



China Currents



A Publication of the China Research Center

Vol. 6, No. 1, Winter 2007

Articles



Assessing China's Villager Self-government

Are elections leading to democracy?

by Yawei Liu



Chinese Companies Going Global: Operational Strategies and Communication Challenges

What does China need to do to succeed?

by May Hongmei Gao



Fiscal Incentives and Local Government Behavior in China

How to foster economic stability.

by Wanda Bailing Wang

Commentary



Can China Mediate US-Iran Relations?

by John Garver

Events



"China and Iran," presentation by John Garver, Feb. 22, 7:00 pm



**Upcoming Conference CES Europe Conference 2007
Portoroz, Slovenia**



Upcoming Conference Chinese Economists Society China Conference 2007 in Changsha

Center News



CRC Welcomes Platinum Sponsor for 2007, Womble Carlyle Sandridge and Rice, PLLC



Leigh Anne Liu and Paul B. Foster Join the China Research Center As New Associates



CRC Associate, Baogang Guo, Wins University System Award

Notable Link



"Is the 21st Century, the Chinese Century?" 

Prof. Fei-ling Wang speaks at the Rollins China Center Globalization Conference

(http://www.youtube.com/watch?v=IKa_y3UTBdw)

Assessing China's Villager Self-government

by Yawei Liu



In 1988, China began allowing villagers to elect their leaders in an experiment that democracy advocates hoped would eventually lead to more pluralism throughout the political system. Today, the Communist Party still is in firm command of the high ground and villages are still holding elections. So, what has the experiment accomplished?

This paper will offer an assessment, first looking at the various discourses on villager self-government and trying to determine if there is a consensus on the significance of this undertaking. It will then examine how this political act is transforming the political language, culture and landscape in China and aim to decide if villager self-government indeed constitutes an opening crucial for China's long overdue political reform. Thirdly, it will dwell on the questions of 1) what is democracy, 2) what is democracy of Chinese characteristics, and 3) will the current village democracy lead to a fundamental transformation from one of choice and little accountability at the lowest rung and to one of choice and accountability at each and every level secured by institutions, not by moral coercion and ideological purification. The paper will lastly take a brief look at what the grassroots Party officials are saying and what Chinese peasants are doing in the age of enjoying the endowed right to engage in self-service, self-education and self-management.

While it is hard to separate the past, present and future of a development that is so young, this paper will focus more on the years from November 1998 when the Organic Law was amended to September 2005 when Premier Wen Jiabao repeated Peng Zhen's famous remarks to visiting foreign dignitaries: when villagers learned how to manage the village affairs they would then try to manage the township affairs.

Villager self-government: Empowerment or Emasculation

When the NPC was debating the Organic Law, Peng Zhen, chairman of its Standing Committee, remarked that introducing villager self-government was in line with the Chinese Communist Party's goal of making common people the masters of their own affairs. It was a very effective way to conduct a democracy seminar for the peasants. When they learned how to govern their own affairs, they would then try to learn how to manage the township and county affairs. In 1989, there was a coordinated effort to discredit the Organic Law and to label it as a sinister plot derived from the Western ideas of democratization. Peng Zhen and his supporters withstood the assault and stuck firm to the need of rule of law and said that a way must be found to allow peasants to hold local officials accountable. With almost a decade-long of persistent effort by the officials of the civil affairs apparatus, the Organic Law was finally amended significantly and adopted officially. Another eight years have passed and what is the current discourse on villager self-government?

There seems to be little change among the top leadership of the Chinese Communist Party (CCP) in their view of the nature of villager self-government although there is a detectable shift of emphasis and priority. Jiang Zeming called villager self-government one of the three crucial reforms in China's countryside, as important as the beginning of the household responsibility system and the launch of village and town enterprises. In the political reports of both the 15th and 16th CCP National

Congresses, Jiang identified villager self-government as the point of breakthrough for China's political reform. Since the ushering of the Hu-Wen New Deal in late 2002, growing attention was given to the solution of economic woes of the peasants and social instability in the countryside. From the campaign to promote open administration of village affairs to the elimination of taxes and fees, from the emphasis on increasing the income of the peasants to the call to build a new socialist countryside, we see a pattern of devaluating rural democracy and accelerating pragmatic measures to create better conditions for peasants' access to education, healthcare and wealth.

