

Panel: China's Leadership in Transition (Orchid Room)

Date/Time: Tuesday, December 11, 2012 / 10:30-11:45

Talking Points for: Guy Sorman, Contributing Editor at City Journal, The Manhattan Institute

China will need to cope with not one but 5 transitions in the coming years:

1. The economy will slow down inevitably because it depends too much on the world market which is on a downward trend after a 30 years exceptional growth: therefore, in order to absorb the inevitable rural exodus, the Chinese industries need to be retooled and redirected towards a domestic market which is nearly nonexistent.
2. The Chinese industries will progressively lose their edge on the global market because of rising competition from other low wages countries, not to mention the reindustrialization of the US economy: this will require a qualitative leap in innovation. So far, innovation is lagging behind Japan, Europe, the US, for built-in reasons like the brain drain and the weakness of open debate on campus.
3. The imbalance between the advanced China and the poor China requires drastic corrections: however, more investment in rural China, in education and health care may slow down the growth rate and create discontent in the cities.
4. All those transitions require new political institutions to allow a free flow of information, discussions, decision making process between the bottom and the top. A strictly authoritarian regime where conformism reigns above free debate, cannot peacefully solve the economic and social problems mentioned above.
5. China new strategic ambitions and the launch of a blue water fleet are generating fear in the Pacific region: Chinese leaders need to become more predictable international stake holders.

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