

**CHINA'S NATIONAL PEOPLE'S CONGRESS
2010: ADDRESSING CHALLENGES
WITH NO BREAKTHROUGH IN
LEGISLATIVE ASSERTIVENESS**

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Executive Summary

1. The Third Session of the Eleventh National People's Congress (NPC) concluded on 14 March 2010. While the Western media have regularly labeled the NPC as a rubber stamp, increasing media coverage and growing influence of the Internet have put participants under intense spotlight and made them more vocal.
2. At the press conference held after the conclusion of *lianghui*, Premier Wen Jiabao rebuffed criticism that the *yuan* was undervalued, resisting pressure from the U.S. and the European Union to appreciate the Chinese currency.
3. Prior to the *lianghui*, online opinion polls rated soaring house prices, corruption and income disparities as the issues of biggest concern to the Chinese people.
4. Thirteen state-run newspapers also simultaneously called for the *hukou* system that systematically discriminates against *non-hukou* migrant workers to be abolished.
5. Despite the seeming emphasis on “reform” in Premier Wen's annual government report, no new or drastic measures were introduced to address the above-mentioned issues. This may be due to the approaching leadership change and the challenges in the post financial crisis context.
6. Amidst the lack of major initiatives, what is arguably the most significant achievement this year was the approval of an amendment to the existing Election Law that equalizes the representation ratios of rural and urban NPC deputies, making it easier for rural deputies to win seats in the NPC in future elections.
7. The work reports of “*lianggao*” (两高) – the Supreme People's Procuratorate and the Supreme People's Court – polled poorly yet again this year,

reflecting a general dissatisfaction with the ineffectiveness and corruption in the judiciary.

8. Although more than 20 percent of the deputies have consistently voted against or abstained from approving the *lianggao* work reports in the past decade, it is highly unlikely that dissenting votes at full plenary sessions will cross the 50 percent line required to overturn a bill, work report or personnel nomination.
9. Till date, the NPC has rejected neither a law nor a Party nominee for top political leaders, earning it the label of a “rubber stamp” from Western media and political observers.
10. The NPC’s lack of political muscle is largely due to its structural limitations and its lack of representativeness. The rubber stamp voting is also a consequence of the *modus operandi* that takes place backstage: a bill that is put to formal vote has secured broad support and is guaranteed passage.
11. Party domination and interference, which have been pervasive in the electoral system for NPC deputies, were neither addressed nor rectified by amendments to the Election Law in 2004.
12. As long as Party domination continues to overshadow the NPC, any new legislation shall have minimal impact on empowering the latter. It appears that the NPC is hard put to shake off its derogatory label anytime soon without concrete and drastic reforms to its institutional structure.

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YEW Chiew Ping & CHEN Gang*

***“Lianghui”*: Party-controlled Forum for Consensus and Debates**

- 1.1 The two-week parliamentary sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) in every March, commonly known as the *“lianghui”* (两会) (literally the “two meetings”), constitute one of the most important events on China's annual political agenda and an important forum for debates over socio-economic issues and approval of laws, policies, budget and government report.
- 1.2 This year's *lianghui* concluded on 14 March 2010. More than 5,000 deputies gathered in Beijing to discuss and approve government work reports and provide policy advices for the top leadership. The *lianghui* had become a media event, with over 3,000 domestic and overseas journalists reporting the sessions in 2010.
- 1.3 Chinese Premier Wen Jiabao rejected criticism that China is keeping its currency undervalued during a press conference immediately after the conclusion of the NPC session. “We oppose the practice of finger-pointing among countries or strong-arm measures to force other countries to appreciate currencies,” Wen said.¹

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¹ “Chinese leader decries calls to boost currency,” *CNN News*, 14 March 2010.