This shift of emphasis on the top is indicative of which arguments among the watchers of villager self-government have found more responsive ears among the national leaders. As the current divergent assessments of reform and opening up, the views of villager self-government are also sharply divisive. There are those who perceive villager self-government as a miracle prescription to the chronic diseases of the Chinese countryside and the stepping-stone to the eventual modernization and democratization of China. For those who are less friendly to villager self-government, they see the alarming reemergence of the clans, the susceptibility by the broad masses of peasants to small materialistic incentives and indirect anti-government appeals, and the interruption of the development of village enterprises.

Those who are opposed to the expansion of villager self-government has been aided by two factors: 1) the lack of linkage between the growth of village wealth and the institutionalization of village democracy, the increasing misery among tens of millions of Chinese peasants and the growing sense that they are actually victims of the economic reform that has made China such an integral part of the world economy, and 2) the CCP's concern that popular choice and strict accountability could undermine the Party's legitimacy and its insistence on being the paramount decision-maker on all aspects of rural life. This dichotomy of different perceptions of villager self-government has been in existence when the debate on what to do with the peasants in the wake of the abolition of the communes in the early 1980s. The discussion on whether villager self-government is empowering the rural residents or emasculating the Party's leadership and on whether it will make peasants feel happier or create obstacles for economic development, will continue in the foreseeable future and have a significant impact on the sustainability of villager self-government.

The renewal of the direct election of local people's congress deputies in 1978 and particularly the introduction of the direct election of village committees in 1988 have introduced a new sense of political ownership and a new awareness of what constitutes political legitimacy. Real competition at the village level in places where local officials felt direct nomination of candidates and direct election of village committee members with multiple candidates were the most cost-efficient way of providing "guidance" have led the residents there to overcome the initial suspicion if their votes would make a difference and begin to play the political game more and more seriously.

The political scientists who study this new rural political development began to paint a very rosy picture of this undertaking and have even hatched a new field of study. They call villager self-government a "silent revolution" that will lead to the destruction of old feudalistic heritage and the birth of new civic virtues and political activism; they feel villager self-government is the beginning of a new wave of the encirclement of the urban centers by the vast countryside; and they wonder if the least informed and educated group of the Chinese were given the right to directly elect those who make decisions for themselves, the better prepared residents in the cities should be offered more.

The echoes of the Chinese scholars have not only reverberated in the capitals and classrooms of European countries and the United States but also been heard by the top leaders inside the Forbidden City. This new language has not only crept into the speeches of the China watchers in the West but also

been melded into the political jargon of the Chinese leaders. While the image-makers of China have achieved the goal of using villager self-government to prove the nascent rise of a political reform in China, the praise of it by the top Chinese leaders in 1998 at the 15th CCP National Congress led to the unprecedented experiment of a direct election of a township magistrate in Buyun, Sichuan.

If we use Robert Dahl's two attributes of democracy, 1) contestation or compilation and 2) participation or inclusion, to measure up villager self-government, it seems we may call it a curtailed democracy in a restricted geographical area that is always subject to outside forces with no capacity to resist. Villager self-government also seems to possess the feature of both internal and external efficacy. But, if we use other criteria to determine if villager self-government is democracy with other universally recognized and accepted components, the answer becomes more uncertain and even doubtful.

But, in the context of Chinese political system, both ancient and present, villager self-government can be described as meaningful democracy with Chinese characteristics, or at least, it is an embryonic form of a unique democratic practice that is different from other forms of democracy. First, it calls citizens' attention to the serious problem of the Chinese political system, i.e. the justice of the systemic design and the injustice of procedures. This injustice is caused by the woeful lack of executable procedures in choice and accountability matters and the gross manipulation of those procedures that are on the paper.

Second, villager self-government is operating in the context of a Chinese system whose center of gravity is located with the Party. The fact that a significant number of Party officials feel the cost of governance is so much lower when the right to choose their immediate leaders and make decisions on things of significant impact on their life is given to the peasants may lead to a reorientation of the belief that Party always knows better and makes wiser decisions. In fact, practice of villager self-government has already trickled upwards and led to many trials of choice and accountability at higher levels.

Thirdly, direct village elections, its competitiveness and its real impact on political legitimacy, governance and the initiatives of those who run and get elected by the ordinary voters is a reminder to those who are contemplating political reform in China that real reform does not have to be wholesale adoption of the Western system of multiple political parties and parliamentary supremacy. The Chinese system on the paper is sufficient if the Party superstructure does not interfere with direct elections of township and county people's congress deputies and indirect elections of local officials such as township and county magistrates by the directly elected people's deputies.

