progress, jointly take care of the Earth - the only home to mankind, and advance prosperity and progress of human civilization.

The “Perceptions on Active Participation” timely commands the relationship between China and the world at the crucial stage of reform and opening-up and scientifically explains the major pragmatic and theoretical questions on how to accelerate development and cope with economic globalization. Guided by the Scientific Outlook on Development, the Perceptions unswervingly follow the theory, line, principles and policies since the Third Plenary Session of the 11th Party Congress, earnestly summarize the historical process and valuable experiences of the reform and opening-up, emphasize that China both highly values and firmly safeguards its independent rights achieved after a long-term struggles and adhere to its basic national policies of opening up to the outside world, continuously build its capacity to make overall arrangements for the domestic and overseas situation and to grasp

development opportunities and respond to major risks and challenges so as to always master well development initiatives. The Perceptions are major principles and a strategic guidance to develop socialism with Chinese characteristics.

Proceeding from the historical and strategic height, having profound understanding of the times and sensitively grasping the development of the era, the New Era Perceptions of the Chinese central leadership are a significant ideological guidance for developing socialism with Chinese characteristics and guiding development of the era. Currently, China’s social and economic development is at a critical stage, facing both fierce competition of comprehensive national strength in the context of growing global multi-polarity and economic globalization, and also the severe test of safeguarding the national sovereignty, security and development interests under the conditions of all-dimensional opening-up. We must deepen our understanding of the era trends, pragmatically command and take full advantage of the major strategic opportunities, vigorously pioneer a broader development prospect for socialism with Chinese characteristics and continuously advance the grand cause of socialism with Chinese characteristics.

The Changing International System and China's Strategic Options

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The profound changes of the international system (or termed transition of the international system) is the most important topic of the modern era. A series of major events in the years from 2008-2009 embodies a transition to a qualitative change from a quantitative change of the international system. So that all major countries have been redoubling efforts to cope with it and making strategic readjustments. China is an important driving force and at the same time is also affected in the current round of the international system change. As a result, it is an unavoidable major topic for China's development to identify its multi-roles, and come up with multiple and rational strategic choices in the new era.

I. The Four Landmark Events of the Changing International System

The international system.¹ has always been the fundamental prerequisite for

commanding the existential situation which is related to many factors such as an era characteristic, global pattern, international order, development strategy, etc. It is on these basis that the international system is often relatively stable in its rather long process of formation, development, enrichment, weakening, collapsing or in transformation. Once the international system shows some changes, which would be accompanied by profound changes of a balance of power, strategic choices, international relations and even hot-spot problems, etc.

Since the end of the Cold War, a new round of changes of the international system has become a hot topic in the international community. Scholars have been intending to catch traits of the changing international system from every "milestone event" or a particular period of time and define by using new wording such as "post-Cold War", "post-post-Cold War", etc. which are born to

describe the new changes.² However, there has been no consensus whether a new international system has shaped up in these many years since the end of the Cold War, but there are on and off discussions and debates of it. These discussions were surging high after the 9/11 terrorist attacks and forming a high tide in 2008 by the financial tsunami, thus, becoming a top topic concerned by the international strategists.³ The Western strategists including Kissinger, Brzezinski, Richard N. Haass, Fareed Zakaria, etc. and oriental strategist Kishore Mahbubani are of the view that the international system has gone through fundamental changes.⁴ Their judgments are both drawn from their “professional experiences” and scholarly intelligence.

If it is believed that the previous international systems are basically catalyzed by a major war so that it is easier to identify the watershed or the benchmark for the changed system, but the current changes of the international system have been taking place in the broad context of peaceful development so its demarcation for quantitative change to qualitative change is not so clear-cut. Moreover, the four benchmark international events during the years of 2008-2009 and their reflected changes in the international political and economic pattern have been showcasing an approaching brand-new era and international system all-dimensionally.

First, it is the outbreak of the armed conflicts between Russia and Georgia on 8 August 2008. The fact that Russia dared to launch a large-scale armed operations on Georgia, and the United States and Europe “only dared to speak with strong words” but

not launch sanctions against Russia mirrors at least the following two facts: firstly, after the 20-year changes and guidance under the “Putin policies”, Russia has recovered as a strong power and returned to the center of the international political and economic arena high-keyed. Secondly, Troubled by the internal and external difficulties and relied on the Russian energy, the United States and Europe could do nothing about the Russian military attacks on Georgia, and unable to help Georgia in difficulties even though they had the wishes. If the end of the Cold War is marked by the collapse of the USSR, then, the Russian recovery signals that the 20-year long “post-Cold War” has generally come to an end.

Second, another major event that was taking place at about the same time is Beijing’s successful host of the Olympics. This event could not prove anything if viewed singularly. However, from the Western view points to understand China’s rise, the successful hosting of the Olympics is of symbolic significance. After the end of the Cold War, the Western judgments on China went through several stages.⁵ The year of 1992 is the end of the first stage that reasonable scholars no longer subscribe to the “economic collapse of China” following the fact that the 14th CPC National Congress included in its general line the essence of Deng Xiaoping’s remarks on the Southern inspection tour and building a socialist market economy. The second point is the 16th CPC National Congress in the year of 2002. The peaceful, collective and comprehensive transition of power at the highest level in China forecasts the demise of another propaganda of “China’s political collapse”. In 2008, the West generally

came up with the third conclusion that China's society as a whole is unlikely to collapse. After a series of events such as 3/14 riot in Tibet, 5/12 earthquake in Sichuan, 8/8 Beijing Olympics and the problems of external torch-relay related to the Olympics, China did not only avoid from being plunging into chaos, but also demonstrated the national cohesion, social mobilization and powerful economic strength as well as rational and smart patriotism displayed by the young generation born after the 1980s and 1990s, which all these puzzled the West despite of their much thought. And in the following financial crisis, China did not only unsee a major national crisis, but also boasted of attaining its "8% GDP growth" while all other major countries witnessed economic downturns. Therefore, recently, there have emerged a so-called "G2" or "ChiAmerica", etc. even though these are not China's strategy. ⁶In summary, the 2008 Beijing Olympics symbolized a simple fact that is China's rise has become a present continuous tense from the future tense. And meanwhile represented by China's rise, several non-Western major countries including India, Brazil, South Africa, Russia, etc. have been emerging spontaneously. All these have constituted a grand scenario that "newly emerging countries rise collectively, and global power historically moves toward East". This may be what Dr. Kissinger means by a "change in 4-centuries".

The third event is the 9/15 financial tsunami. If the 9/11 attacks broke through its security defense line and psychological defense line formed for a long time on the basis of the trans-Ocean defense screen and dealt severe blows to its strategy and security,

then, the 9/15 financial tsunami spiked the traditional consensus on the Wall Street by the Americans and the international community, and brought about challenges to the U.S. financial hegemony in depth and blows to the U.S. perceptions on strength and the world. Because this round of crisis is the accumulated structural problems due to a lack of structural improvement since the end of the Cold War, so that it is unable to recover over night. Mr. Obama is elected the U.S. President, which is no more triumph of the U.S. ethnic solidarity than the results of the two-party struggles domestically. The election result indicates that faced by domestic and foreign troubles, the Americans no longer care about the leaders' skin color and background, but whether the leader goes with the people's aspirations, is dedicated to reform and reinvigorate the U.S. hegemony. This in another way reflects the depth of the U.S. problems. In certain sense, the 9/15 financial tsunami signals the ending of the U.S. uni-polar hegemonic era and the approaching "post-American era."

The fourth benchmark is a group of problems from 2008 to the end of 2009 including a new round of international terrorist attacks, world-wide endemic H1N1, quick spreading of climate change effect, energy panic generated by the rocketing prices of petroleum and gas, the historic change of global population structure, the problems of water resources, of migration and of proliferation of weapons of mass destruction, etc. ⁷All these problems have touched the whole world in the same way despite of whereabouts of any country --- all countries in the world make concerted efforts to address the global problems, which has become a

distinct feature of this new era.

The post-Cold War era has basically come to an end, the newly emerging countries rise collectively, the post-American era is arriving, and the global issues have been surfacing, etc. , all of which have shown our bidding farewell to the old era and the old system, and ushering in a new era and building a new system. Though the demarcation of the changes of the international system awaits to get clearer, it is no doubt that a new round of changes of the international system is imminent.

II. The Five Manifestations of the Changing International System

The changing international system is mainly demonstrated in the following five aspects.

First, the changes of the international political pattern. It is true that the current international political pattern is still in the process of evolution, but it seems that the following conclusions can be drawn. Firstly, the United States still enjoys absolute leading strength but its relative strength is on the decline. The U.S. uni-polar hegemonic era may have gone forever and it is unlikely for the United States to recover the grandeur glory in the later period of the 1990s even though the Obama “new deal” may revitalize the U.S. hard power and soft power. The United States is still the “superpower” but difficult to exercise “uni-polar hegemony”.⁸ Secondly, bi-polar era will not be in place in a short time at all. The G2 is proposed by some Americans and cooked by the global media making China the other secondary pole. However, objectively there is still a huge gap between

the strength of China and that of the United States, and it is more important that China does not work for the formation of a bi-polar world subjectively.⁹ And other major powers are even more short of the comprehensive national strength matched to that of the United States. Thirdly, the multi-polarization process has been accelerating, thus, producing greater expectations for multi-polarity prospect.¹⁰ The G20 mechanism is a major benchmark event. If the international pattern is featured by “one superpower with many major powers” since the end of the Cold War, then the pattern will evolve into “many major powers with one superpower” in 5-10 years to come. In the past, it is the United States that was leading the world so that all countries tried to become its friends. But now it is the collaboration of major powers that is leading the world and the United States must be careful about the reactions of major powers for whatever it does. All major powers have been building themselves fast with China growing faster.

Second, the changes of the international economic pattern. The changes are mainly reflected in the following aspects: Firstly, the global economic center has been shifting away to the non-Western countries from the West. Secondly, the economic development centers have been shifting away to the newly-emerging countries from the traditional industrialized countries. Thirdly, the international economic and financial order has been orientating toward joint coordination between the West and non-West and between developed countries and developing countries from the dominance by the West with the role of the G8 on the decline and that of the G20 on the rise. Fourthly, the prospect

of the global economy relies on the industrial restructuring, tapping potentials of economic growth, and a new round of rebuilding the international economic and financial order as well as another major upgradation of productive forces and a major reconfiguration of relations of production possibly generated by new technical innovations with new energy and new internets at the core.

Third, the international security pattern has shown several new characteristics. Firstly, major nuclear powers have been engaged actively in nuclear disarmament under the banner of “nuclear-free world” while minor nuclear powers have been “turning things upside down”. The co-existence of these two trends constitutes a pair of contradictions. Secondly, the arms race among major countries and major counties’ collaboration to deal with non-traditional security threats feature the international security situation like “sun shining over one area while rain pours over another”, with sunny days and cloudy days on and off. A world-wide war can be avoided but local wars are hardly controllable. Thirdly, non-war military actions have more and more become an important subject in the modern military affairs and the military security relationship has become a key-factor for development of major countries relations.