- 1.4 Wen said domestic worries like inflation,² unfair income distribution and corruption weighed on policy. He admitted that it would be “an extremely difficult task” for China to promote steady and fast economic growth, adjust economic structure and manage inflation expectations all at the same time. Mishandling of these issues might affect social stability and even upset state power, he said.
- 1.5 Currently there are about 3,000 NPC members but rural delegates represent four times as many citizens as their urban counterparts. Amid concern over a widening gap between the countryside and cities, the Third Session has just passed an amendment to the Election Law that equalizes those representation ratios.
- 1.6 According to the Chinese Constitution, the NPC is “the highest organ of state power,”³ but in many westerners’ eyes, the NPC often appears flabby and functions as a “rubber stamp” while the CPPCC as a consultative body has no institutional power *per se* in China’s policymaking process.
- 1.7 While the Western media have regularly labeled the *lianghui* as a rubber stamp event, increasing media coverage on the event and growing influence of the Internet have put participants under intense spotlight and scrutiny. This year, for instance, when the governor of the Hubei province angrily chided a reporter for asking a sensitive question and snatched her tape recorder, the story quickly spread online with the media and netizens pressuring the governor to apologize.⁴
- 1.8 Although it is true that almost all crucial decisions have been made at the annual Party plenary sessions or Politburo meetings, the “*lianghui*” in March

² Consumer price inflation rose to 2.7% in the year to February from 1.5% in the year to January, spurring to a 16-month high. The government in its work report wants to limit inflation for the whole year to 3%.

³ See Article 57 of China’s Constitution.

⁴ “Journalists, Twitterers, and the Media Demand Apology from Hubei Governor Li Hongzhong,” available at <http://chinadigitaltimes.net/2010/03/journalists-twitterers-and-the-media-demand-apology-from-hubei-governor-li-hongzhong/>, accessed 16 March 2010.

is becoming increasingly important for China's policy-making due to the complexity of many socioeconomic challenges facing the 1.3 billion people today and the necessity to coordinate different interest groups even within the ruling class.

- 1.9 With the emergence of civil society, different voices can occasionally be heard at the "*lianghui*." For years the government's one-child policy has been questioned by delegates during the *lianghui*, and this time, some blamed the government for not being able to curb the property bubble through effective policies.
- 1.10 The ruling party is reining the NPC session through the mechanism of Presidium, which sets the substantive agenda in all matters, deciding what policy issues deputies will consider, who they will hear from and when they will decide.⁵ Because the Communist leaders form the core of the Presidium, the omnipotence of the Presidium facilitates the Party's steerage of the NPC Full Congress in session.⁶ During the non-session period of the year, the parliamentary power is exercised by the NPC Standing Committee of about 150 members.
- 1.11 During the *lianghui*, delegates discuss government work reports and legislation in delegation meetings, which are held simultaneously and typically precede voting on substantive issues like approval of laws, government reports and crucial personnel changes. The national legislature is made up of 35 delegations, of which two represent Hong Kong and Macau. Each delegation has a chief, a member of the Presidium. Delegation chiefs communicate and explain to members important decisions made by the top leadership and convey delegates' viewpoints to the Presidium.

⁵ Jiang Jinsong and Jack R. Van Der Slik, "A Prolegomenon on the National People's Congress of China: Legislating Consensus and Learning Democratic Participation," <http://www.apsanet.org/~lss/Newsletter/july03/china.pdf>.

⁶ Ibid.

The NPC: Opposition within Strict Boundaries

- 2.1 The NPC today has evolved under the leadership of Peng Zhen, who contributed substantially to the NPC's organization building during his tenure as its Chairman from 1983 to 1988 and in other positions prior to that. Among his accomplishments were the setting up of six permanent special committees in 1983; his repeated urge for a younger, larger and better educated bureaucracy, and measures taken from 1987 to 1988 to enlarge the NPC's organizational capacity and address its shortcomings so as to lay the foundations for the NPC's further power expansion.⁷
- 2.2 In the past decades, the NPC had been responsible for drafting and formalizing a noteworthy corpus of laws, thereby contributing to the making of China's legislative system, which was virtually non-existent under Mao.⁸
- 2.3 However, the NPC is hard put to shake off the label of a "rubber stamp," given that a full plenary session has always deferred to decisions pre-ordained by the CCP and its powerful Politburo. Till date, it has rejected neither a law nor a Party nominee for top political leadership.⁹
- 2.4 Although some may perceive the NPC's assertiveness under leaders such as Peng Zhen and Qiao Shi as an indication of greater autonomy, evidence suggests that the occasional deviations from rubber stamp unanimity are