Lastly, it appears villager self-government is conducive to the firming of the Party's legitimacy and likeability in the countryside. This may reduce the fear that is constantly on the lips of Chinese officials: allowing the lowly common Chinese people to engage in democratic elections and decision-making at higher levels will lead to chaos and eventually break the back of the Party.

Yawei Liu is Director of The Carter Center's China Program, Associate Director of the China Research Center and Associate Professor of American history at Georgia Perimeter College.

Chinese Companies Going Global: Operational Strategies and Communication Challenges

by May Hongmei Gao



When the private Chinese computer company Lenovo acquired IBM's PC unit for \$1.75 billion in December 2004, the deal made headlines around the world. But that was only one of a number of high-profile Chinese overseas investments.

In January 2003, the Jingdongfang Group spent \$380 million for South Korea's Hynix Company and kept its 1,700 Korean employees. In 2004, China's zinc and copper producer China Minmetals negotiated a \$5.5 billion deal to take over Noranda, Canada's biggest mining company. Also in 2004, TCL claimed a 55% stake in a 100 million euro joint venture with French telecommunications giant Alcatel. Currently, China Mobile Communications Corp is close to finishing a \$5.3 billion pact to acquire Millicom International Cellular SA of Luxembourg.

Chinese companies are going global, and they're doing it in a variety of industries: energy, steel, automotive, logistics, computers, consumer electronics, household appliances, telecommunications equipment, textiles and consumer products. Companies such as Haier (home appliances), Galanz (home appliances), Wanxiang Group (auto parts), Cosco (logistics), Lifan (motorcycles), BaoSteel (steel) and Huawei (telecom equipment) are among those well positioned to become global players over the next decade. Today, China has 16 companies in the Fortune Global 500 list, up from 11 in 2002. By May 2004, there were 7,720 Chinese companies registered abroad in 160 countries and \$33 billion dollars in investment.

In this research, I explored the operational strategies and communication obstacles involved in China's global expansion. Research data was obtained through ethnographic observation, textual analysis and case studies conducted in China and the U.S. in June, July, August and September of 2006. I will begin by summarizing the current state of Chinese companies' global expansion, the political and economic support structure for such expansion, and the reasons these companies are going global. Then six operational strategies and three communication obstacles will be conceptualized.

Chinese companies are going global in search of new markets, raw materials, energy sources, advanced technology and global human resources. The move is being driven by growing labor costs in China and intensified competition from foreign multinational corporations in China following Beijing's entry into the World Trade Organization. Many of the Chinese companies looking outward are medium or large, state-owned and private enterprises. Most are market-driven, ambitious, nimble and flat in structure.

An obvious impetus for Chinese companies' global expansion is China's WTO entry, which came officially on December 11, 2001. WTO membership made it possible for Chinese companies to enjoy favored nation status in expanding to global markets, but it also presented Chinese companies with enhanced competition at home. WTO membership granted all member countries favored nation status in China. As a result, in recent years China has experienced a 36% increase in Fortune 500 representation. Anxiety about "foreign wolves coming to China" plagues many Chinese companies. For example, China's entry into the WTO dramatically cut import barriers previously imposed on American agricultural products. Total U.S. exports to China have grown from negligible levels to about \$14 billion a year.

Chinese companies have accumulated capital to invest overseas, and they are receiving official encouragement, which means support from Chinese banks. "Going global" became a national policy in the five-year plan for 2001-2005 in an effort to move from the "defense" to the "offense" and enable Chinese companies to acquire advanced technology, global brands, managerial know-how, and advanced human resources.

Chinese banks are well poised to provide support by virtue of a strong Chinese economy, high savings rate and abundant foreign reserves. Net savings have been accumulating in Chinese banks since 1994. In 2001, savings in banks exceeded loans by 3,200 billions RMB. China's GDP is currently fourth in the world, and the country is No. 3 in foreign trade. Foreign reserves exceed \$6 trillion.

Finally, labor costs are rising in China, making the country less competitive in some areas as a manufacturing base. Experts estimate that labor costs in China will continue to rise by 30% to 50% in the next three to five years. One result: Nike has moved some of its production line out of China to Vietnam to take advantage of lower labor costs.