Fourth, the competition of development modalities and a new trend of existential multi-modalities. The financial tsunami has deepened the understanding of diversified development modalities. The Anglo-Saxon development modalities of “freedom + democracy + market economy” are being questioned, the European continental modalities represented by France and

Germany.¹¹ China’s modality, Russia’s modality, Gulf’s modality, Latin America’s modality, ASEAN’s modality, etc. have demonstrated their capacities magically. It is true that the “post-financial crisis” will test further the effectiveness and vitality of each development modality, but the major trend of the U.S.-U.K. domination of development modality has alternated, so the competition among modalities and drawing strength from other modalities will form a new trend, and thoughts and conceptions will compete with each other and collide to each other in depth.

Fifth, New problems are changing the international relations, image and pattern. Those non-stream issues such as climate change, new energy, changes of world-wide population mix-up, Northern Arctic warming, maritime rights, sea pirates, sea lanes, etc. in the past are becoming immediate focuses of the international relations. These problems or subjects will not only lead to changes of the international relationship paradigms, but also require innovative thoughts, renewing knowledge, readjusting research angles and changing research means, otherwise, it is unable to go with the new era.

III. Major Countries Accelerate Strategic Readjustments

Those who are sensitive to new situation developments, dedicated to solution of the suffered and bold in changes are good at catching the newly emerging things and making a timely response, just like “a duck knows earlier the forthcoming Spring in water” as Chinese saying goes. The major Western countries have always been leading in this connection. Taking Europe as an example,

Sarcozy, Brown and Merkel, the leaders of three European countries have taken a stock of the global situation, evaluated the changes of the international system and tried to work out the next move on the chess board. Proposing “relative major power era”, Sarcozy believes that the era dominated by a single major power has passed forever, any major power could possess relative power, major powers should collaborate but should not engage in unilateralism. Putting forward “global Europe”, Brown holds that in the world of existential U.S. superpower and many strong powers, Europe can only avoid being marginalized if it goes to the world. Coming up with new thinking of “economic EU”, Merkel expects to tie up with the United States comprehensively to respond to challenges from the changing international system in depth. The Major European countries have also taken these advantages to publish “epoch” strategic reports. France has published its national security strategy for the first time in 14 years, Britain released for the first time its “national security strategic report” in history, and German Alliance Party published a major report entitled “Asia – strategic challenges and opportunities for Germany and Europe”, which intends to grasp the first opportunity in the changing international system. Sarcozy has also tried to set a scenario through “retuning to NATO” and organizing “Mediterranean Alliance”, etc. After the 9/15 financial tsunami, the French and German leaders have initiated to transform the existing international financial system and build “Bretton Woods System II”, and the academic world has begun systematic reflection of the defects of the “Anglo-Saxon modalities”, and exploring the

development orientation of the international system from the institutional and cultural depth. The final adoption of the “Lisbon Treaty” is the result of concerted efforts by the European countries in the broad context of the changing international system.

Major Powers such as Russia, Japan, India, Australia, etc. have also pondered how to respond to the changing international system through readjusting strategies. Medviev has stated that “a multi-polar era has been coming along”, and published the Russian “new addition of foreign policy outline”. Russia has upheld its principles, safeguarded its interests and demonstrated strength in its conflicts with Georgia, a trial of strength with Europe and struggles with the United States. Fukuda has put forward “common diplomacy” and Hatoyama proposed “East Asia community”, expecting to consolidate its relations with the United States and collaborate with Asia by striking a balance between its diplomacy with the United States and that with Asia-Pacific, and planning to contend for initiatives in the China-U.S.-Japan triangle relationship to continuously maintain its strength position and strategic interests in the changing international system. Kevin Rudd has advocated the “Asia-Pacific community”, expecting to maximize its national interests by taking advantage of the changing international system. Trying to achieve success one way or another, India has tried to get hold of the United States, gain affection from Russia, move into Asia-Pacific region and displayed as a new pole in the international politics by showing its military power.

It is worthwhile noting that the “new thinking” produced by developing countries

such as India, Brazil and South Africa at an important juncture of the changing international system. It is reported that these three countries are preparing to set up a “IBSa group”,¹² attempting to squeeze China out of the “developing countries camp” and taking the “new leadership” of the developing world in order to snatch a favorable position in the new round of the changing international system.

Immersed in the domestic problems and external difficulties, the United States, as the “superpower”, is more sensitive and worried about the changing international system than any other country. The attention of the U.S. strategic realm on the international system has extended to the U.S.-wide national reflection due to “the two wars and one crisis”, and the relevant discussions of which are often linked with assessments of the Bush policies’ success and failure, planning the major strategy of the “post-Bush era”, and pondering the destiny of the U.S. hegemony. Describing the depth of the changing international system with “the profound changes in 400 years” and “the fourth major historic change” respectively, Kissinger and Brzezinski have pointed out that the current changes of the international system are the most significant changes since the structured Westphalia system, and should be viewed with a broad timing and vision. Richard Haass, Chair of the Foreign Affairs Committee and Zakaria, international chief editor of Newsweek have defined the current pattern with “non-polar era” and “Post-U.S. era”, and are worried that the world might jump into anarchism.¹³ Revising his past views in “the End of History”, Author Fukuyama has admitted that “the history has

not come to an end”, but it is the dream of “American Empire” that has come to an end, the leading “neo-conservatists” believe that the “uni-polar era” has come to an end, and the world has entering “new ideological confrontation era” between the Western free world and the totalitarianist world represented by China and Russia. Remaining silent for sometime, M. Albright emotionally described the world not as a “chess board”, but as a “bill board” with disorderly position of colorful balls. Before leaving her post as Adviser of National Security, Rice in her essay “Reconsideration of the National Interests” explains that several century-old international practices have been turned upside down, and threats are from the failed states rather than from relations between states.¹⁴ Former head of the CIA, Hayden exceptionally put “the distribution change of global population as the first of three major trends affecting 21 century international pattern.”

In general, propositions such as “global power moving Eastward” and “the Western institutions in crisis”, “newly emerging countries on the rise” and “the U.S. hegemony on the decline”, “changing international rules” and “shifting global topics” constitute the focuses of the U.S. discussions of the changing international system. In order to respond to the changes, the U.S. think tanks and both parties’ advisers have been working on policies to respond. The “Preston Report” by Ikenburry, a strategist of the young Democrats,¹⁵ the “Smart Power Report” by Joseph Nye and Armitage, a series reports on “Global Trends” by the National Information Committee, “the New National Security Strategy Report” by Campbell, etc. are all good examples. Various

reports such as “Newly Emerging Countries”, “Asia-Pacific New Strategy”, “Mid-East New Strategy”, “Climate Change and National Security” are published one after another, and have shown the U.S. intention to gain the initiative in the changing international system in a bid to grasp the good opportunity to rebuild the international system. Soon after having become the host of the white House, Obama has launched his “New Deal”. The “smart power” strategy and “multi-partnership” doctrine embodied in his foreign policies are a new thinking just based on absorption of the above-mentioned ideas and generated from combining the domestic and foreign situations. Looking at its essence, it is a pragmatic way for the U.S. to maintain the “superpower” status in the context of the changing international system.

IV. China’s Role in Transition and Strategic Choices

In the new era of changing international system, what position should China occupy? What Strategic choices should China make? These can be taken as the hottest topics at the moment. It should be viewed that during the course of the system changing, China should have been in both “rotation” and “revolution”, i.e. China’s rise is both a major driving force and a principal outcome of the changing international system. The changes of the international political and economic patterns to a great extent are results of the variables produced by China’s rise. At the same time, China is the first to be affected by the outcome of the changing international pattern. China should exercise both the “rotation” by continuously adhering to reform and

opening-up and maintaining political, social and economic stability, and the “revolution” by following closely the times and linking up with the world destiny under the conditions of globalization. Therefore, China should feel more sensitive to the changing international system and more urgent to respond to the changes.

At present, a most discussed hottest topic by the Chinese academic world is how to position China in the new era. There is still short of consensus due to diversified views and angles. The author believes that viewing the national strength, changes of the international system and international relations, China have four identifications concentrated in itself. Firstly, China is a major developing country and will remain at a developing country phase for a long time to come whether it is viewed from China’s political principles, diplomatic strategy, development strategy or China’s objective strength. Secondly, China is also a major rising power, one of BRICs, a landmark for newly emerging countries and global power shifting toward the Orient and “China’s rise” has become the most distinct symbol. Thirdly, China has become a global power though China’s activities and interests ranges are mostly confined to East Asia, and many Chinese scholars position China a major regional power with certain global influence. However, viewed from being one of 5 UN permanent members, or from economic aggregate, foreign reserves, population scale, land mass and global influence and development momentum, China is indeed qualified to the title of a global power. Fourthly, China is viewed as a quasi-superpower next to the United States by

some people in the world whether China likes it or not. On this point, China must remain sober-minded for ever, and never seek hegemony and never be a superpower.

China, at the same time, is also involved in multi-layer complex changes. Firstly, China is in both process of industrialization while striding toward information age; is at the initial stage of urbanization while moving toward internationalization in some localities; and should yet to complete the regional layout while facing globalization pressures. Its benefits are multi-layered development space with most favor in all aspects, and its defects are facing diversified difficulties with greater risks. Secondly, there have emerged “two isms”. Internally, a new type of “statism” is shaping up. All regions in China have begun truly integrating with one another through market economy with the help of the western natural gas piping to the East region, the southern water channeling to the northern region, Tibet-Qinghai Railway, the western region development, northeastern region revitalization, central region fast growth, etc. The consciousness of being a Chinese, the “citizen consciousness”, and the modern nation-state conception that transcends the previous politics and ideology have been more and more becoming a self-conscious requirement of the people. As a result, some complicated problems such as uneven regional development, ethnic strife, etc. have been created. Externally, a new type of nationalism has been on the rise, which has shown both rational and healthy nationalist elements as well as the irrational quintessence of the Chinese culture. The new types of statism and nationalism have brought about the necessary

“atmosphere” for China’s rise, and the up-and-coming spirit, at the same time, has bred a abnormal “hot-temper phenomena” that will generate new variables for foreign policy. Thirdly, the domestic and overseas factors have never been so closely connected as nowadays. The situation of Afghanistan-Pakistan is linked up with that of Xinjiang Uyghur Autonomous Region, the situation of India with that of Tibet, the situation of Myanmar with that of Southwestern region, the situation of DPR. Korea with that of the northeastern region, the situation of Mongolia with that of Inner Mongolia autonomous region. These developments on the one hand make it favorable for China to expand its national interests by taking advantage of the situation, but on the other hand make it likely for the outside risks to “spill over” the border and leave the national interests more vulnerable to the outside influence. Fourthly, the overall situation is stable with distable phenomena in some localities. Looking around China, there are chaos in Afghanistan and Pakistan, changing nuclear issue on the Korean Peninsula, crisis in Myanmar, plus frictions between China and India, disturbances in the South China Sea, etc. It seems that these are “dark clouds” over China’s periphery areas. However, there are positive factors such as China-Russian relationship in general stability, China-Japanese relationship turning for the better, peaceful development across the Taiwan Straits. So long as there is stability in Russia, Japan and Taiwan, there will not be any major obstacles in the periphery areas. All these require China to acquire dialectical understanding of its peripheral environment so

that it could prevent disarray with minor problems and pay high attention to strategic planning due to overall stability.

