

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نیاشد تن من مباد بدین بوم ویر زنده یک تن مباد
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

European Languages

زبان های اروپایی

<http://www.atimes.com/atimes/China/CHIN-02-130313.html>

China seizes the day for market forces

By Francesco Sisci
3/13/2013

BEIJING - There are two deep and long-term aspects to the administrative reforms announced at the end the plenary session of China's parliament, the National People's Congress (NPC). One appears to be fully in the imperial tradition of concentrating power to the center and stemming the centripetal forces that have brought domestic and foreign policy out of control. We pointed out this major problem earlier this year Too many cooks spoil foreign-policy stew (Asia Times Online, January 7, 2011).

In order to achieve this result, the Chinese Communist Party is embarking on the second aspect, a great liberal reform. In fact, the reform of the ministries that came out of the present NPC session is not just a matter of numbers but a major restructuring of the philosophy and functions related to their work.

The deputy prime minister in charge of the reform, Ma Kai, has explained that the purpose of restructuring is to give power to the markets and society, to reduce government intervention in small matters, and instead to improve the government's ability to manage macro-economic matters and provide supervision.

In this spirit, the number of ministries has been almost halved, going from from 44 to 25. The new number has profound political significance. It means that the new leadership of Xi Jinping - evidently supported by outgoing leader Hu Jintao, who until the end of the parliamentary session on March 17 is still president of the state - has managed to assert power over the thousands of conflicting interests of the powerful bureaucracy.

There is more, as is evident from the official announcements. Wang Qishan, head of the powerful Committee of Party Discipline and with influence over the Chinese finance, insisted that people read Tocqueville and his criticism of the *ancien regime*. The French thinker, who extolled the virtues of the United States' system, has thus become a bestseller. In fact, current reforms seem inspired by Tocqueville. The Chinese Communist Party wants to become liberal and more American, and more in accordance with his system.

The first real victory is over the Ministry of Railways, which against all logic was able to resist the reforms of 1998 and was the last remaining ministry directly managing finances - in this case of operating the trains. Today, like all other ministries, the administrative functions of the Ministry of Railways will be separated from economic functions and entrusted to state-owned companies. Plus, it will now operate under the Ministry of Transportation. It remains a mystery what will happen to the police and courts that were acting directly under the power of the Ministry of Railways.

In addition to the abolition of various ministries, new entities are being created. There is now a National Energy Administration, responsible for coordinating activities that were previously divided among groups overseeing electricity, petroleum, coal mining, and so on.

It will take months for these reforms to be digested by the state apparatus. But after the reforms of 1998, within about a year the nature of whole system changed. Then the center was to give more economic power to state-owned enterprises (SOEs), freeing them from administrative and social obligations. Those reforms were in fact so successful that after a decade, state-owned enterprises have come to dominate the Chinese economy, creating monopolies and marginalizing private companies.

Today the real urgency is to give space to the market. This is a clear objective of Xi Jinping.

In 2010, in a closed door meeting between future-president Xi and Italy's then-economy minister Giulio Tremonti, the Italian, probably for the sake of hospitality, praised the role of state intervention in the economy, which had stopped the spread of the US financial crisis in China. Xi, however, did not remain silent, and in fact did not seem to appreciate the compliment. He pointed out that when the crisis is over, the state must withdraw from the market and allow it to act freely according to market rules.

In this case, in addition to domestic economic measures, the administrative reform includes a measure that is very important to foreign policy. It creates a single administration for marine areas. The entity will be in charge of all coastal areas, including the contested archipelagos of the South China Sea and the Diaoyu Islands, or the Senkaku Islands, fought over with Japan. The new administration was created officially so the Chinese can assert their claims to these areas, which is irritating its neighbors. Japan has already started to protest.

On the other hand, it creates order in cases of future friction, as it addresses directly the issue I addressed in 2011. On several occasions in the past, the central government has been forced to

cover for, or stop at the last minute, some independent initiative by the captain of a fishing vessel or a few rogue naval officers.

These new roles for the market then should provide the real springing board for a 40 trillion yuan (US\$6.4 trillion) urbanization plan that should bring millions of people to the cities in the next 10 years.