

China 2011



Total: 37.21

Quick facts

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| Population: | 1336 million |
| Population growth: | 0.49 % |
| Unemployment rate: | 6.6 % |
| GDP: | 11300 billion \$ |
| GDP growth rate: | 9.5 % |
| GDP per capita: | 8400 \$ |

Political Freedom

Free and Fair Elections : 0.36

Direct elections are held only at district and municipal levels; no general elections are held at a national level. Instead, the national legislative body - the National People's Congress (NCP) - is elected by the sub-national congresses. By and large, the NCP is a symbolic body that serves to approve legislation proposed by the Chinese Communist Party (CCP). Elections at local levels lack significance as candidates are usually pre-selected and approved by the CCP; there have been only a few cases where self-nominated candidates have been elected. To deal with an increasing public discontent over corruption, in some areas party secretaries were put to public vote. This suggests a marginal opening of the electoral process at local levels, in some districts. Despite these developments, China does not fulfil the minimal requirements of an electoral democracy.

Absence of Unconstitutional Veto Players : 1.67

Even though the NCP is formally the highest legislative body of the People's Republic of China (PRC), the political process remains largely dominated by the CCP; all important officials either have been promoted or appointed to their positions by senior party members. All power is concentrated in the hands of the CCP - there is no force to challenge it. Factual power, therefore, does not lie with the elected legislative body but with the CCP. The farcical nature of the NCP elections is compounded by this practice. The CCP is not only the sole player, but is also a very

powerful veto player acting without constitutional mandate in the Chinese political system. This is reflected in the low score China achieves in this section.

Freedom of Press : 1.5

Even though constitutionally granted, free speech and the freedom of the press is tightly restricted. Severe pressure from government officials means that journalists either have to stick to the official view or risk being fired, or even imprisoned. However, the increasing spread of modern technologies, such as mobile phones and the internet, has made it easier for the people to express their views and raise public awareness on sensitive subjects. In turn, the government has adjusted quickly to this new challenge, and has developed various ways of controlling all means of electronic communication. For example, the Chinese government quickly restricted access to all social media networks, such as Twitter, during what came to be known as "Arab Awakening", as these networks had played a crucial role in the Arab revolutionary movements. Overall, the media in China remains heavily censored and under strict control of the government.

Rule of Law

Independence of the Judiciary : 4.95

Courts in China are still not politically independent, but the situation has improved over the last years. In some instances, cases filed against the government even have been decided in favour of the plaintiff. Interference by the CCP has lessened, but is not yet completely absent. Overall, China's judicial branch remains comparatively weak as it suffers from poorly trained judges and attorneys. Another major flaw is corruption, which is rife in the judicial branch; judges, therefore, often tend not to be as impartial as they should be.

Corruption : 3.5

There are laws that target corruption, but they remain fairly ineffective. One of the reasons for the poor implementation of these laws is that cases relating to corruption often are not tried by the judicial branch, but by CCP disciplinary organs, instead. Consequently, high-ranking officials often are not brought to justice. Only a few cases are made public, and these serve as show trials to demonstrate the CCP's determination to fight corruption. Things are somewhat different on local levels; Party officials, at least sometimes, face official trials and are subsequently punished. Especially prone to corrupt practices are economic sectors with a high degree of state involvement.

Protection of Human Rights : 1.72

China is party to the UN's International Covenant on Civil and Political Rights, (although this has not yet been ratified), as well as to the Covenant on Economic, Social and Cultural Rights. Moreover, the PRC also has declared its acceptance of the Universal Declarations of Human Rights. However, despite these apparently positive facts, China does not respect human rights. Firstly, there is still the death penalty; no less than 65 charged crimes are subject to the death penalty, including some non-violent offences. Furthermore, there are numerous reports of unlawful

and arbitrary detention, torture, forced relocations and discrimination against ethnic or religious minorities. The government systematically campaigns against human rights activists and lawyers in an effort to publicly discredit them. So, despite the formal efforts undertaken by the government in signing several UN covenants, the score that China achieves is low.

Economic Freedom

Security of Property Rights : 6.41

Individuals and companies can own structures and personal property, but the ultimate owner of land is the state, which, in effect, means that land tenure can only be obtained via long-term leases. Property protection is weak; corrupt local officials often, (and with impunity), illegally seize land. Estimates put the number of affected peasants at about 40 million.

Intellectual property protection is not properly enforced. Copyrights and patents, brand names, trademarks, and trade secrets are frequently stolen. The weakness of the judicial system results in affected companies often resorting to arbitration.

Size of Government: Expenditures, Taxes, and Enterprises : 4.43

China's government expenditures, (which include consumption and transfer payments), are rather low. Government spending reaches about 20 percent of the GDP. State ownership prevails in most economic sectors.

China has a high income tax rate of 45 percent and a moderate corporate tax rate of 25 percent, (20 percent for small businesses). New-technology businesses benefit from a reduced corporate tax rate of 15 percent. Other taxes include a value added tax (VAT) and a real estate tax. The overall tax revenue amounts to 18 percent of the GDP.

Regulation of Credit, Labour, and Business : 6.1

Starting a business takes 38 days, (according to World Bank data), which is about world average. However, the freedom to establish and run a business is hindered by China's regulatory environment and that there is actually no legal or regulatory openness.

Labour regulations prove to be an obstacle to overall employment and productivity growth. The non-salary cost of employees is high; dismissing a worker often requires prior consultation with the responsible labour bureau or union.

China's financial system is largely controlled by the government. There are only two private banks, and four state-owned institutions control over 50 percent of assets. The state determines the allocation of credit, which results in state-owned enterprises being the primary benefactors.

Freedom to Trade Internationally : 6.57

China's entry into the WTO has freed international trade. The level of government interventions and import barriers has decreased, and average tariff rates have been lowered to less than ten percent. Furthermore, China has entered in bilateral and regional free trade agreements (FTAs); for example, the ASEAN-China FTA, which has created the world's largest trading bloc of nearly two billion people.

Despite this development, export barriers are still an obstacle. Furthermore, some restrictions such as prohibitions and licensing requirements are still in effect. Import/export bans, complicated regulations and standards, and a corrupt customs administration add to the cost of international trade.