Chinese multinationals are adopting six operational strategies in their global expansion:

- Establishing overseas production bases
- Making global mergers and acquisitions
- Building up global brand names
- Starting in emerging markets
- Accumulating overseas capital from global stock markets
- Employing global marketing and management personnel

All Chinese corporations going global need to answer three critical questions prior to any decision. First, should a manufacturing base be built in China or overseas? Second, should product distribution and sales be outsourced to foreign marketing companies? Third, should the Chinese company go global with its own brand name, which is usually little known to the outside world, or with a global brand name?

Chinese companies also have to overcome three major communication challenges in their globalization drive: negative perceptions of Chinese companies by the outside and especially the Western world, Chinese companies' inefficient conflict management style, and their low proficiency in understanding local cultures worldwide.

Chinese executives can learn much from the Japanese and Korean experience in the 1970s, 1980s, and 1990s. As the domestic market in China continues to grow, these outward-looking companies play a key role in shaping up Chinese economy while bring in new knowledge, capital, products and personnel to China.

"Ten years ago, Lenovo's participation in the international market was just like taking part in the Paralympics, with various tariffs and other obstacles preventing its internationalization process," said Liu Chuanzhi, Lenovo's former chairman, "Things have changed, however, now we are on a racetrack of real Olympic Games."

May H. Gao is an assistant professor in the Department of Communication at Kennesaw State University. Her research interests include the globalization processes of Chinese and American corporations, intercultural learning and adaptation, and global occupational mobility.

Fiscal Incentives and Local Government Behavior in China

by Wanda Bailing Wang



Local-central government relations are a hot issue in China today. Many problems result from fuzzy division of responsibilities and difficulty of designing incentives to achieve multiple goals. These problems include local protectionism, trying to out-compete each other in offering incentives to foreign investors, over-investment resulting in redundant construction, poor investment choices and over-zealous growth.

In China “local government” refers to all types of sub-national governments. As a key part of the central-local dynamic, China’s fiscal system plays an important role of macro-regulation, exerting great influence upon local governmental behavior by defining the scope of fiscal revenue and expenditure, and the responsibilities and rights of fiscal management between central government and local governments.

China’s fiscal system has experienced a series of changes as part of the overall reform process in order to improve resource allocation and overall economic productivity. This article re-examines the previous narrow notion of a fiscal system, and analyzes the changes that have taken place with suggestions for further reform.

The structure of China’s fiscal system has shaped local governments into “quasi-market agents” that demonstrate great enthusiasm in participating in resource allocation activities. As a result, they have made great contributions to recent national economic growth. At the same time the present fiscal system also brings many negative influences to local government behavior, and thereby is hindering the economy’s development of healthy growth in the future. The way China reforms its fiscal system from here will directly affect the behavior of local governments. It is critical that China deepen its fiscal system reform to optimize local governmental behavior for economic development in the long run.

At present, the pivotal question for China’s economists and officials is what kind of fiscal system can promise the greatest success in maintaining economic stability and lead to the establishment of a more equitable redistribution of income and efficient allocation of resources. There seems to be consensus that a strong government has some advantages with regard to the functions of stabilization, redistribution and provision of public goods and services. At the same time, with the move to a more market-oriented system, governments should be becoming macroeconomic regulators instead of direct organizers of microeconomic activities.

Local government behavior under different reform systems

Early Reforms

After functioning under a very top-down fiscal system where local governments did not have control over their budgets, reforms in the early 1980s experimented with various contractual systems between different levels of government. The contractual fiscal system was characterized by defining a fixed sum paid (or received, if subsidized) to the central government by a local government. This approach

clarified local governments' tasks and benefits, and provided greater incentives to encourage local growth. Within the term of the contracts, local governments could arrange their own revenue and expenditure according to their goals of regional economic and social development. However, their increased independence also dramatically changed their behavior.

First, because local budgets increased with local revenue, local governments had a strong motive to develop their regional economies and new opportunities for profit generation. However, since they did not have taxation power and because of shortages in local revenue in the face of the need to develop key infrastructure, local governments began to depend more on revenue that could be raised and spent outside of the official budget. This included the unwarranted pooling of funds, as well as arbitrary charges and fines that helped cover the gap between expenditure and revenue. The unintended consequence was that it undermined fiscal discipline and distorted the internal mechanism of the contractual system.

Second, in order to take advantage of resource allocation and system arrangements, local governments bargained hard with the central government to win decisions on system choice and policy-making that were slanted in their favor. Many different contracts resulted, with little consistency across local governments, and the short-term of each contract led to short term-oriented behavior.