The existing multi-identifications and multi-processes determine the complexity of China's national conditions and diversified national interests, which require China to adopt diversified diplomacy to reflect its multi-identifications. For example, in the area of climate change, China is both a developing country and a global country. China can not undertake emissions reduction responsibility in line with the targets set for developed countries. The United States and European countries have already completed their industrialized stages, and begun stepping into post-industrialization and information era while China is still in the mid-course of industrialization. Therefore, China emphasizes historical responsibility and per capita target. However, China is unable to avoid its duty as a global power so it upholds "common but differentiated responsibilities", thus, exhibiting a political will and a cooperative consciousness. In the area of economy, maritime rights, etc. China is a rising power. Following China's rise, the national interests can not but be extended to outer space, ocean etc. China should "go overseas" economically and would become modernized militarily, which is an objective trend that is independent of man's will. The overseas reactions can hardly be avoidable, which are normal psychological responses. These reactions should be sensitively grasped and appropriately dealt with, but should not be allowed to hamper any initiatives. In the area of the international finance, the status of China as a "global power" becomes more prominent,

not only because of huge amount of foreign reserves, but also due to an important role played by China in stabilizing the international financial market. An argument of "financial terror balance" between China and the United States also proves the pivotal status of China in this area from another perspective. Therefore, it is not only necessary for China to accelerate reform and rebuild its domestic financial system, but also to play an active role in restructuring of the international financial system, and the newly structured G20 mechanism is an important platform.

Considering the above-mentioned multi-interests, it is imperative to readjust some strategic concepts. For example, the principle of non-interference in the internal affairs must be upheld, but at the same time be enriched by keeping up with the times. As a matter of fact, there is a big operational space between adhering to the principle of non-interference in the internal affairs and undertaking international responsibilities and expanding overseas interests. So long as any action or operation are authorized by the United Nations, welcomed by the countries concerned and favorable to regional and global stability, it does not trample the principle of non-interference in the internal affairs by participating in carrying out such actions or operations. What is more is that the taint of ideological factor in China's diplomacy, as far as some countries are concerned, the relations with them is tailored by the national interests or ideological considerations. Besides, there are some problems of ossified conceptions. For instance, following the focus of geo-strategic competition gradually moving toward the Indian Ocean in the 21st century

and China's presence in the Indian Ocean in the wake of providing Ocean protection in the Aden Gulf, how to look at China's legitimate rights and interests in the Indian Ocean? How to position the Mid-east in China's diplomacy? Is the Mid-east an independent political plate or still a part of Asian Mid-east? Is China's presence in the Mid-east to share the cake with the West or to enhance cooperation with the West for the reasonable interests of all? Some traditional understanding and concepts have been in the way of China diplomacy for a long time, and have also become the Western propaganda to temper China's initiatives. Therefore, they need reflections and readjustments.

In the course of readjusting these conceptions, it is China-U.S. relations that China should handle first since the United States is still the superpower and the single all-dimensional stakeholder to China's core interests. At the preset, the China-U.S. relations is generally turning for the better, but with some serious structural problems in depth. For example, China and the United States enjoy sound strategic relationship, but with a lack of strategic mutual trust; economic and trade relations have been deepening but with the military exchanges lagging far behind; communications of top leaders and elites between the two countries are frequent but with far inadequate exchanges among people; the issue across the Taiwan Straits has been under control but with spiraling frictions in the South China Sea. Following China's development, the China-U.S. relations will get deepened with probable sharper contradictions between them. How to scientifically command the opportunities for China-U.S. relations,

strengthen crisis prevention and control, enhance strategic mutual trust, expand cooperative space and build a new type of relations framework to solve possible contradictions occurring in depth in the future in the course of joint response to the financial crisis, climate change and regional security, etc. is a major strategic matter that must be considered.

Second, how to handle the relations with major powers such as Russia, Europe, Japan, India, etc. China may not necessarily become No.2 since every major power has potentials to "rise to the top". How to eliminate "jealousy" and "envy", dissolve hostility and ill-will to develop together with other major powers and achieve common rise should orientate China's diplomatic efforts. From this sense, it is more fundamental than any period in history to continuously consolidate China-Russian relations, deepen China-European relations, strengthen China-Japanese relations, stabilized China-Indian relations, which have the identical strategic significance as that of China-U.S. relations. It seems that China's diplomatic focus for the next period should be to promote a series of triangle relationships (China-U.S.-Russia, China-U.S.-Japan, China-U.S.-Europe, China-U.S.-India, etc.) between the bilateral and multi-lateral diplomacy, and among the United States and other major powers.

Third, how to continuously deepen relations with developing countries. Among those newly emerging countries, it seems that India, Brazil, South Africa, etc. intend to grab the leadership or representative role for developing countries, and some Latin American and African countries have been

quietly changing their perceptions on China in the context of new development-aid strategy by the United States and other Western countries and fierce contentions among major countries. The relations with developing countries have to “move forward or will fall behind” so it is imperative to change conceptions, expand strategic input and strengthen international cooperation.

Fourth, the most important strategic option in the future for China is to enhance capacity building. In the past 30 years since the reform and opening-up, the basic task of China's diplomacy is to create a peaceful and stable international environment to serve its

reform and opening-up. But now it is high time that China should accelerate domestic development by taking advantage of the overall stable international environment. The riots and ethnic problems in 2008 and 2009 respectively indicate that “China's rise syndrome” has come earlier. Diplomacy is continuation of domestic affairs, overseas risks interact only on the basis of internal environment. Hence, the fundamental of China's peaceful rise depends on China's political, economic and social stability and harmony and on the great rejuvenation of China's culture.

Notes:

1. As a scientific term of international relations, an “international system” is still being debated. I will not dwell on its concept here since it mainly refers to the overall system of international issues we have been studying. As to how to understand the international system, please read Li Shaojun, How to understand international system? World Economics and Politics, No.6, 2009, pp13-20.
2. Richard N. Haass, “Defining U.S. Foreign Policy in a Post-post-Cold War”, Remarks to Foreign Policy Association, New York, April 22, 2002.
3. The recent research results by Chinese scholars can be referred to Lin Limin, On Transformation of the International System in the 21st Century, Contemporary International Relations, No.6, 2009, pp1-8, p34.
4. Richard N. Haass, “The Age of Non-Polarity”, Foreign Affairs, May/June 2008, <http://www.foreignaffairs.com/issues/2008/87/3>; Fareed Zakaria, “The Future of American Power”, Foreign Affairs, May/June 2008, <http://www.foreignaffairs.com/articles/63394/fareed-zakaria/the-future-of-american-power>; Kishore Mahbubani, the new Asian Hemisphere: The Irresistible Shift of Global Power to the East, Public Affairs, 2008.
5. The relevant conclusions are resulted from academic exchanges among a well-known China hand Mr. Andrew J. Nathan of Columbia University, Mr. Richard Bush, Director of North-east Asia Studies, Brookings, Mr. Li Cheng, Research Fellow of China Studies, Brookings institutions.

6. U.S. deputy secretary of state Steinberg recently has put forward “strategic reassurance” between China and the United States, indicating in a sense a kind of U.S. open recognition of the trend of China’s rise. James Steinberg, “Administration’s Vision of the U.S.-China Relationship”, Keynote Address at the Center for a New American on September 24, 2009, <http://www.state.gov/s/d/2009/129686.htm>.
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8. George Soros, “Bubbles of the U.S. Hegemony: Corrections of Misuse of the U.S. Power”, Commercial Press, 2004, p152;
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10. “Global Trends 2025: A Transformed World” by U.S. National Intelligence Council, pp121-122.
11. Regarding the recent reflection of the U.S. type capitalist model, Robert J. Barbera, The Cost of Capitalism: Understanding Market Mayhem and Stabilizing Our Economic Future, the McGraw-Hill Companies, 2009.
12. Bruce Gilley, “Look to Brasilia. Not Beijing: The rising challenge to China’s great power aspirations”, The Wall Street Journal, April 8, 2009, <http://online.wsj.com/article/SB123912571625797593.html>.
13. Richard N. Haass, “The Age of Non-Polarity”, Foreign Affairs, May/June 2008; Fareed Zakaria, “The Future of American Power”, Foreign Affairs, May/June 2008.
14. Condoleezza Rice, “Rethinking the National Interests”, Foreign Affairs, Jul/Aug. 2008, [Http://www.foreignaffairs.com/author/condoleezza-rice](http://www.foreignaffairs.com/author/condoleezza-rice).
15. “Forging a World of Liberty Under Law: U.S. National Security in the 21st Century”. The Princeton Project Papers, The Woodrow Wilson School of Public and International Affairs, Princeton University, September 27, 2006.

Impacts of the Rise of Major Developing Countries

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One of the most eye-catching phenomena on the world stage today is the rapid economic and social development achieved by major developing countries, which is also referred to the rise of major developing countries by the international community.

Practical Significance of the rise of major developing countries

The rise of major developing countries has important practical significance, and its impacts on the world political and economic landscape can't be ignored.

I. Help promote world multi-polarity.

A world pattern is a kind of relatively stable structure of international relations that comes into being after constant tussles and adjustments among various forces in the world. The end of the Cold War has made the world bipolarity a bygone. Since then, the United States of America has tried to build a uni-polar world dominated by it through its mighty economic, military and soft power. But facts

have proven that it is just a wishful thinking, and only multi-polarization can be the foundation of the world pattern in the post-Cold War era.

Until today, a new world pattern is yet to be fully established. In the process of constant tussles and adjustments among various forces in the world, the demand of developing countries for equal participation in international affairs becomes stronger and stronger, and the call for democratization in international relations louder and louder. Either in moral sense or from a realistic perspective, the international affairs could not be dominated by any major country singly. Therefore, the rise of major developing countries undoubtedly paints a rosy prospect for world multi-polarity.

Some people argue that a uni-polar world is the most stable, a bi-polar world is less stable and a multi-polar world is the least stable. They also hold that China's advocacy for a multi-polar world is actually encouraging instability. Such an argument is utterly wrong.

It is well known that in the course of the development of human society, there was certain period of stability under a uni-polar pattern. But this kind of stability was not built on the basis of democracy, but was rather through the hegemony and power politics and at the expense of the interests of most countries in the world. China calls for multi-polarization to prevent a throat cutting rivalry among various forces on the international arena and hopes that all countries should conduct more cooperation and benign competition on the basis of the Five Principles of Peaceful Coexistence as well as achieve democratization in international politics.

II. Help solve global problems.

The development of human society is constantly accompanied by endless global problems that keep cropping up now and then. On the one hand, some global problems are deep rooted in developing countries. On the other hand, it is developing countries that suffer most from even those problems that originate from developed countries. Therefore, without the participation of developing countries, any effort to deal with global problems won't work.