⁷ Murray Scot Tanner, *The Politics of Lawmaking in China: Institutions, Processes, and Democratic Prospects* (Clarendon Press: Oxford, 1999), pp. 104-112. NPC leaders have vested interests in expanding the institutional capacity of the NPC. To avoid sinking into oblivion after retiring from key political positions, these leaders have used the NPC as a platform from which they continue to exert their influence and augment their power. See Ming Xia, "China's National People's Congress: Institutional Transformation in the Process of Regime Transition 1978-98," in Philip Norton and Nizam Ahmed (eds.), *Parliaments in Asia* (London: Frank Cass, 1999), p. 112.

⁸ Kenneth Lieberthal, *Governing China: From Revolution through Reform* (New York and London: W. W. Norton, 2004), p. 176.

⁹ Below the national level, the work report of Shenyang intermediate people's court was voted down by the municipal people's congress in 2001. This was unprecedented in the history of China's people's congresses at all levels. See Wang Yao, "Dingge renmin dahuitang diyisheng 'wo fandui' de shunjian" ("Freeze-framing the moment of the first voice of objection in the Great Hall of the People"), *Zhongguo Qingnian Bao (China Youth)*, 5 March 2009, available at http://china.huanqiu.com/roll/2009-03/394004_2.html, accessed 12 February 2010.

more accurately seen as manifestations of intra-Party disagreement or factional rivalry projected onto the NPC.¹⁰

2.5 For instance, the political rivalry between Qiao Shi (NPC Chairman, 1993-1998) and Jiang Zemin was played out at the polls. In 1995, Jiang Chunyun, nominated by Jiang Zemin to be Vice-Premier, was rejected by an unprecedented one-third of the NPC delegates.¹¹ Three year later, Han Zhubin, an aide of Jiang Zemin deemed “unqualified” to be nominated as Chief Prosecutor because of his limited background in law, won only 65 percent of support from NPC.¹²

2.6 Evidence also suggests that the NPC’s assertiveness can only go so far as state leaders permit. The controversial Three Gorges Dam project, for example, received only two-thirds affirmative votes in 1992. A NPC delegate disclosed that in order to obtain approval for the project, the Chinese government set many restrictions when the NPC was deliberating the construction of the dam, limiting the circulation of materials that contained objections and criticisms, and even going to the extent of foiling opponents’ attempts at speaking at the plenary session.¹³

2.7 It may be argued that the NPC’s lack of political muscle is largely due to its structural limitations and its lack of representativeness. The sheer size of the NPC – the 11th NPC has close to 3,000 members – hampers its role as a

¹⁰ On various occasions, the NPC under Peng’s leadership blocked reform measures proposed by Zhao Ziyang. See H. Lyman Miller, “Preparing for Change with Promises of Continuity,” *The China Business Review*, available at <http://www.chinabusinessreview.com/public/9801/miller.html>, accessed 26 February 2010.

¹¹ Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations 1989-2000* (The Brookings Institution: Washington D.C., 2003), p. 304.

¹² Lorien Holland, “China’s parliament endorses Zhu, protests at chief prosecutor,” *Agence France-Presse*, 17 March 1998, available at [Factiva.com](http://www.factiva.com), accessed 26 February 2010.