Third, because local governments had control over extra revenue generated above their negotiated contract with the central government, local governments tended to interfere with the management and other decisions of firms within their jurisdiction, frustrating enterprise market reforms.

Tax Reform in 1994

Compared to where China's tax system was in 1994, the Tax Sharing Reform, enacted in January 1994, was a monumental change. The reform was aimed at (1) unifying and perfecting the tax law system so that tax collection could be administered on the basis of law instead of on the basis of administrative discretion and bargaining; (2) simplifying the tax system; (3) assuring governmental revenue income; (4) enabling reasonable sharing of tax and taxation authority between the central and local governments; (5) using taxation as an instrument to control the economy and adjust resource allocations; and (6) ensuring tax burden equity.

The 1994 Tax Reform divided tax revenue into three categories: central taxes, regional taxes, and central/regional government shared taxes. This division is close to what is often used in countries with market-oriented economic systems. Administratively, two levels of tax administration were established: the state bureau of tax administration (responsible for central government tax and central/regional shared tax administration) and regional tax administration (responsible for regional/local tax only). The central and provincial tax administration each levies its own taxes on the basis of the new tax laws. As a result, local governments would in theory enjoy more freedom over their own revenue, while helping ensure the central government's revenue and decentralizing tax authority in order to give incentives to local governments to work towards good economic performance to increase the tax revenue generated.

The appeal of the revenue sharing system embedded in the 1994 tax sharing reforms is that it puts a highly elastic central revenue system at the disposal of local governments. With this system, local governments are allowed to disburse expenditures if they generate more revenue. This created powerful fiscal incentives for local governments to promote local economic growth in order to raise revenue and create employment.

Along side these positive incentives a number of serious negative results also emerged largely due to the lack of institutional guarantees (what do you mean by institutional guarantees?), making the balance of power between central and local governments difficult. In addition, it lead to resentment due to the absence of popular representation, which means local officials are appointed by the central government according their GDP performance and not elected locally. Therefore, if local officials do not live up to expectations of their constituents, they do not suffer any serious consequences, and they easily avoid transparency in their negotiations with the central government.

Policy Options to optimize local government behavior

Local governments play a very important role in national economic development. Without optimal local government behavior, it is impossible for a society to achieve a healthy development in the long run. Broadly speaking, there are a lot of factors affecting the negative behavior of local government. However, from the above analysis, we can see the fiscal system is one of the most important aspects. In this context, taking measures to improve fiscal system reform not only can optimize local government behavior, but it can also bring long-term positive effects for future development. Several policy reforms are needed.

Ultimately, no matter what the central or the local governments do, their power comes from the society they serve. But the self-inflation of power by the government sometimes exceeds the scope given by society, and with no self-adjustment mechanism, inflation of government bureaucracy and rent-seeking often results. After 20 years of reform and opening in China, the nurture and growth of the social strength of citizens make the demands of coordinating their own behavior more urgent. To accomplish this, the reforms should support the development of three kinds of social organizations: (1) those organizations that can improve the degree of self-discipline of the agents in the micro economy, such as trade mark and intellectual property protection, accounting and audit expertise, asset assessment and stock exchange information and transactions; (2) those organizations that can improve the organization and smooth functioning of markets, such as judicial process and other organizations that support social service and social welfare; (3) those organizations that can improve the coordination between macro-control and micro-activities, such as trade associations, labor unions and professional associations.

Under the present fiscal system, local governments play the roles of both player and referee. In order to improve their local performance, there is need to separate the evaluation of local government officials from simply a measure of rapid growth in GDP, which to date has driven local officials' promotion and their chances of winning favorable policies for the future. Freeing enterprises from intervention in their operations and putting more resources in the hands of the populace would be desirable. In the future, some measures must be taken to reshape local governments and turn them into lean and efficient governments by making clear their rights and responsibilities.

Wanda Bailing Wang, Visiting Professor, Coles College of Business, Kennesaw State University, and Professor, Dalian Maritime University, Dalian, China.

Can China Mediate US-Iran Relations?

by John Garver



China may think of itself as a turtle coming out of its shell into the international arena, lumbering along and minding its own business on the long road to modernization. Trouble is some may see it more as a jaguar that may pounce on its prey without warning.

What to do?

China may not be able to change its stripes, but it is well poised to put on a friendly coat and play a more active role as an international mediator, specifically between the United States and Iran.