What is heartening is that developed countries have already recognized the role of developing countries. In June 2007, the G8 summit meeting held in Heiligendamm of Germany unanimously agreed to the "Heiligendamm Process" proposed by Germany aiming at strengthening cooperation with the newly emerging countries. According to this initiative, the G8 leaders would have regular meetings with leaders of the five developing countries, namely China, India,

Brazil, South Africa and Mexico to institutionalize the G8+5 dialogue and jointly search for solutions to global problems. Briefing on the Heiligendamm Process, an article published on the website of the German Foreign Ministry points out that no country, be it G8 countries or other major developing countries, can single-handedly deal with the challenges of global economy. French President Sarkozy said on August 28, 2007 that G8 leaders should have more than just 2 hours of meeting with leaders of China, Mexico, Brazil, South Africa and India during the G8 summit, but should also invite these countries to join the club.

III. Help push for the reform of the United Nations.

As the most universal, representative and authoritative inter-governmental international organization, the UN is the best venue for practicing multilateralism as well as an effective platform for collective efforts to respond to various threats and challenges. With the changes of the world pattern, the international relations faced by the UN have also undergone major changes, thus making it highly imperative to reform its responsibilities, functions, methodologies and structures, etc. Undoubtedly, the purpose of the reform is to elevate its standing rather than undercut its roles.

The rise of major developing countries will fuel this reform. Brazil and India have even formed a so called "Quartet" with Germany and Japan. But it must be noted that over the reform of the UN, developing countries and developed countries don't share identical goals. For example, through

reforming the UN, Brazil and India expect to become permanent members of the UN Security Council. Russia hopes to promote a reform on the basis of the broadest possible consensus and insists on unconditional safeguarding of the supreme position of the Security Council and the legitimacy of its actions. China works for facilitating multilateralism through the reform to enhance the authority and efficiency of the UN and build its capacity of tackling new threats and challenges. While for the United States of America, its goal is to use the reform to set up a multilateral U.S.-dominated organization and enable the UN to better serve its diplomatic strategy.

IV. Help accelerate the development of the world economy.

In the era of globalization, countries become more and more inter-dependent with one another. In terms of market, capital and technology, developing countries could only rely on developed countries. Nonetheless, developed countries need developing countries too. Prosperity of developing countries will surely create more business opportunities for developed countries.

The current international financial crisis has once again proven that the rise of major developing countries can help accelerate the world economic growth. After the outbreak of the U.S. sub-prime mortgage crisis, the world economy was dragged into deep recession. But it is thanks to the good performance of major developing countries in dealing with the crisis that the world economy has witnessed a recovery in 2010. Issued by IMF on July 22 of 2009, a report stated that China's anti-crisis

measures have contributed to world economic stability. The APEC Ministerial Meeting held in Singapore on November 12 of 2009 commended highly China's outstanding contribution to world economic recovery. World Bank President Robert B. Zoellick also applauded China's achievements on many occasions.

V. Help attain the UN's Millennium Development Goals.

At the UN Millennium Summit held on September 25 of 2000, leaders from various countries decided on a series of time-frame targets related to poverty, hunger, disease, illiteracy, environment degradation and women discrimination. Major developing countries are the mainstay of the developing countries and their rise will speed up economic and social progress. Therefore, the rise of major developing countries is conducive to the attainment of MDGs.

Among major developing countries, China's achievements have especially attracted global attention. Since the inception of reform and opening-up, China has reduced its population in absolute poverty from 250 million to just 30 million or so, implemented nationwide the nine-year compulsory education and established a new type of cooperative medical system mainly sponsored by the government for the 800 million Chinese rural population. Other major developing countries have also registered remarkable achievements in terms of poverty alleviation and social progress.

VI. Help promote scientific and technological progress of the human society.

Human society can hardly make progress without scientific and technological advancement. The rise of major developing countries leads to constant improvement of their scientific and technological levels. For example, in China, important and world-class scientific and technological innovations keep coming forth, and high and new technology sectors are booming. India has become a major software producer in the world and Brazil a leading country in ethanol production and aircraft manufacturing technologies. The rise of major developing countries has made significant contributions to the scientific and technological advancement of human society and played an important role in narrowing down the scientific and technological gap between developing countries and developed countries.

But it is worth mentioning that developed countries have yet fully understood the significance of s & t advancement by major developing countries, and sometimes even try to block that advancement. For example, after China invented TD-SCDMA standard, American Under-Secretary of Commerce for International Trade Christopher A. Padilla said on May 8 of 2008 that despite widely accepted international standards, China developed standards mandated by government regulations...These requirements certainly provide Chinese domestic companies with an unfair advantage, but also carry great risks for China. His words undoubtedly reflect the U.S. apprehension and envy mentality about China's high-tech progress.

VII. Help speed up reform of the international financial system.

The Bretton Woods system is an international monetary system with US dollar in the center established after WWII. Indeed, it has contributed to the world economic development in the decades after WWII, but its defects are also clear. The international financial crisis of 2008 once again called for immediate reform of the international financial system.

Major developing countries used to be the beneficiaries of the Bretton Woods system, but eventually have become its victims. Therefore, reforming the international financial system is also the aspiration of major developing countries, and, to certain extent, has become the driving force behind this reform.

Some major developing countries have not only actively participated in G20 meetings, but also boldly proposed reform plans. For example, China insists that an ideal reform objective of the international financial system should set up an international reserve currency that is de-linked from a sovereign state and can maintain long-term value stability so as to avoid the inherent risks of a credit-based sovereign currency as the reserve currency. Russia is of the view that the purpose of the reform of the international financial system should increase the legitimacy and effectiveness of international regulatory mechanisms through adopting conventions, and strengthening stability of the world financial system through plural reserve currencies and financial centers. It also proposes to relevant international agencies to study whether it is necessary to set up a non-sovereign currency reserve issued by international financial organizations. On September 1 of 2009, Indian, Brazilian and

South African foreign ministers jointly issued a statement and proposed a series of specific measures for the reform of international financial system, including enhancing financial regulations, redefining the banks' capital adequacy rate, avoiding too many leverages, expanding the capital size of IMF and speeding up reform of its quota system, representation system and voting system, etc.

VIII. Help promote South-South cooperation.

South-South cooperation has registered many achievements since the Bandung Conference, but sometimes the progress is very slow. There are multi-faceted reasons for that, one of which is a lack of funding.

The rise of major developing countries can provide more funds for South-South cooperation. For example, from the China-Africa Cooperation Forum held in Beijing in November 2006 to November 2009, China's aid to Africa was doubled, and China wrote off 168 items of debts owed by 33 African countries and basically put in place soft loans totaling US\$5 billion, and the first phase of the China-Africa Development Fund with an amount of US\$1 billion has been put in operation on time. China's cooperation with Africa has undoubtedly set a good example for South-South cooperation.

IX. Help strengthen cultural ties among countries across the world.

Cultural power is closely related to one's economic strength. Over the years, developed countries with their mighty economic power, have successively diffused their cultures to various parts of the world. The rise of major

developing countries enable them to show their ancient history and cultures to the rest of the world, thus promoting better communication and interplay of different cultures in the world.

China is one of the world's ancient civilizations and since very early times has begun cultural exchanges with foreign countries. As its economic strength grows fast, China's cultural exchanges with the rest of the world are also increasing. Up to date, China has set up 96 cultural offices in its embassies and consulates in 82 countries. By December 2008, 249 Confucius schools and 56 Confucius Classes have been established in 78 countries and regions. Confucius Institutes provide new opportunities and good services for people of various countries to learn Chinese and know more about China, and have been widely welcomed by their governments, societies and peoples.

Indian music, literature, dance, art, food and movies have been a great attraction in foreign countries. In order to elevate its soft power, the Indian government in recent years has increased its spending in foreign cultural exchanges programs, up as much as 117% in 2008. There is no doubt that if it hadn't been its rapid economic growth in the 1990s, India could have hardly done so.

Possible negative impacts of the rise of major developing countries

It is worth noting that the rise of major developing countries may also brew some negative impacts mainly as the follows:

First, the competition for overseas

resources may be intensified. Resources in the world are not unlimited. As the efficiency of resources consumption remains the same, rapid development of some countries will definitely increase their demand for resources. Therefore, the rise of major developing countries may intensify the competition for overseas resources not only between developed countries and developing countries, but also among major developing countries. For example, BBC once commented that in order to have access to the rich oil and gas reserve in Africa, India is trying to expand its influence there, but, it must address the challenges coming from China, whose trade volume with Africa is twice of India's. Although the intention of such a comment is doubtful, India's determination to have more overseas resources is undeniable. About 70% of India's oil is imported. Held from April 8 to 9, 2008, the "India-Africa Forum" clearly pointed out that the aim for stronger India-Africa relations is to share the benefits of cooperation arising from each other's long-standing history and rich natural resources.

Second, worries of neighboring countries may grow. Historically, the rise of the United States of America once made Mexico clamor: "poor Mexico, so far away from God, but so close to the USA!" Today, the rise of major developing countries has also aroused worries in their neighboring countries. At the same time, some Western media made up stories to "add fuel to the flames" and to set one against the other. For example, an article in New York Times on December 30 of 2009 was titled "China's economic strength makes

its neighbors uneasy", which even blamed China for 40% production contraction of an Indonesian iron nail factory.

China's rise is a peaceful one, rather than only a self-serving development. China has taken concrete actions to build up good neighborliness and mutual trust with its neighboring countries, and has promoted regional security cooperation. Abiding by internationally recognized norms and in a spirit of equal consultation and mutual accommodation, China has properly handled its border issues with neighboring countries, thus has defused disputes and enhanced stability. Thanks to the concerted efforts between China and the relevant countries, China has up to date signed land border treaties with 12 land-bounded neighbors and solved some land border disputes left over by history.

Third, the gap among developing countries may be enlarged. For the more than 100 developing countries in the world, they differ very much from one another in terms of economic size and development level. The rise of major developing countries makes these differences even more prominent. In 1965, China's GDP and India's GDP was respectively 187 and 132 times that of Haiti, but grew to 534 and 191 times respectively by 2007. In 1986, Haitian's per capita GDP was higher than China's and India's, but already fell behind them by 2007.

Some observations about the rise of major developing countries

The rise of major developing countries is an inevitable historical trend. In order to take

full advantage of the good opportunity of the changing world pattern and further elevate their international standing, major developing countries should pay heed to the following questions along the road of development in the future.

First, differences and history left- over problems should be properly handled.

There are still many differences and problems left by history among major developing countries, and even unsolved border disputes. These problems seriously undermine the unity among relevant countries, and give developed countries a chance to drive a “wedge” into them. Therefore, major developing countries should move on by disregarding previous enmity and collaborate to make common progress through dialogues and consultations. At the Copenhagen Climate Change Conference, BASIC countries, namely Brazil, South Africa, India and China, united as one with good coordination, together defeated the attacks by some developed countries and successfully defended their national interests. On other issues, they should also keep the global affairs in view, adopt a long-term vision and try to seek common ground while shelving differences.