¹³ Huang Shunxin recalled, “At the meeting of voting on the project, I signed up to voice my views [in opposition to the project], but there was no time provided. I raised my hand from my seat and asked to speak off the cuff, but the chairman just ignored me. I even stood up, determined to present my opinion. Just then, the sound system of the entire meeting hall was cut off and all microphones but the one for the chairman ceased functioning.” See Miao Ye, “Three Gorges: Cracks in the Bureaucracy,” *Asia Times*, 20 June 2003, available at <http://www.atimes.com/atimes/China/EF20Ad05.html>, accessed 24 February 2010.

legislature.¹⁴ Besides, information flow among different delegations at scaled down meetings is strictly regulated so that deputies cannot share information and form consensus on issues.¹⁵ Delegates' right to speak at plenary sessions is also curbed by conflicting rules.¹⁶

- 2.8 The lack of representativeness of the NPC delegates is built into the electoral system. At county level and below, deputies to the people's congresses are directly elected. However, these elections are subject to direct Party interference, rigging and discrimination against independent candidates not nominated by the Party.¹⁷ Above the county level, deputies at each level are elected by the people's congresses at the next lower level. Therefore, candidates for deputies of the NPC are nominated by provincial level people's congresses.¹⁸
- 2.9 Minor amendments to the "PRC Electoral Law for the National People's Congress and Local People's Congresses" in 2004 failed to address the structural problem of Party domination over the electoral process.¹⁹
- 2.10 The rubber stamp voting lamented by many Western political observers is also a consequence of the *modus operandi* that takes place backstage: a bill

¹⁴ See Zheng Yongnian, Wang Zhengxu and Tok Sow Keat, "China's National People's Congress 2006: Policy Shifts amidst Growing Dissatisfaction with Existing Development Patterns," *EAI Background Brief* No. 277 (East Asian Institute, National University of Singapore) 17 March 2006, p. 4; Bo Zhiyue and Chen Gang, "China's 11th National People's Congress: What's New?" *EAI Background Brief* No. 374 (East Asian Institute, National University of Singapore), 19 March 2008, p. 11.

¹⁵ Ming Xia, "China's National People's Congress," pp. 115-116.

¹⁶ Shi Xuehua and Kong Fanyi, "Daiyi minzhu de zhidu guize yu zhongguo quanguo renmin daibiao dahui zhidu de gaige he wanshan" ("The system and rules of Parliamentarism and the reform of China's NPC system"), *Lilun Yuekan (Theory Monthly)*, No. 9 (2006), available at <http://www.eywedu.com/Lilunyuekan/llyk2006/llyk20060901-2.html>, accessed 16 February 2010.

¹⁷ For more details, refer to Congressional-executive commission on China, "Development of Rule of Law and the Institutions of Democratic Governance," 2005 annual report, available at <http://www.cecc.gov>, accessed 16 February 2010.

¹⁸ Zheng Yongnian and Li Jinshan "The National People's Congress and its Electoral System," *EAI Background Brief* No. 10 (East Asian Institute, National University of Singapore), 4 March 1998.

¹⁹ Congressional-executive commission on China, "Development of Rule of Law."

that is put to formal vote is *fait accompli*. In other words, it has already secured broad support and is guaranteed passage whereas one that lacks support is not presented for balloting at all to forestall open opposition.²⁰

2.11 This is exemplified by the circuitous legislation process of the contentious Property Law – which took more than 13 years to draft and went through a record seven readings by the NPC Standing Committee – before the revised bill was finally passed with a high approval rating of 97 percent in 2007.²¹ Had it been presented for a vote earlier before oppositions were resolved, the Property Law might have failed to pass.

2.12 As long as Party domination continues to overshadow the NPC, any new legislation has minimal impact on empowering the latter. For instance, the Supervision Law (监督法), effective from 1 January 2007, took 20 years to legislate and is paradoxical since the targets to be supervised are officials, who constitute the majority in people's congresses at all levels.²² The Legislation Law (立法法) promulgated in 2000 does not draw a clear line between the authority of the State Council and the NPC, such that the former “continues to enjoy the capability to enforce the laws as it sees fit, and in some cases enacts directives that directly contravene laws passed by the NPC.”²³

²⁰ A reader replies to Simon Elegant, “The National People’s Congress: Rubber Stamp?” China Blog at Time.com., 6 March 2008, available at http://china.blogs.time.com/2008/03/06/live_read_the_times_china/, accessed 17 February 2010.