China enjoys good relations and a degree of influence with Tehran and Washington. With the United States reeling from setbacks in Iraq, and with traditional European allies uninterested in closer diplomatic cooperation with Washington, China could garner a lot of American good will by helping the United States handle its Iranian problem. There are people in China who think along these lines. Liming Hua, a former Chinese ambassador to Iran, recently suggested that Beijing attempt to play a mediatory role in U.S.-Iran relations. Writing in a journal published by a research institute attached to the Chinese Foreign Ministry, Ambassador Hua argued that intensifying U.S. pressure on Iran and counter-moves by Iran will lead to war, with the U.S. seeking regime change in Iran along the lines of the ouster of Saddam Hussein. A U.S.-Iran war would disrupt the robust economic ties between Iran and China, and lead to instability across the Persian Gulf and the Middle East. This would be a severe blow to China's development drive (more than half of China's imported oil comes from the Middle East) and might even force China to subordinate its development drive to national security concerns. China shares with Washington opposition to Iranian acquisition of nuclear weapons but believes that the current U.S. policy will not accomplish that aim, at least not short of all-out U.S.-Iran war.

China's own interests aside, Beijing enjoys good relations and trust with both Washington and Tehran, Ambassador Hua notes, and is being urged by both countries to play a more active role in world affairs. While Iranian-U.S. ties are mired in deep mutual distrust and animosity, China might be able to use its good ties with both to overcome the mutual suspicion resulting from decades of conflict between Iran and the United States. China could shuttle messages back and forth and draft proposals for the two sides to respond to. Mediation of U.S.-Iranian ties would entail a sharp break with China's traditional diplomatic passivity, but China is already moving in that direction. Even medium sized powers can help mediate international conflict, Ambassador Hua argues, pointing to Norway's mediation between Israel and Palestinians in the early 1990s. Chinese assistance in achieving a Iranian-U.S. rapprochement would win the goodwill of both sides for China and would demonstrate to the world the positive fashion in which China intends to exercise its growing power.

A good place for Americans to start in considering Ambassador Hua's proposal would be recognition of a first class diplomatic blunder by the United States: inclusion of Iran in an "axis of evil" in President Bush's January 2002 State of the Union speech. Bob Woodard in his book on the Bush administration's road to the 2003 war against Iraq details the superficial nature of the deliberations underlying that inclusion. In fact, Iran's inclusion in the "axis of evil" came against the background of substantial Iranian assistance to the U.S. effort against al Qaeda and the Taliban. According to an account by Seif al-Adl, overall military commander of al Qaeda, following the September 11 attacks, Iran responded to U.S. demands by arresting or extraditing back to their native countries hundreds of al Qaeda operatives, a move that "disrupted 75 percent of our plans" according to al-Adl. When U.S. forces moved to oust the Taliban regime, Iranian agents in Afghanistan provided tactical intelligence that greatly facilitated

U.S. bombing of Taliban forces. Iran then played a positive role in the post-war efforts at political and economic reconstruction of Afghanistan. Tehran quickly recognized the U.S.-sponsored Karzai government of Afghanistan. At an international conference in Bonn, Germany in December 2001, Iran stepped in to break a deadlock over levels of assistance to post-Taliban Afghanistan. The response to these Iranian expressions of willingness to cooperate with the U.S. was inclusion by the U.S. President in the same category as Saddam Hussein. From an Iranian perspective, there could not have been a worse, more demeaning, and wildly inaccurate, categorization.

There are different voices in Iran and among Iran's political elite. Not all Iranian leaders view the world as President Mahmoud Ahmadinejad does. There are influential voices --- not to mention Iranian public opinion --- who feel that Iran's current path of confrontation with the United States and the European countries (who are Iran's major economic partners), will hobble the country's economic development. Many Iranians understand full well that loss of access to Western investment, bank credit, technology, and, possibly markets, would be a serious blow to Iranian development. But they also believe that the United States has rejected Iranian efforts to reach out to the United States and shown no desire to reach a modus vivendi with the Islamic Republic of Iran.

Before going further down the road of confrontation with Iran, The United States must explore the possibility of another path. If China's good offices can assist in this effort, so much the better. If China can satisfy its craving for international recognition by fostering peace between the United States and other countries, would that not be positive? Perhaps someday Washington might repay the favor by fostering reconciliation between Tokyo and Beijing.

John Garver is Professor in the Sam Nunn School of International Relations, Georgia Institute of Technology. His most recent book is China and Iran: Ancient Partners in a Post-Imperial World, published by Washington University Press.

