



# The China Brief

Presented by the Forum for American/Chinese Exchange at Stanford (FACES)

**September 21, 2009 – October 5, 2009**

## China and the US Play Leading Roles at the G20 Summit in Pittsburgh

At last month's conference in Pittsburgh, China and the United States proved to be the most visible and vocal nations out of the 20 developed and developing nations present at the summit. The assembled nations, which together represent about 85% of the entire global economy, sought to coordinate their recovery efforts in the wake of the recent financial and economic crisis, while at the same time instituting precautions to prevent a similar collapse in the future.

As the talks revisited the main causes of the recent turmoil, the U.S.-China relationship was repeatedly highlighted as a cause for concern and in need of immediate change. Many economists feel that China's financing of U.S. government debt kept interest rates low, providing ideal conditions for the risky lending practices which later backfired. Among the issues of concern is the drastic differential in household savings rates ([4.2% in the US vs. 51% in China](#)), which has led to Chinese overreliance on exports and the underdevelopment of its domestic consumption capacity; this was revealed as a major weakness last year when consumption in the US and Europe dropped drastically. To combat these problems, economists have called on the Chinese government to develop a stronger social safety net, relieving the pressure some families feel to save money for unexpected medical or retirement expenses, thereby driving up domestic consumption.

Another major issue was the redistribution of voting power in the International Monetary Fund (IMF) and the World Bank. Developing nations pushed for a 7% increase in representation to reflect their growing share of the world economy, while several European nations pushed back against the changes as their own positions were threatened. The emerging economies found a powerful ally in the United States, which proposed a more moderate 5% shift in voting power from developed to developing nations. "What we're trying to do is bridge this difference between a number of nations in Europe that are going...to have to adjust over time," [said Secretary of the Treasury Timothy Geithner](#). "It is the right thing to do, and it is going to happen."



**Friday, September 25, 2009** - United States President Barack Obama greets Chinese President Hu Jintao at the G-20 summit in Pittsburgh. The trade imbalance between the US and China was one of the most commonly discussed topics at the conference. (Photograph: Andrew Harrer/Bloomberg)

## The People's Republic of China Celebrates Its 60<sup>th</sup> Anniversary

On October 1<sup>st</sup>, China celebrated the 60<sup>th</sup> anniversary of the founding of the People's Republic of China. While Chinese celebrated at many patriotic ceremonies throughout the country, foreign observers rushed to assign some sort of significance to the historic occasion, at once reconsidering the history of the PRC while looking



forwards to its future. Many reexamined the original National Day, when the Chairman Mao Zedong led the nation in proclaiming a state united under the strict ideology of the Chinese Communist Party. Today's ceremonies took place in a much more uncertain ideological climate, as the reforms and opening up since 1978 have transformed a purely Communist state to one which practices "[socialism with Chinese characteristics](#)," a quaint euphemism which thinly conceals the Party's rapid adoption of many capitalist attitudes and practices. While some hail the Communist Party as responsible for the rapid economic transformation over the last three decades, others are concerned that the complete absence of a unifying ideology has created a brittle structure which will crumble if economic stagnation ever appears. "[There is no ideology in China anymore](#)," [Zhang Ming, a professor of political science at Renmin University in Beijing, said in an interview on Wednesday](#). "The reason the government is in power is because they can say: 'I can make your lives better every day. I can give you stability. And I have the power.' As long as they make people's lives better, it's O.K. But what happens on the day when they no longer can?"

The celebrations themselves also drew considerable attention, by far the largest of which was held in Tiananmen Square in Beijing. For a country which wowed the world two summers ago with the choreography and organization of the Opening and Closing Ceremonies of the Summer Olympics, the parades on October 1



**Thursday, October 1, 2009** – Chinese troops march past Communist Party officials and invited guests in front of Tiananmen during National Day celebrations. This year marks the 60<sup>th</sup> anniversary of the founding of the People's Republic of China on October 1, 1949.

(Photograph: Agence France-Presse - Getty Images)

presented a less imaginative but still awe-inspiring glimpse at modern China. As many as 100,000 Chinese are thought to have participated in the parade, which was only open to be viewed by Communist Party officials and invited guests. While there were many civilian participants in the parade, complete with costumed performers and floats, perhaps the most impressive and closely-observed portion of the parade was the procession of thousands of uniformed troops and hundreds of tanks and other vehicles which passed in front of Tiananmen along Chang'An Avenue. In the weeks leading up to National Day, Chinese military officials had suggested that [the nation's forces would soon begin a gradual shift to expand the air force and navy while decreasing the size of the its land forces](#). Defense analysts have seen this move as increasing Beijing's ability to project power regionally into shipping lanes and neighboring waters and airspace, serving notice to the Koreans, Japan, and Taiwan,

which China still views as its own and which it may now intimidate more easily. Commentators have also noted that [the awesome displays of military hardware in Tiananmen Square](#) seemed a bit counterproductive for a Chinese government which has always gone to great pains to assure its neighbors that its own economic rise poses no threat to their own security.