²¹ Li Li, “Milestones Mark New Direction: Law Moves China a Step Further Down Market Economy Route,” *Beijing Review*, 22 March 2007, p. 22.

²² Zhonghua renmin gongheguo zhuxi ling No. 53, “Zhonghua renmin gongheguo geji renmin daibiao dahui changwu weiyuanhui jianfufa” (“The PRC Supervision Law of the Standing Committees of People’s Congresses at all levels”), 27 August 2006.

²³ Paul Schuler, “The Capacity for the National People’s Congress to Manage Democratization,” unpublished essay, available at irps.ucsd.edu/assets/019/8061.pdf, accessed 16 February 2010.

Dissenting Votes at NPC Plenary Sessions

- 3.1 In an interview with the *Nanfang Dushibao* last year, an 80-year-old NPC deputy, Shen Jilan, claimed that she had not cast a single negative vote in her uninterrupted tenure as a deputy from the First to the Eleventh NPC over 55 years. In her own words, she said, “I support the Communist Party very much. A deputy is supposed to obey the Party’s orders; I have never cast a negative vote.”²⁴
- 3.2 Shen’s interview was widely circulated on the Internet and her self-proclaimed unreserved support for the Party was derided by netizens. Media attention and public opinion such as these might have emboldened the NPC deputies to a certain degree and in recent years, some even openly admitted to the press that they had cast negative votes on an issue.²⁵
- 3.3 Fortunately, Shen’s absolute conformity to Party decisions is more an exception than a norm. An analysis of voting patterns shows that voting on the NPC floor was neither unanimous nor predictable as commonly believed to be, in spite of the NPC’s many limitations discussed in the preceding section.
- 3.4 In other words, while the NPC has been a rubber stamp for deferring to pre-determined state decisions without fail, its *voting behaviour* indicates that delegates are *not* steadfastly undivided on a wide range of issues polled over the past two decades.

²⁴ “‘Zuilao’ renda daibiao Shen Jilan, 55 nian lai wo congmei touguo fandui piao” (“The most senior NPC deputy Shen Jilan: I have never cast a negative vote in 55 years”), 10 March 2009, available at <http://www.nanfangdaily.com.cn/nfjx/200903100005.asp>, accessed 16 March 2010.

²⁵ Zhao Lei, “Shui tou le lianggao baogao fandui piao?” (“Who voted against the work reports of the Supreme People’s Court and Procuratorate”), *Nanfang Zhoumo* (Southern Weekend), 18 March 2009, available at <http://www.infzm.com/content/25692>, accessed 16 February 2010.

- 3.5 Dissenting votes – the total of votes cast in opposition, abstentions and null votes by those present but not voting – may be taken as an indicator of the NPC’s assertiveness.²⁶
- 3.6 Table 1 is a non-exhaustive compilation of the instances in which more than 20 percent dissenting votes were cast. Notwithstanding the lack of a complete data set over the years, some trends may be gleaned from the available information.
- 3.7 From 1988, dissenting votes of more than 10 percent on personnel decisions have become increasingly common. Li Peng’s re-election as Premier in 1993, for instance, received 330 dissenting votes, or 11.4 percent of the total.²⁷
- 3.8 The passing of a few laws also met with opposition of more than one-fifth though bills were frequently passed by an overwhelming majority of over 95 percent.
- 3.9 In contrast, the work reports of “*lianggao*” (两高), the Supreme People’s Procuratorate and the Supreme People’s Court, often polled poorly with dissenting votes hovering around the 20 percent mark from 1993 and going up to as high as 40 percent in 1997.²⁸
- 3.10 More recently in 2009, 20 to 25 percent of deputies to the 11th NPC either cast votes of objection or chose to abstain when deliberating the work reports of the Supreme People’s Court and the Supreme People’s Procuratorate. According to the deputies interviewed, these protest votes reflected a general

²⁶ Tanner rightly points out that in comparison to the number of delegate motions, dissenting votes are a “more unambiguous act of legislative assertiveness.” Tanner, *The Politics of Lawmaking in China*, p. 83.