Second, the relations with developed countries should be appropriately dealt with.

The U.S. dollar will remain the most influential world currency in the foreseeable future. What’s more, developed countries possess a huge market, abundant capital and advanced technology. Therefore, major developing countries must have all-round cooperation with developed countries in the course of economic growth. But on some major issues, they should defend their national interests with good reasons and not flinch from developed countries.

Third, the existing international rules and norms should be viewed in a proper perspective. Most of the current international rules are made under the dominance of developed countries. Some rules only reflect the will and position of developed countries to the disadvantage of developing countries. For this, major developing countries should put forward their requests for amendments. But there are also rules and norms that are in the interests of developing countries, which should honor and observe these rules.

China's Policy on Arms Control and Disarmament

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Abstract: The time span from the founding of the People's Republic of China to the demise of the Cold War makes a vital period in the making of China's policy on arms control and disarmament since all China's essential views and position on disarmament in the nuclear, biological, chemical and outer space areas were advanced for the first time in this period. The new situation in the wake of the Cold War witnessed China's proactive participation and novel constructive role in the course of arms control and disarmament. The shape-up and evolvement of China's policy on arms control and disarmament as well as its positions and principles on this issue have showcased its distinctive qualities in pursuing the path of peaceful development.

China's policy on arms control and disarmament makes a vital ingredient of its national security policy, and epitomizes not only China's independent foreign policy of peace but also its defensive policy on national defense. Its making, evolvement, stance and principles display the distinctive qualities of a big and continuously self-renewal developing country's pursuance of a peaceful development path.

I. Shaping up Policies

The period of time spanning from the founding of the people's Republic of China (PRC) to the end of the Cold War makes a measurable period for the formulation of China's policy on arms control and disarmament, since China's propositions on comprehensive test ban and thorough destruction of nuclear weapons, banning the use of biological and chemical weapons in war, halting arms race in the outer space and the like all came out first in this period. Ever since China was restored its legitimate seat in the UN in the 1970s, China has been sending delegations to participate in the Geneva Conference on Disarmament (CD) thereafter and has stretched the scope of the international arms control realm with China's involvement, which is paralleled with the snowballing of international impacts of China's independent foreign policy of peace and its national defense policy with defense in nature.

1. Pushing for the arms control and disarmament process, and upholding regional peace

The Chinese people's profound detestation against the use of biological and

chemical weapons dates back to the War of Resistance Against Japanese Invasion when the Japanese aggressors persistently committed such barbarous atrocities. In the later years, the Chinese government once condemned the U.S. forces' act of discharging poisonous gas and toxicants against the Chinese and Korean forces and people during the Korean War. The findings of the experts with the International Scientific Committee headed by Joseph Needham had attested the fact that the U.S. forces used bacteriological weapons against the Korean people as well as the Chinese people in the Northeast of China.

¹ The year of 1952 witnessed the then Chinese Premier Zhou Enlai issuing the announcement to the effect that China recognized the 1925 Geneva Protocol, namely the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare, which is the PRC's first landmark commitment to any international treaty on arms control.

Following the end of the Korea War, China slashed her armaments by a big margin. In 1955, the then Chinese Premier Zhou Enlai declared that the PRC had trimmed 4.51 million army men away since her founding. As a follow-up, Premier Zhou Enlai proposed in 1960 countries in Asia and along the coast of the Pacific Ocean including the U.S. should conclude a non-aggression and peaceful treaty and turn the entire region into a nuclear-weapon-free-zone. All in all, China has stuck to a national strategy with the pursuance of peaceful development as her objective regardless of the perilous international situation.

2. Promoting complete prohibition and thorough destruction of nuclear weapons

In the run-up to the signing of the Partial Test-Ban Treaty (PTBT) by the United States, the Soviet Union and Britain, China issued a statement suggesting a complete prohibition and thorough destruction of nuclear weapons, and the first time stated her stand on this issue. In the wake of her first successful nuclear test in 1964, China made it known to the world that China will not be the first to use nuclear weapons under any circumstances; and the next thing China did then was to weigh in with the landmark proposal of holding a global summit meeting attended by leaders of the sovereign states of all countries to discuss the issue of a complete prohibition and thorough destruction of nuclear weapons. In fact, it was the first time for a nuclear power to suggest a complete prohibition and thorough destruction of nuclear weapons. As a follow-up, the Chinese delegation attending the Second Special Session of the UN General Assembly in 1982 made the proposition: nuclear powers ought to reach an agreement on not using nuclear weapons, and before reaching the agreement, nuclear powers should commit themselves not to use nuclear weapons against the non-nuclear states and nuclear-weapon-free zones. The proposition went on to state that the nuclear non-proliferation itself is not the objective but only a move and step toward complete prohibition and thorough destruction of nuclear weapons. As matters turned out to be, China has been sticking to this self-restraint stand even when she was subjected to the super powers' nuclear blackmail. Moreover, China remains the only country in the entire

world to declare no first use of nuclear weapons hitherto.

3. Actively taking part in and promoting the establishment of a non-proliferation regime

It is China's belief that nuclear powers ought to respect the status of nuclear-weapon-free zones and bear the relevant liabilities accordingly. Acting on this principle, China endorsed the Additional Protocol II of the Treaty for the Prohibition of Nuclear Weapons in Latin American and the Caribbean (Treaty of Tlatelolco) and turned in the letter of ratification in 1974. In the later years, China put her signature on the Protocol 2 and Protocol 3 of the South Pacific Nuclear Free Zone Treaty (Treaty of Rarotonga) in 1987 and presented her letter of ratification in 1988, which was followed by China's successive accession to the Antarctic Treaty, the Biological and Toxin Weapons Convention (BTWC) and the Convention on the Physical Protection of Nuclear Material and Nuclear Facilities in the 1980s; China's accession to the International Atomic Energy Agency (IAEA) in 1984; and China concluded the Safeguards Agreement with IAEA in 1988, placing part of its civil-purpose nuclear facilities under IAEA's safeguards voluntarily.

4. Accelerating universal disarmament together with other developing countries

The year of 1979 saw the Chinese delegation attending the UN Review Conference on Disarmament and advancing the motion of allowing all states to participate in discussions relating to international security and disarmament on an equal footing with the aim of gearing up universal disarmament

efforts with the vast number developing countries. China supports the Final Document adopted by the First Special Session on Disarmament of the UN General Assembly (as SSODI) attended by delegates from 146 UN member states and is in favor of its adopted document, to wit, the nuclear powers, countries with the largest nuclear arsenals in particular, bear special responsibility for nuclear disarmament; fair and balanced disarmament measures should be embraced to ensure all countries their right to security; and the ultimate goal is to realize all-round and complete disarmament under effective international inspection. As the only developing country among the permanent members of the UN Security Council and among the nuclear states affirmed by the "Treaty on the Non-Proliferation of Nuclear Weapons" (NPT), China has all along been endeavoring to coordinate with the developing countries so as to bring their stands into line on major international arms control issues in a bid to give impetus to arms control and to the establishment of non-proliferation system.

5. Preventing an arms race in outer space

China had acceded to the "Outer Space Treaty" in 1983. In the following year, China submitted her draft resolution to the UN General Assembly, calling for promotion of peaceful use of and halting arms race in outer space. China reiterates that outer space is a common wealth shared by the whole mankind and should be used for peaceful purpose only; that introducing weapons into outer space will trigger an arms race there and turn outer space into a new realm of military rivalry, which does not accord with the general interests of

all countries in the world; and that all states, those with the capacity to claim a vast outer space in particular, ought to take timely and effective measures to put a stop to an arms race in outer space. The act of advancing such a draft resolution has made China one of the states that pioneered the cause of halting an arms race in outer space, and China's position set forth in the resolution still carries great pragmatic significance.

II. New Developments of the Global Situation

The post-Cold War international situation has experienced dramatic changes characterized, on the whole, by a growing trend that major powers strike up reciprocal cooperation in the international political field and interdependence in the international economic field. These function positively in stabilizing relations among major powers, easing up regional situation, and boosting arms control and disarmament. In parallel with the above-said positive development is the constant popping up of regional wars, conflicts and hotspot issues; the increasingly prominent threats such as terrorism, proliferation of weapons of mass destruction (WMD); and the sprouting up of new hurdles before clearing up the old ones in the areas of nuclear disarmament and nuclear non-proliferation. In view of this development, China has been proactive in getting involved in the process of arms control and disarmament, hence playing a new constructive role in this respect.

1. Contributing generously to the conclusion of Comprehensive Nuclear Test Ban Treaty (CTBT)

China was among the first group of countries that signed the Comprehensive Nuclear Test Ban Treaty. To translate her commitment to the treaty into action, China suspended nuclear test at a crucial phase of her nuclear weapon development in 1996 and has honored her promise ever since. More than that, China has shut down her nuclear weapon development base located in Qinghai Province as a follow-up move. China supports the treaty to take effect on an earliest possible date and calls on the nuclear states and other relevant countries to hang on to the suspension of nuclear test pending the treaty's entering into force. For the sake of ratifying the treaty solemnly, China went through the domestic legal procedure strictly and set up a state institution to make preparations for fulfilling the treaty. In addition, China has been earnestly taking part in the preparatory meetings of the treaty and all the previous sessions aiming at gearing up the efforts of putting the treaty into effect.

2. Actively pushing states possessing nuclear weapons to conclude a treaty on mutual non-first use of nuclear weapons

In 1994, China presented to other nuclear powers a draft of the "treaty on mutual non-first use of nuclear weapons" and has been vigorously striving for facilitating the arrangement on mutual non-first use of nuclear weapons and de-targeting nuclear weapons at each other. In the same year, China and Russia made the announcement of mutual non-first use of nuclear weapons and de-targeting strategic nuclear weapons at each other. Then, the year of 2000 saw China, France, Russia, Britain and the United States issuing a joint

statement declaring that they would not target nuclear weapons at any country.

3. Promising not to use or threaten to use nuclear weapons against non-nuclear-weapon states (NNWS)

China issued a statement in 1995 to reaffirm that she would provide negative security assurance to all NNWS unconditionally and undertake to render positive security assurance to those states. Then, 2000 witnessed China and other nuclear states issuing a joint statement reiterating their commitment to security assurances included in Resolution 984 of the UN Security Council. In the meantime, China appealed to other nuclear powers to offer negative and positive security assurances unconditionally to all NNWS, and better still, to formulate through negotiation an international legal instrument to this end as early as possible.

4. Propping up the efforts of establishing nuclear weapon free zones and WMD free zones

China supports the ASEAN member states and five Central Asian countries in their efforts to establish their respective nuclear weapon free zones, and also favors the idea of establishing a zone free of nuclear weapons and other WMD in the Middle East. By the same token, China respects Mongolia's non-nuclear status and throws her weight behind the endeavor to denuclearize the Korea Peninsula. On top of that, China acceded to the "Treaty on the Prohibition of the Emplacement of Nuclear Weapons and Other Weapons of Mass Destruction on the Seabed and the Ocean Floor and in the Subsoil Thereof" (Seabed

Treaty) in 1991, which was followed by China's endorsement of the protocols II & III of the African Nuclear Weapon Free Zone Treaty in 1996 and her submission of the ratification letter in 1997.