China Currents, Winter 2007

Events

“China and Iran,” presentation by John Garver, Feb. 22, 7:00 pm.

The Southern Center for International Studies presents *In Dialogue*: **Dr. John W. Garver**, Professor of International Affairs at Georgia Tech. The author will discuss and sign copies of his book, **China and Iran: Ancient Partners in a Post-imperial World**.

Where: Southern Center for International Studies, 320 West Paces Ferry Road, tel:404-261-5763. Directions can be found at www.southerncenter.org.

When: Thursday, Feb.22nd, 2007; registration: 7:00; program: 7:30-9:30 pm

Cost: SCIS members \$15; non-members \$20; please **pay online** with your credit card, visit www.southerncenter.org/upcoming_programs.html, e-mail register@scis.org, or call the Southern Center at 404-261-5763; tickets are not issued; once your reservation is made, you will receive an e-mail confirmation, and your name will be at the check-in desk.

Please note that reservations are required.

Upcoming Conference

**CES Europe Conference 2007, Portoroz, Slovenia
May 11-15, 2007
Call for papers**

The Chinese Economists Society will hold its first Europe conference May 11-14, 2007 in Portoroz, Slovenia, on the Adriatic Sea. The main venue of the conference is Hotel Marko, originally a private villa built in 1886 with breathtaking views of the Adriatic coast, <http://www.hotel-marko.com/eng>. The conference theme is “Economic Transition at Midlife: Lessons from the Development of Markets and Institutions.” The local organizer and sponsor is Faculty of Management of the University of Primorska.

Confirmed keynote speakers include Professor Gerard Roland of UC Berkeley, Professor T. Paul Schultz of Yale University, and Professor Janez Šušteršič of University of Primorska. There will be a total of 30 to 40 high-quality papers. We plan to publish a symposium in a high quality refereed journal, subject to normal review process, and a book by a leading publisher (possibly in both Chinese and English).

The conference will also organize two field trips in Slovenia. Please visit the conference website www.china-ces.org for detailed information about the conference, including registration, accommodation arrangements, local tours, etc.

China Currents, Winter 2007

The conference registration fees are as follows:

	Before 03-31-07	After 03-31-07
CES Members	\$320	\$380
Non CES Members	\$360	\$420
Student Members/ Accompanists	\$200	\$260

The registration fee covers one reception, one banquet, two lunches, coffee/drinks at breaks, and two local tours (one and one half day including one lunch).

Contact information:

For local information, hotel, and registration:

Local Chair, Dean and Professor, Egon Žizmond, Egon.Zizmond@fm-kp.si

CES Board member: Professor Xiaojun Wang, xiaojun@hawaii.edu

For papers and sessions:

CES Vice President, Professor Belton Fleisher: fleisher@econ.ohio-state.edu

CES Board member, Professor Zhiqiang Liu: zqliu@buffalo.edu

For sponsorship and other issues:

CES President, Professor Haizheng Li, haizheng.li@econ.gatech.edu

Upcoming Conference

Chinese Economists Society China Conference 2007 in Changsha

July 27-30, 2007

Call for Papers

The Chinese Economists Society (CES) will hold its annual international conference July 27-30, 2007, in Changsha, the capital of Hunan Province, China. The theme of the conference is “Economic Transition, Regional Growth, and Sustainable Development.” The local organizer is Hunan University. The main conference venue will be the five-star hotel, Huatian Hotel (<http://www.huatian-hotel.com/>).

Invited keynote speakers (to be confirmed) include Nobel Laureate Kenneth Arrow from Stanford University, Nobel Laureate Edmund Phelps from Columbia University, Professor Daron Acemoglu from MIT, winner of the John Bates Clark Award, and Mr. Siwei Cheng, Vice Chairman of the Standing Committee of the National People's Congress of China.

We plan to publish selected papers as a symposium in a high-quality refereed journal, subject to normal review processes, and a book by a leading publisher (possibly in both Chinese and English). We will

China Currents, Winter 2007

select papers for the Gregory Chow Best Student/Junior Faculty Paper Award. In addition, the Conference will provide job placement services for economists.