²⁷ Ibid., p. 88. Li Peng’s nomination as chairman of the NPC in 1998 again received a considerable number of protest votes, refer to “China’s Li Peng Embarrassed by Vote at National Congress,” *New Sunday Times*, 15 March 1998, available at <http://news.google.com/newspapers>, accessed 18 February 2010.

²⁸ David Lague, “Chinese Leader Humiliated by Congress Vote,” *Sydney Morning Herald*, 17 March 1998, available at Factiva.com, accessed 26 February 2010.

dissatisfaction with the ineffectiveness and corruption in the judiciary.²⁹ The percentages of dissenting votes climb slightly this year, with that of Supreme People's Court work report at 26.5 percent and that of the Supreme People's Procuratorate work report at 23.8 percent.³⁰

- 3.11 Based on these patterns of dissent over the past decades, it is fair to conclude that the *voting behaviour* of the NPC is not totally characterized by rubber stamp unanimity. However, the legislature as a whole is still very much a rubber stamp to the state's top political leaders, given that it has not and is largely unable to overturn pre-ordained state decisions.
- 3.12 Considering the percentages of dissenting votes and the NPC's structural limitations, it may be conjectured that without further institutional changes to empower the NPC and strengthen its autonomy, it is highly unlikely that dissenting votes at full plenary sessions will cross the 50 percent line required to overturn a bill, work report or personnel nomination. In short, prospects for greater legislative assertiveness do not appear sanguine under current circumstances.

²⁹ Zhao Lei, "Shui tou le lianggao baogao fandui piao?"

³⁰ Zeng Zhaopeng, "Zhongguo jinru chengxiang 'tongpiao tongquan' shidai" ("China enters the age of 'equal votes equal rights' for urban and rural dwellers"), *Lianhe Zaobao* (*United Morning News*), 15 March 2010, available at <http://www.zaobao.com/special/npc/pages3/npc100315b.shtml>, accessed 15 March 2010.

TABLE 1 VOTES BY FULL NPC WITH AT LEAST 20% DISSENTING VOTES

Year	Law/Motion	Votes for	Votes against	Abstained	Not Voting	Total	Level of Dissent (%)
Legislative Votes							
1992	Three Gorges Project	1767	177	664	25	2633	32.89
1994	Budget Law	2110	337	225	49	2721	22.45
1995	Central Banking Law	1821	-	-	-	2678	32 (est.)
1995	Education Law	1989	359	300	30	2678	25.73
Personnel Votes							
1993	Approve Li Tieying as State Councillor	2037	722	137	-	2896	29.66
1993	Approve Li Tieying as SCRES Chairman	2032	655	169	-	2856	28.85
1995	Approve Jiang Chunyun as Vice-Premier	1746	605	391	10	2752	36.56
1998	Approve Han Zhubin as Chief Prosecutor	1919	687	344	-	2950	34.95
Work Report Votes							
1993	Approve Supreme People's Procuratorate's Work Report	2257	375	234	-	2866	21.25
1994	Approve State Budget	2110	337	425	49	2921	27.76
1995	Approve Supreme People's Procuratorate's Work Report	2131	-	-	-	2678	20.43 (est.)
2000	Approve Supreme People's Court's Work Report	1953	530	306	-	2789	29.97
2000	Approve Supreme People's Procuratorate's Work Report	1873	-	-	-	2789	32.84
2001	Approve Supreme People's Court's Work Report	2800 (est.)	530	306	31	-	30.96
2001	Approve Supreme People's Procuratorate's Work Report	2800 (est.)	584	332	14	-	33.21
2008	Approve Supreme People's Court's Work Report	2287	525	120	-	2932	22
2008	Approve Supreme People's Procuratorate's Work Report	2270	514	142	-	2932	22.37
2009	Approve Supreme People's Court's Work Report	2172	519	192	-	2883	24.7