5. Implementing relevant international obligations on non-proliferation

From 1991 to 1993, China increasingly stretched the range of exported nuclear materials reported to IAEA and Joined the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) in 1992. Since then, China has been faithfully delivering her obligations laid down in the Treaty, and devoting to the materialization of three objectives, i.e., preventing the proliferation of nuclear weapons, boosting the nuclear disarmament process and promoting the peaceful use of nuclear energy. Later in 1996, China made the commitments to not conducting nuclear export to NNWS, not engaging in cooperation with these countries in terms of nuclear personnel and technology, and not offering help to those nuclear facilities under no IAEA safeguards, in addition to premising her nuclear exports to those importing countries that must subject their nuclear facilities to the IAEA's comprehensive safeguards. Then, in 1998, China signed the Additional Protocol of the IAEA Safeguard Agreement, which was followed by China's wrapping up the domestic legal procedures in 2002 - an indispensable step for putting the agreement into effect, making China the first nuclear state to round off the procedure.

China has been energetic in participating in the negotiations on the Chemical Weapons Convention (CWC) and vigorously advocates

incorporating the issues of banning the use of chemical weapons and handling properly the abandoned chemical weapons into the convention in a bid to turn the 1993 Convention into an international legal instrument for putting a real and comprehensive ban on chemical weapons. This marks the first international treaty on arms control that China has engaged herself in the whole course of negotiations and got acceded to. The ensuing time has seen China putting in place the implementing institutions at the central and local governments, improving the domestic legal system and implementation measures, and subjecting herself to over one hundred times of on-the-spot verifications by the Organization for the Prohibition of Chemical Weapons (OPCW). Findings of those verifications vindicated China's to-the-letter fulfillment of the relevant obligations in addition to her to-the-letter delivery of obligations specified in the BTWC and her tight control over the exports of dual-purpose biological products and relevant equipments and technologies.

6. Promoting regional disarmament and the confidence-building measures

China and Russia signed the "Agreement on the Prevention of Dangerous Military Activities" in 1994, followed by the signing of the Agreement on Confidence-Building in the Military Field along the Border Areas by China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan in 1996, and the signing of the Agreement on Mutual Reduction of Military Forces in the Border Areas by the above-mentioned states in 1997. The signing of the above agreements kicked off the

cooperation among the "Shanghai Five", which evolved into a vital mechanism fostering regional security, stability and development.

On the other front, China and India signed the Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the China-India Border Areas in 1993. Three years later, the two countries signed the Agreement on Confidence Building Measures in the Military Field along the Line of Actual Control in the China-India Border Areas in 1996, followed by the signing of the "Protocol on Modalities for the Implementation of Confidence-Building Measures in the Military Field along the Line of Actual Control in the China-India Border Areas" in 2005. The afore-mentioned agreements contribute positively to the maintenance of peace and tranquility in the China-India border areas, to the promotion of development in the China-India border areas, to boosting the growth of the friendly ties between the two states, and to facilitating the peaceful settlement of their border disputes.

The year of 2002 ushered in the signing of the Declaration on the Conduct of Parties in the South China Sea between China and ASEAN, with all parties concerned undertaking to resolve the disputes over territory and jurisdiction via peaceful means; resort to no moves that will further complicate and inflame the disputes; promote mutual trust by virtue of dialogues involving officials from the defense departments and notifying each other of the joint military exercises; and enter into cooperation in such areas as maritime environmental protection, maritime scientific research, navigation and sea traffic safety,

search and rescue, crackdown on transnational crimes and the like. The year of 2004 witnessed China and ASEAN holding a conference attended by high-ranking officials to discuss the follow-up actions of putting into effect a Joint Working Group to hammer out the follow-up actions of effectuating the Declaration. Then the said Joint Working Group held its first meeting in 2005.

China attaches great importance to the role of ASEAN Regional Forum (ARF) and throws her weight behind the latter's measures of confidence-building and its augmentation of participants of defense officials. Moreover, China has been taking the initiative to submit her Report on the Annual Security Prospects. Starting from 1997, China has sponsored numerous meetings between the regular conferences on confidence-building measures as well as study tours on China's security policy, seminars on military logistics support and seminars devoted to enhancing cooperation in the area of non-traditional security. Thanks to China's initiative, the first ARF conference on security policy was held in 2004 in Beijing.

III. China's Positions

China's policy on arms control and disarmament is based on the following three considerations: a) being conducive to the safeguarding of national sovereignty and security; b) being beneficial to the maintenance of global and regional strategic stability; and c) being favorable to promoting universal security and mutual trust among all countries.²

1. Complete prohibition and thorough

destruction of WMD

The demise of the Cold War renders it possible for slashing substantially the nuclear weapons. For that reason, nuclear powers ought to hammer out an international legal instrument on complete prohibition and thorough destruction of nuclear weapons at an early possible date; should carry out nuclear disarmament in accordance with the principles of fair, rational and step-by-step reduction and downward balance; must further reduce their nuclear arsenals in such a way as to produce verifiable and irreversible results; countries with the biggest nuclear arsenals bear special responsibility for nuclear disarmament; should commit to no-first use of nuclear weapons and undertake unconditionally not to use or threaten to use nuclear weapons against non-nuclear weapons states and nuclear-free zones as well as lowering the role of nuclear weapons in national security; and should subject the nuclear disarmament measures to the guiding principles of safeguarding global strategic stability and not undermining the national security of all other states.

The CWC makes the first international legal instrument on complete prohibition and thorough destruction of a whole category of weapons of mass destruction, and also one equipped with a stringent verification mechanism, hence setting a classic example. Countries possessing chemical weapons must see to it that their chemical weapons are completely destroyed strictly in the light of the Convention and are subjected to the supervision of the OPCW. Verification modalities of the Convention should be further improved and perfected with the aims of allocating the resources rationally and

enhancing the efficiency of verification. The country concerned must see to it that its obligations defined in the Convention are fulfilled and the process of destroying the abandoned chemical weapons in China is completed. On top of that, more states should be encouraged to accede to the BTWC and submit the relevant reports to the UN on confidence-building measures; and the signatories must fulfill their obligations in an all-round and to-the-letter way, and advance the process of reinforcing the effectiveness of the Convention.

2 . Forestalling the proliferation of WMD and their delivery vehicles

Proliferation of WMD and their delivery vehicles will be out of line with world peace as well as China's national security. The proliferation of weapons of mass destruction is ascribed to complicated causes and therefore requires a comprehensive mechanism to deal with the root cause of the problem as well as its harmful effect. To create a cooperative and mutual-trust security environment and to materialize universal security for all states are the precondition for gearing up the non-proliferation efforts and the fundamental way of eliminating the potential elements of proliferation. To do that, the key role of the UN as an international multilateral organization should be brought into play so as to put more teeth in the non-proliferation regime within the framework of international law and on the basis of national equality, universal participation and democratic decision-making. On top of that, the legitimate rights of all countries in using nuclear energy for peaceful purposes to be ensured, which

should go hand-in-hand with the efforts of stopping any country from engaging in proliferation on the pretext of peaceful use of nuclear energy.

3. Preventing weaponization and arms race in outer space

On peaceful use of outer space rests China's consistent stand. However, as matters stand at present, the danger of weaponizing outer space is increasing steadily, which will put the security interests of all states at stake universally. The existing international legal instruments on the outer space are inadequate to ward off weaponization and arms race in outer space. That gives rise to the necessity for the international community to embrace effective prevention measures and to hammer out new international legal instruments with teeth through negotiations in order to enforce a ban on deploying weapons of any type in outer space and on using or threatening to use force against objects in outer space, and to ensure that outer space is used for peaceful purposes.

4. Opposing the development of missile defense system that will undermine the strategic stability

China has all along been handling the missile defense issue from the perspective of upholding the global strategic stability and regional security. China understands the concerns of relevant countries about the proliferation of missile and missile technology, and is of the view that these problems should be solved by resorting to political and diplomatic means. It is against China's wish to see the missile defense system generating negative impacts on global strategic stability

and adding new destabilizing factors to regional security. China stands for multilateral organizations like the UN to play a vital role in promoting the establishment of a fair multilateral missile non-proliferation mechanism that is widely acceptable to the international community. China bears a part in the work of UN's Governmental Panel of Experts on Missiles with a constructive approach and endorses the tenet of the Hague Code of Conduct against Ballistic Missile Proliferation (HCOC). Besides, China is against offering aid to and protection of China's Taiwan region by any country and in whatever way in terms of missile defense.

5. Addressing the humanitarian concerns in the field of arms control

China advocates giving full consideration to the reasonable security demands and the economic and technological capacities of the sovereign states while addressing the humanitarian concerns. The Convention on Certain Conventional Weapons (CCW Convention) takes into account both the humanitarian concerns and the legitimate military demands, thereby China has been faithfully fulfilling the obligations laid down in the Convention.

China pays great heed to the harms and damages inflicted on the innocent people by the misuse of landmines and is in favor of placing rational restrictions on it. Thanks to her efforts in clearing mines inside her territory, China has now basically shrugged off the perils caused by mines. Internationally, China has complied strictly with the provisions specified in the Amended Protocol II, formulated new standards for using mines

militarily, and destroyed hundreds of thousands of old and outdated mines. China has all along faithfully honored her commitment and has shelved, for now at least, the export of anti-personnel mines included in the provisions of the protocol. Besides, China remains committed to offering help to and working together with other countries in the international efforts of removing mines, and take a part in the Asian, African mine-clearing operations by way of donating money and offering equipment and technical training courses. By the same token, China has endorsed the humanitarian tenet embodied in the Ottawa Convention Banning Landmines and cherishes the willingness to engage the signatories of the convention in the endeavor to step up exchanges. In the same constructive vein, China gives full weight to the anti-vehicle mines and holds the view that anti-vehicle mines bring about different dimensions of concerns vis-à-vis anti-personnel mines and so should be handled as such. In addressing this issue, full consideration should be given to the different national conditions and supporting capacity of each state and identify the solution to this issue by resorting to multiple approaches.

In the forceful cracking down on the illegal deals involving small arms and light weapons (SALW) lies the significance to maintaining regional peace and development, and to clamping down on terrorism and organized transnational crimes. In this respect, China stands for stepping up efforts at the national, regional and international levels in a bid to seek for a comprehensive solution. Furthermore, China has put her signature on the Firearms Protocol and has been taking an

active part in the relevant work of the UN.