### **Speeches by Presidents Hu and Obama Spur Talks on Climate Change**

In a series of climate talks in Bangkok and New York City over the past two weeks, UN member nations have been hard at work establishing a basic framework for a climate change treaty to replace the Kyoto Protocol when it expires in 2012. With these negotiations heating up in anticipation of the UN Framework Convention on Climate Change (UNFCCC) conference in Copenhagen this December, any effective agreement will necessarily require the involvement of both China and the United States, the world's two biggest emitters of carbon dioxide.

In remarks presented to the General Assembly of the United Nations in New York, Chinese President Hu Jintao signaled China's willingness to assume a leadership role in the coming years with a series of significant policy objectives. These commitments include [increasing China's electricity generating capacity from renewable resources to 15% of total output within a decade](#), [slowing the rate of increase in carbon](#)

[emissions](#), and [undertaking reforestation efforts over an area of 40 million hectares](#). In addition to these important measures, Hu announced the establishment of the China-Beijing Environmental Exchange (CBEEEX), which would allow companies undertaking carbon-reduction projects to sell their offsets to dirty businesses in need of reducing their emissions profile. Though this program is only voluntary, it has the potential to deliver needed incentives for green growth and to experience success similar to that of the Chicago Climate Exchange (CCX) in the U.S.

Though the United States was not quite as visible as China during these recent sessions, it was by no means inactive. [In a speech to the assembled dignitaries](#), President Barack Obama sought to bridge the traditional divide between

rich, developed nations seeking to put a cap on carbon emissions and developing nations

which see no reason to stifle their own growth at the request of their economic competitors. However, even the modest proposals of industrialized nations (cutting emissions 15-23% below 1990 levels by 2020) fall far short of the 40-45% cuts most scientists deem necessary to head off truly catastrophic climate change effects. Moreover, the ratification of any final document will depend entirely on the approval of each nation's legislative body, no easy guarantee when one considers that the House of Representatives has only proposed a 4% cut by 2020 and that the Senate resoundingly defeated 1997's Kyoto Protocol 96-0. With the vocal commitments from Beijing, as well as this summer's buzz surrounding China's increasing investment into both [wind](#) and [solar](#) power, many see the U.S. rhetoric and action falling far behind that of China.

### **Chinese Officials make first arrests in connection with violence in Xinjiang**

Following a summer in which it was the site of severe ethnic violence between Han Chinese and Uighur factions, the province of Xinjiang appears to be seeking closure to this troubling episode [by announcing the first round of arrests in connection with the rioting there](#). Twenty-one people have been charged with a variety of offenses including murder, arson, robbery and property damage in the capital of Urumqi, where 197 people lost their lives in confrontations between the local Muslim Uighur minority and the Han Chinese majority. On the very same day, [Taiwan denied permission for the prominent Uighur activist Rebiya Kadeer to visit the island for a series of speeches](#). The president of the World Uighur Congress, Kadeer spoke out against the ban by claiming that "the shadow of communism" could fall on Taiwan, which has been independent of the mainland since 1949 but which the PRC still considers as its own. The Taiwanese interior minister Chiang Yi-Hua claimed that the visit had been rejected "in consideration for our national interests," from which some have inferred that the real reason for the rejection was to protect the recently-warming relationship between Taiwan and China. **(For more information on the PRC's relations with ethnic minorities, be sure stay tuned for news about our upcoming on-campus event, co-sponsored by MSAN and Friends of Tibet)**



**Tuesday, September 21, 2009** – Chinese President Hu Jintao addresses the General Assembly of the United Nations in New York City. Although he announced that China had made great steps in developing clean technology, he urged other nations to have patience, as China still lags much of the world in income per capita. (Photograph: Todd Heisler/ The New York Times)

### **Sarah Palin Resurfaces for a Foreign Policy Speech in Hong Kong**



**Wednesday, September 23, 2009** - [Sarah Palin made her first public appearance](#) after her abrupt resignation as Alaska's governor for a speech to a group of investors and bankers in Hong Kong. In her overseas debut, she spoke on a wide range of foreign policy issues, a move which many analysts see as an attempt to bolster her foreign policy credentials for a run for president in 2012.

(Photograph: Jeff Topping/AP Photo-CLSA Asia-Pacific Markets)