Sources: Cited from Tanner, *The Politics of Lawmaking in China*, pp. 84-88; Holland, "China's parliament endorses Zhu, protests at chief prosecutor"; "Biaojueqi shang de minyi" ("Public opinion on the voting machine"), available at <http://news.163.com/10/0228/03/60J16R4J00012Q9L.html>; "Renda biao jue lianggao baogao, fandui piao yu qiquan piao zongshu zengjia" ("NPC votes on *lianggao* work reports, the sum of negative votes and abstentions increases"), available at http://cn.china.cn/article/n409572,31d6df,d1614_4856.html; "'Lianggao' gongzuo baogao zao 30% tou fandui huo qiquan piao" ("30% voted negatively or abstained on *lianggao* work reports"), available at <http://www.zaobao.com/special/npc/pages1/npc160301d.html>.

The 2010 Agenda and Hot Topics

- 4.1 Despite the repeated use of the word “reform” in Premier Wen Jiabao’s annual government report, no new or drastic measures were offered to overhaul the much-criticized *hukou* system,³¹ to rein in state monopolies, or to check soaring property prices. There was also no indication of any significant political reform, although Wen said that political reforms were integral to China’s modernization and overall economic reform.³²
- 4.2 Wen reiterated the ritualistic growth target of approximately 8 percent, with inflation rate (consumer price index) to be controlled within 3 percent. He unveiled rises of 8.8 percent on social spending and 12.8 percent on rural outlays, more than the rise of 7.5 percent in the military budget, to narrow the wealth gap economists blame for dampening domestic consumption.³³

TABLE 2 PROJECTED 2010 TARGETS

GDP Growth	8%
Growth in Urban Employment	9 million
Urban Unregistered Unemployment Rate	Below 4.6%
Rise in CPI	3%
Budget Deficit	1.05 trillion <i>yuan</i>
Renminbi Loans	+7.5 trillion <i>yuan</i>
Employment Stimulation	43.3 billion <i>yuan</i>
Direct Subsidies for Farmers	133.5 billion <i>yuan</i> (+6.04 billion)
Support for Agriculture, Rural Areas and Farmers	818.3 billion <i>yuan</i> (+93 billion)
Defense Budget	+7.5%

Source: “Highlights of Wen’s Government Report,” available at http://www.chinadaily.com.cn/china/2010npc/2010-03/05/content_9541766.htm, accessed 9 March 2010.

³¹ Wen Jiabao mentioned that *hukou* restrictions would be relaxed in small and medium sized cities and towns but no specifics were given. In any case, some cities in China, such as Shenzhen, Guangzhou, Zhuhai and Dalian, have already allowed migrants to file for permanent residence permits. Refer to “Timeline of China’s *hukou* system reform,” *China Daily*, 9 January 2010, available at http://www.chinadaily.com.cn/cndy/2010-01/09/content_9291468.htm, accessed 8 March 2010.

³² For the full text of the government report, go to <http://specials.mingpao.com/cfm/Category.cfm?SpecialsID=214&Page=1&CategoryID=2894>.

³³ “China’s Wen pushes back against yuan rise calls,” *Reuters News*, 14 March 2010.

- 4.3 The lack of fresh initiatives does not come as a surprise when seen in light of China's approaching leadership change and the post financial crisis context. Incumbent leaders are stepping down in another two to three years' time and are therefore likely to leave any major reform initiatives to the next generation of leaders. Moreover, having ridden out the financial crisis with a remarkable 8.7 percent GDP growth in 2009, state leaders, confronted with paradigmatic shifts and challenges in the post-crisis world, would not want to undertake drastic domestic reforms that may jeopardize the economy's steady growth targeted at 8 percent this year.
- 4.4 Online opinion polls sought votes on the topics of most concern before the annual NPC session. Soaring house prices, corruption and income disparities rated highly in 2010. In recent years the ruling party has been keeping tight control on the legislature in an effort to minimize the embarrassment to the party leadership.³⁴
- 4.5 In an online survey about "the most important issues" to be discussed at the upcoming *lianghui* conducted by Xinhuanet.com, the website run by Xinhua News Agency, 26,415 votes, or 69.8 percent went to housing prices.³⁵ During the past year, cities like Beijing, Shanghai, Shenzhen and Sanya (Hainan Province) witnessed almost doubling of property prices. Ironically, during the NPC session in 2009, delegates were still talking about boosting property prices to rescue the real estate industry from the global financial crisis.
- 4.6 An online survey by www.people.com.cn, another mainstream news portal in China, showed that corruption was the most important issue netizens wanted the NPC to address.³⁶ This is the third consecutive year corruption has been the top concern on the eve of the NPC meeting. In the past year, a record