IV. China's Principles

China regards taking part in international arms control and disarmament as an indispensable component of conducting international and regional security cooperation and has been observing to the following three guiding principles:

1. Sticking to the independent foreign policy of peace and the national defense policy with defense in nature

The aforesaid statement is reflected in the following: unfolding all-dimensional international security cooperation in line with the Five Principles of Peaceful Coexistence with the pursuit for peaceful development as the national objective; and promoting security cooperation featuring non-alignment, non-confrontation and non-targeting at any third country. From the late 1980s to the early 1990s, China negotiated with the former Soviet Union on the reduction of military forces and the establishment of confidence-building measures along the border areas of the two countries. Based on the proposals advanced by China, the two countries eventually replaced the term of seeking for "common security" suggested by the former Soviet Union with the term of seeking for "mutual security" in the preface of the Agreement between the two Governments. The Chinese side emphasized that "mutual security" had two meanings, namely, the two parties, China and the USSR are on equal footing and either side respects the security of the other side; and that the Agreement only involves the two parties in the negotiations and

is not directed at any third party.

2. Honoring the duty of safeguarding international peace and security entrusted to the Permanent Members of the UN Security Council

The performance of duty is manifested in the following: giving full backing to the UN's key role as an international multilateral mechanism and supporting the authoritative role of the UN Security Council in upholding international peace and regional security in compliance with the objective and principles of the UN Charter.³ These cover the dynamic approach to address the threats posed by the interwoven traditional threats and non-traditional threats to security as well as by the proliferation of WMD; the efforts to strive for arms control and disarmament in the light of the principles of being fair, equitable, comprehensive and balanced within such multilateral mechanisms as the UN and the Geneva Conference on Disarmament; the endeavor to promote nuclear disarmament and prevent the proliferation of WMD; opposition to the development of missile defense system that upsets the strategic stability and the arms race in and weaponization of the outer space; and giving balanced considerations to the needs of national security and humanitarian concerns.

3. Promoting the new security concept with mutual trust, mutual benefit, equality and coordination at the core

This new concept is embodied in the following: advocating mutual trust, mutual benefit, equality and coordination among different countries; boosting international and

regional security as well as the progress of mankind through peaceful development of all countries;⁴ shaping up a favorable security environment for the state's peaceful development by means of safeguarding international and regional security; devoting special attention to maintaining the security, stability and development in the Asia-Pacific region, and redoubling efforts to build security mechanism in the region; committed to putting in place an Asia-Pacific security framework that is dialogue-oriented instead of confrontation through promoting the new security concept; and not in favor of Cold War mentality, unilateralism, enlargement or strengthening of military alliance and the endeavor of seeking one's own security at the cost of other countries' interests.

What should be underlined is that ever since the President of China floated the new

security concept in 1999 for the first time at the Geneva Conference on Disarmament, China has all along been striving to put this concept into practice, which has produced positive results. China's move mirrors her firm will in seeking for a peaceful and stable international and regional security environment and for a path of peaceful development. In the promotion of a new security concept with mutual trust, mutual benefit, equality and coordination at the core anchors China's measurable and fundamental guiding principles in getting involved in the course of arms control and disarmament under the new situation. From the development point of view, it will be a contribution of profound and far-reaching significance made by China to international arms control and disarmament process.

Notes:

1 For details see section-IV, chapter III, part I, "Examples on Use of Biological Weapons", Arms Control and International Security Handbook, (World Knowledge Publishing House: October 1997), page 33.

2 For details see section II: "The Basic Policy Advocacy", the White Paper of China's Efforts at Arms Control, Disarmament and Non-Proliferation issued by the Information Office under the State Council of the People's Republic of China, September 1, 2005.

3 See section 14: "Arms Control and Disarmament", the White Paper of China's National Defense in 2008 issued by the People's Republic of China, (Foreign Languages Press: edition I, 2009), pp 71-77.

4 See section II: "The Basic Policy Advocacy", the White Paper of China's Efforts at Arms Control, Disarmament and Non-Proliferation issued by the Information Office under the State Council of the People's Republic of China, September 1, 2005.

Some Preliminary Thoughts on Development of Social Organizations

Yu Hui

The Administrative Bureau of Nongovernmental Organizations

Born after the reform and opening-up, China's social organizations have traversed a tortuous path of development ever since. With evolution of times and favorable changes of the overall situation, China's social organizations are faced with historically all-dimensional opportunities for development in the first decade of the 21st century. Whether relevant departments would keep up with the times consciously, seize the opportunities, vigorously transfer some corresponding government functions, encourage social organizations to strengthen capacity building and foster new development is of critical significance for pushing the building of civil society and social modernization.

I. Favorable Changes in the Overall Political and Economic Situation for Social Organizations.

Compared with what it was thirty or even ten years ago, the macro-environment situation for the growing Chinese social organizations has undergone dramatic changes. On the one hand, the Chinese social organizations have

been developing in an easier political environment, on a more solid economic and a broader political base. On the other hand, during the social transformation period, social and economic development faces various problems, reliance on the Chinese government alone is not capable of solving all the problems and needs further development of social organizations to assist. This new era calls for the blossom of social organizations.

Before the reform and opening-up, China successively underwent three periods of new democratic revolution, socialist revolution and socialist construction, which were time and again interrupted by the political turmoils. Due to a weak economic foundation and a highly centralized political system featuring "rule of human", Chinese social organizations lacked necessary conditions for development. Since adoption of the reform and opening-up for over 30 years, which has attracted attention of the world, China has registered remarkable achievement thanks to stable and rapid economic growth. Its GDP soars significantly in the world, and people enjoy steadily

growing disposable income, so huge material wealth has laid a solid foundation for development of social organizations, and more and more entrepreneurs and people from all walks of life are ready to donate for public interests and charity undertakings. However, economic growth is accompanied by wider income gap, unfair distribution of income, insufficient social security, environmental pollution, resource scarcity, etc. The whole society is longing eagerly for social justice and equity, providing a vast space and a broad “hotbed” for the development of social organizations devoted to public undertakings and the pursuit of social equity. Social organizations have played, and will play an increasingly important role in services and education, medical care, environmental protection and old-age care.¹

The changed economic and social environment has pushed the Government of China to improve the policy environment for social organizations and they have vigorously adapted themselves to the trend of times. Keenly grasping the changed situation and the positive role played by social organizations in recent years, the CPC Central Committee proposed the concept of building a socialist harmonious society, and worked out a clearer strategic outline for the development of social organizations. In view of improving socialist market economy, the Third Plenary Session of the 16th CPC Central Committee put forward “standardizing and developing self-governed organizations such as professional associations, business councils, etc. in all sectors according to the rule of the market”. Focusing on strengthening the governance capacity-building, the Fourth Plenary Session

required all social organizations, sectorial associations and social intermediaries to make full use of their roles in providing services, reporting expectations, standardizing behaviors and joining forces in social management and social services. To build up a socialist harmonious society, the Sixth Plenary Session put forward “developing social organizations and strengthening their functions in serving the society; giving equal weight between cultivation& development and management& monitoring, and improving the policies to cultivate, support and administer social organizations according to law”, “encouraging social forces to run private non-enterprise entities in areas of education, science and technology, culture, medical service, sport and social welfare, etc; giving full play to social functions of sectorial associations, professional unions and business councils to serve economic and social development; developing and standardizing various foundations to push for the development of public undertakings”. Having reaffirmed the scientific definition of “social organizations”, the Report of the 17th CPC National Congress enlisted social organizations, for the first time, as an integral part in “developing grass-root democracy, and ensuring more and real democratic rights for the people”, put forward to “bringing into play the positive role of social organizations in helping expand people’s participation and reporting their petitions and enhance the self-governance capacity of society”, and initiated a comprehensive and systematic description by elevating the status of social organizations for the first time to the height of “four-in-one structure” – economic, political,

cultural and social constructions.² In view of the wording on “social organizations” in the documents, the central guideline to support social organizations has become more and more clear-cut, the corresponding policies are more dimensional, and monitoring and regulation are more effective. The essence of the documents is further reflected in the promulgation and amendment of laws and regulations. From 1998 on, *Regulations on Registration and Administration of Social Organizations*, *Provisional Regulations for the Registration and Administration of People-Run non-Enterprise Units*, *Regulations for the Management of Foundations* and other relevant regulations have been promulgated, and laws on preferential tax for social organizations of public interests have been identified and refined in recent years. These help to shape the general background for social organizations to flourish.

II. The Reform of the Administrative System Powerfully Fuels the Development of Social Organizations.

The 17th CPC National Congress stated clearly that efforts should be made to accelerate reform of the administrative system and build a service-oriented government. The Report to the 17th Congress required that we “accelerate the separation of the functions of the government from those of enterprises, state assets management authorities, public institutions and market-based intermediaries...We will step up our efforts to streamline government organs, explore ways to establish larger ministries and commissions with integrated functions.” This has presented a historic opportunity for social organizations

at the macro-level. In March 2008, the First Plenary Session of the 11th National People’s Congress was given the report on *the State Council’s Institutional Restructuring Plan* delivered by Mr. Hua Jianmin, State Councilor and Secretary-General of the State Council. The plan decided to downsize its composing ministries and commissions to 28. Later on, the reform of larger ministries and commissions with integrated functions was launched at the local levels. Except for Sichuan province whose steps were delayed by the earthquake, all other 30 institutional restructuring plans of provincial level government have been approved by the Central Government³, and some of them made deep-cuts. From the previous results since the reform and opening-up, every institutional restructuring has provided a good opportunity for development of social organizations. Regarding the State Council’s institutional restructuring in 1998, its component ministries and commissions were reduced to 29 from 40, and over 200 governmental functions were transferred from ministries and commissions to industrial associations and enterprises. In February 2001, the State Economic and Trade Commission dismantled nine bureaus at national level under its administration; the Central Government and government at local levels dismantled departments in charge of industrial production and commercial circulation; and some national industrial bureaus were transformed into industrial associations. According to statistics, the number of industrial associations in 2006 increased by 63.32% compared to that in 2000, growing the fastest; and the number recorded an increase of 14.3% in 2005 than that in 2004

². Social organizations are important carriers for shouldering a part of governmental functions and the strengthening of social self-governance. It is estimated that in the foreseeable future, the reform of the administrative system will speed up, the ministries and commissions will undergo further downsizing, and more governmental functions will be continuously transferred to social organizations, which provides a golden opportunity for social organizations to grow. A service-oriented government, featured by “small government and big society”, requires the government to transfer its functions in areas of public affairs, social charity and services, etc. Deeply rooted in people, social organizations are an important form for people to conduct self-governance, self-service, self-education and self-discipline, and serve as an effective platform for people to carry out social self-governance and mutual assistance and attain the integration and interaction between governmental administration and mass self-governance, and have shown irreplaceable advantages compared with that of government. Gradually, the government would transfer to social organizations some micro-level functions such as routine services, some sectorial administration, public services in urban communities, production and technical services in rural areas, social charity and public interests undertakings, so as to bring into full play the specialties of social organizations. In practice, more and more local governments, through purchasing services from social organizations, create a whole set of new operational mechanisms such as government accountability, targeted trusteeship, contract management, and

assessment and fulfillment, thus, providing substantial support for long-term development of social organizations. Since 2003, having taken active explorations, local governments of Shanghai, Beijing, Wuxi, Zhejiang and Guangdong have purchased more public services in various forms from NGOs, mainly in the following areas of education, public health and the prevention and treatment of AIDS, poverty alleviation, old-age care, service for the disabled, community development, community adjustment, culture, urban planning, public education, environmental protection, policy consultation, etc.³

III. The Reform of Public Institutions Provides a Platform for Fair Play Between Social Organizations and Public Institutions.