The CES invites papers and organized sessions. Individual paper submissions (in English or Chinese) should include an extended abstract (about 400 words) and should be made online at www.china-ces.org. Proposed sessions, including the session title and chair, the names of four-five presenters, discussants, and paper titles and abstracts, should be submitted to Professor Belton Fleisher by e-mail at Fleisher@econ.ohio-state.edu (English sessions) or Professor Zhiqiang Liu at zqliu@buffalo.edu (Chinese sessions). Papers for the competition for the Gregory Chow Award must be in English and should be submitted to Professor Penelope Prime at prime_pb@mercer.edu.

The submission deadline is March 15, 2007. Accepted submissions will be notified by March 31, 2007. Completed papers must be submitted online at www.china-ces.org before July 1, 2007. For more information, please consult the conference website at www.china-ces.org.

Center News

CRC Welcomes Platinum Sponsor for 2007 Womble Carlyle Sandridge and Rice, PLLC



[Womble Carlyle Sandridge and Rice, PLLC](http://www.womblecarlyle.com) will join the China Research Center as a financial sponsor for 2007. The firm's China Group is growing quickly, led by Atlanta-based attorney **Guanming Fang**, who will join the Center's Advisory Board.

Guanming Fang advises companies of all sizes in mergers and acquisitions, strategic alliances, private financings, technology licensing and other transactions. She has represented clients across a broad range of industries and routinely counsels U.S. and international companies. Guanming offers bi-cultural and bi-lingual skills vital both for Chinese and U.S. clients. Born and raised in China, Guanming is fluent in Mandarin Chinese and Cantonese, in addition to English.

She is a frequent speaker on China's contract law and company law. Guanming was named to "Georgia Rising Stars" by *Atlanta Magazine* in 2005 and "Who's Who in Law & Accounting" by the *Atlanta Business Chronicle* in 2005.

Leigh Anne Liu and Paul B. Foster Join the China Research Center as New Associates

Leigh Anne Liu is assistant professor of international business at Georgia State University's Robinson College of Business. Dr. Liu's research centers on cross-cultural cognition, negotiation and conflict resolution, and global leadership. She has published in *Journal of Applied Psychology*, *Journal of International Business Studies*, and *Management and Organization Review*. Dr. Liu earned her Ph.D. in management from Vanderbilt University. She currently teaches Global Business, a foundation course to the Global Partners MBA program at Georgia State.





Paul B. Foster is Associate Professor of Chinese in the School of Modern Languages at Georgia Tech. His research specialty is in Modern Chinese Literature and culture, with a focus on Lu Xun. He is the author of numerous journal articles and conference papers, as well as the book, *Ah Q Archaeology: Lu Xun, Ah Q, Ah Q Progeny and the National Character Discourse in Twentieth Century China* (Lexington Press, 2006). Dr. Foster is currently researching the relationship between Jin Yong's martial arts fiction, film and popular culture.

Dr. Foster teaches the spectrum of Chinese language and culture courses at Georgia Tech and enjoys introducing students to contemporary Chinese culture through varied media. Dr. Foster is designer and Co-director of Georgia Tech's new intensive Chinese summer language program hosted at Shanghai Jiaotong University—Chinese Language for Business and Technology (LBAT). He also designed the University System of Georgia Summer Study in China, and served as Program Director and/or On-site Co-director during the summers of 1999, 2000, 2001, and 2002. Dr. Foster is faculty adviser to both the Chinese Student Association and the Hong Kong Student Association. He was recipient of Ivan Allen College's E. Roe Stamps Excellence in Teaching Award for Junior Faculty, 2002-2003.

Dr. Foster received his Ph.D. in East Asian Languages and Literatures from the Ohio State University and a B.S. in mechanical engineering from the University of Michigan, 1982.

CRC Associate, Baogang Guo, Wins University System Award

Dalton State College Associate Professor of Political Science **Baogang Guo** was recently named the inaugural recipient of the C. Tracy Harrington Award for Inter-Institutional Collaboration in International Education for his program of summer study in China. Dr. Guo developed the program in collaboration with Dr. Wilson Huang of Valdosta State University.



The award, which is sponsored by the University System of Georgia, honors an individual, program, partnership, consortium or institution that has demonstrated an outstanding commitment to collaboration activities between two or more Georgia system institutions in international education.

Guo, who began teaching at Dalton State in 2000, earned a PhD in Comparative Politics, International Relations and American Politics from Brandeis University and his bachelor's and master's degrees from Zhengzhou University. He is currently the Associate Editor of *The Journal of Chinese Political Science* and President-elect of the Association of Chinese Political Studies. For more information:

http://www.daltonstate.edu/news_releases/102006_BaogangGuo.html