³⁴ "Democracy in action: Making sure that China's supreme legislative body is toothless," 25 February 2010, *The Economist*.

³⁵ "Booming real estate sector puts China at crossroads," 1 March 2010, *China Daily*, http://www.chinadaily.com.cn/china/2010-03/01/content_9521206.htm.

³⁶ "Corruption hot topic at session," 26 February 2010, *China Daily*, p. 6.

number of officials of at least vice-ministerial rank – 17 – were charged with graft, the highest annual hit rate since China embarked on its reform and opening-up policy in 1978.³⁷

- 4.7 Resentment over China's internal immigration policy – particularly the *hukou* registration system – boiled over on the eve of the 2010 NPC session. On 1 March, 13 state-run newspapers, including the well-regarded *Economic Observer*, simultaneously carried a front-page editorial calling for the system to be abolished because of the “invisible fetters” it placed on all Chinese citizens.³⁸
- 4.8 Due to the sensitivity of the issue, the government ordered the participating media to quickly remove the editorial from their websites. Although Premier Wen Jiabao promised at *lianghui* that migrant workers will gradually receive the same treatment as urban residents in areas such as children’s education, health care and pension, there has been no clear signal showing the government is planning to abolish the *hukou* control in major cities in the near future.
- 4.9 On the controversial Renminbi (*yuan*) issue, Premier Wen pledged in his annual work report that China would stick to a basically stable *yuan*³⁹ while Zhou Xiaochuan, the central banker, said at a press briefing that the country will allow the *yuan* to resume its appreciation at some point when it exits from the loose money and credit policies.
- 4.10 In response to critics who claimed China has been arrogant on climate change issues, Wen clarified in the NPC press conference that he was not even invited to a key meeting he had been accused of skipping before the Copenhagen climate change summit. Wen said neither he nor the Chinese

³⁷ “Graft could end CCP rule: Wen,” 6 March 2010, *The Straits Times*, p. A8.

³⁸ “The Princeling and the Paupers,” 5 March 2010, http://www.foreignpolicy.com/articles/2010/03/05/the_princeling_and_the_paupers.

³⁹ During Wen’s press conference, he rebuffed calls for China to appreciate its currency by blaming the United States and other major economies for “fingerpointing” and for being protectionist.

delegation was invited to a gathering of top leaders on 17 December, even though China was on the list of participating countries.⁴⁰

- 4.11 Wen also pledged to “enlarge the pie of social wealth and distribute it well” and “let the people live with more dignity and make society fairer.” His remarks came at a time when China’s urban-rural income gap continues to widen (Table 3) and is reportedly the widest since the 1978 reform. Yet without concrete measures to reform the *hukou* system, which discriminates against rural migrants in urban areas, the Premier’s promises appear to be a temporizing move to allay social discontent over growing income disparity.

TABLE 3 CHINA’S URBAN-RURAL INCOME GAP

	Urban Income (yuan)	Rural Income (yuan)	Income Gap (%)
2009	17173	5153	233
2008	15781	4761	231
2007	13786	4140	233
2006	11759	3587	228
2005	10493	3255	222
2004	9422	2936	221
2003	8396	2582	225
2002	7703	2476	211
2001	6814	2348	190
2000	6280	2253	179

Source: Government work reports various years, available at <http://2010lianghui.eople.com.cn/GB/182480/183281/index.html>, accessed 8 March 2010.

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“Wen 'not invited' to key meeting in Copenhagen,” *China Daily*, 15 March 2010.