For a long time, the dominant role of public institutions in public services squeezed the participation of social organizations, and compressed the space for growth of social organizations. Handsome salary and subsidies, combined with substantial pension programs, erected solid barriers for public institution workers to flow to social organizations, so public institutions lagged far behind in terms of management talents. Take private non-enterprise units for example, at the end of 2006, the number of private non-enterprise units reached 160,000, employing 1.54 million people while the number of public institutions exceeded 1 million, employing over 30 million people. In terms of scale, many private non-enterprise units are operated by an individual or business partners, no match with public institutions⁴. Besides, public institutions

also enjoy more qualified staff and better rational staff mix than those of private non-enterprise units.

The acceleration of categorization and reform of public institutions, as stated in the Report to the 17th CPC National Congress, creates more equitable competitive environment for social organizations. As a step of the reform, the reform of old-age pension in public institutions has been launched. In January 2009, the Ministry of Human Resource and Social Security officially issued *Old-age Insurance System Reform Plan for Public Institutions*, and provinces of Shanxi, Shanghai, Zhejiang, Guangdong and Chongqing municipality have conducted pilot projects for old-age insurance reform for the public institutions. This old-age pension reform is an important link in the reform of public institutions under which framework the majority of public institutions personnel and the institutions share the premium for old-age insurance, as other main bodies in the market do, and their level of pension after retirement is decided by the premium paid at work. This reform presents a system platform of fair competition of public interests for welfare social organizations, private non-enterprise units in particular, via which private non-enterprise units could compete with public institutions on an equal footing on the platform provided by the market.

IV. Awakened Awareness for Public Interests Creates a Broad Mass Foundation for Social Organizations.

For a long time, due to relatively slow economic development and over-centralized power, citizens grew into a habitual thinking

of the government taking care of everything, and poor awareness for public interests and few non-governmental volunteer organizations were important factors impeding development of social organizations, especially welfare social organizations. In view of inadequate staff in most social organizations, large number of volunteers could indispensably stand out to supplement social organizations. Awakened awareness for public interests is a necessary prerequisite for the making of volunteers. Two events of 2008 in China marked the historical turn for the enhanced awareness for public interests.

On May 12, 2008, an 8.0-magnitude earthquake, the most powerful and destructive one since 1949, hit Wenchuan city in Sichuan Province. In the wake of the earthquake, upon the call of the Central Government, various social organizations actively devoted themselves to earthquake relief and post-quake reconstruction through many ways and displayed the full advantages, and emerged as indispensable force in the national campaign for the disaster relief. The performance of social organizations have aroused extensive attention from all walks of life and gained full approval from the quake-hit people, media and academic circles. A commentary in *People's Daily* said that, new NGOs such as various volunteer teams, on-line communities, industrial associations, etc. rushed to the quake-hit area timely, busy with searching life, settling down victims and offering consolation.⁵ A large number of volunteers from all corners of China went to the quake-hit areas, engaged in emergency rescue, medical assistance, free teaching and psychological consolation and quake relief and post-quake

reconstruction efforts. According to statistics, in May 2008, about 1.06 million volunteers registered for earthquake relief via China's Communist Young League alone. During Beijing Olympic Games in August 2008, volunteers impressed the world with their excellent performance, and Beijing Volunteer Association was awarded "UN Distinctive Services Organizing Award". The improved awareness for public interests has strengthened the mass foundation for social organizations to conduct activities in the future.

There is no doubt that there are some shortcomings in the course of growing. It was reported that some parts of the quake-hit areas saw too many groups of volunteers, and even more than could be hosted; while in the areas with access difficulties, services of volunteers were rarely available. Some reporters even described the hasty arrival and quick departure of volunteers. Despite some problems in volunteer services, such as organization, efficiency and professional performances to be further enhanced, the existence of large number of volunteers has provided the nourishment for social organizations to grow and also a driving force to improve social organizations.

V. The Improvement of Preferential Tax Laws and Regulations Provides Funding Support for Social Organizations.

Funds shortage is another bottleneck factor constraining development of social organizations. It is the usual practice for all the national governments to issue preferential tax policies for social organizations, which are different from that for enterprises. China has some similar policies, but the national policy

of "giving priority to economic construction" relatively weakens the funding support for social organizations. According to the *Provisional Regulation on Enterprise Income-tax* adopted in 1993, donations for public interests and relief accounting for less than 3% of annual income tax payable can be deducted from tax. In recent years, with growing economic strength and more attention increasingly given to social construction from the Central Government, China has adopted a series of preferential tax policies to cultivate welfare social organizations, and created proactive policy environment for their growth.

China's preferential tax policies for social organizations are divided into two categories, policies for social organizations and for donors. The New *Law of the People's Republic of China on Enterprise Income-tax* and the *Rules for the Implementation of the Law of the People's Republic of China on Enterprise Income-tax*, which took effect as of January 1, 2008, greatly raised the level of tax exemption for social organizations and tax breaks for enterprise donations. For example, the Clause 4 of Article 26 of the *Law of the People's Republic of China on Enterprise Income-tax* stipulates that the income of eligible NGOs is tax-free; and Article 9 stipulates that welfare donations accounting for less than 12% of annual profit are qualified to be deducted from the total tax payable. According to Article 51 of *Rules for the Implementation of the Law of the People's Republic of China on Enterprise Income-tax*, donations for public interests refer to donations for welfare undertakings through welfare social organizations, governments at the county or higher level and other departments specified by *Welfare Donations*

Law of the People's Republic of China. To implement the essence of the new laws, relevant departments have worked out some corresponding measures.⁶ On December 31, 2008 the Ministry of Finance, State Administration of Taxation, the Ministry of Civil Affairs jointly issued *A Notice on some Issues Concerning Pre-tax Deduction of Welfare Donations* (Finance & Tax [2008] No.160), which clearly and concretely specified the qualifications, procedures, application materials of pre-tax deduction for social organizations and foundations, and connected, for the first time, with the acquired or cancelled qualification of pre-tax deduction on the basis of the annual assessment and rating. On March 10, 2009, the Ministry of Civil Affairs issued *A Notice on Implementing the Plan of Examining and Approving the Qualification of Welfare Donation Pre-tax Deduction for Foundations* (by the General Office of the Ministry of Civil Affairs [2009] No. 10), further specifying the pre-tax deduction qualifications. Besides, an adopted law also makes specifications on tax deduction of individual donations. According to Clause 2 of Article 6 of *the Individual Income Tax Law of the People's Republic of China*, amended and implemented as of March 1, 2008, the individual's donations for education and other public undertakings are qualified for being deducted from his/her tax payable according to relevant regulations of the State Council. These policies would speed up development of social organizations. Synchronously, Article 24 of the *Rules for the Implementation of the*

Individual Income Tax Law of the People's Republic of China explains that the individual's donations for education and other public undertakings refers to those personal donation given through social organizations, state organs within China to education, other social welfare undertakings and to natural disaster- and poverty-stricken areas, and stipulates that donations accounting for less than 30% of tax payable of a tax-payer can be deducted from the tax payable. It is foreseeable that with further improvement of the current preferential tax policies for social organizations as well as increasing services purchased by governments at different levels from social organizations, the funding bottleneck for social organizations will be largely removed.

In conclusion, in the context of more favorable macro-economic and political environment, whether social organizations could seize the historic opportunity that the government organs and public institutions are restructured, whether they could make the best use of the preferential policies and regulations to empower themselves, whether they can broaden the mass base and attract more talented people, and whether they can establish and improve comprehensively the legal-person structure and enhance capacity-building have a direct bearing on whether social organizations would flourish in the next decade to come, and accomplish a good governance with social organizations equally sharing with the governments and enterprises in terms of functional strength.

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Dr. John Galtung visits China. At the invitation of the Chinese People's Association for Peace and Disarmament (CPAPD), Dr. John Galtung, the first and former director of Norwegian Peace Institute and the founder of peace research, who was accompanied by his wife, Mme. Galtung, visited China in September 2010. During their visit, they met with CPAPD Vice President Mr. Liu Jingqin, Human Rights experts from the Chinese Society on Human Rights, international relations experts from the Chinese Institutes of Contemporary International Relations, and the Research Institute of International Strategic Studies of the Party Central School, CPC and visited China's new type of rural villages under construction such as Hancunhe village in Beijing suburb and a Beijing Zhicheng legal aid center, etc. The couple shared meaningful discussions with the Chinese side on wide-ranging issues of common interest.

INTERNATIONAL EXCHANGES

Mme. Yan Junqi meets Hon. Rebecca Kadaga. Mme. Yan Junqi, Vice Chair of the Standing Committee of the National People's Congress and Senior Vice President of the Chinese People's Association for Peace and Disarmament (CPAPD), met with Hon. Rebecca Kadaga, Ugandan Deputy Speaker during her attendance at the 2010 Global Summit of Women in May 2010.

A delegation of the CPAPD visits Central Asian countries. Mr. Wang Guangtao, a senior Vice President of the Chinese People's Association for Peace and Disarmament led a CPAPD delegation on a good-will visit to Ukraine, Kazakhstan and Armenia in late May 2010.

A Sino-U.S. Civil Society Peace Forum held. CPAPD together with Jiangsu Provincial People's Friendship Association with Foreign Countries, Changzhou People's Friendship Association with Foreign Countries, American Friends Service Committee (AFSC) and Institute for Conflict Analysis and Resolution (ICAR), George Mason University, the United States, jointly held the third China-U.S. Civil Society Peace Forum on 20th June 2010 in Changzhou during the visit of the joint delegation of AFSC and ICAR invited by the CPAPD in June 2010. The Forum was attended by over 40 experts from home and the delegation.

A China-Africa Civil Society Forum on Peace and Development jointly sponsored . The China-Africa Civil Society Forum on Peace and Development , which was jointly sponsored by the Chinese People's Association for Peace and Disarmament, the Safer World from UK and the African Peace Forum, was convened in Beijing from June 2nd to 4th, 2010.

CPAPD scholars attending the conference in Japan. Secretary General Niu Qiang and an assistant attended the 65th Japan Congress against A & H Bombs in August 2010.

CPAPD senior scholars attending the conference in Singapore. CPAPD adviser Pan Zhenqiang and CPAPD Secretary General Niu Qiang attended the International Seminar on Strategic Issues held by Chinese, Indian and Pakistan scholars in Singapore in early August 2010.

The International Day of Peace remembered. The Chinese People's Association for Peace and Disarmament, All China Youth Federation and United Nations System in China jointly sponsored the Celebration of International Day of Peace: Chinese Youth for Peace and Development. Over 600 people participated in the Celebration in the Great Hall of the People in Beijing, China, on 20th September 2010. (Continued to Page 61)