



VIEW POINT – 6

by The Pathfinder Foundation

Chinese Model of Addressing Minority Concerns

In May 2009, Sri Lanka saw the end of the three decade long separatist war. It was a long, bitter and hard won victory. One of the few instances in modern history in which a terrorist group had been defeated militarily. While every Sri Lankan celebrated and was thankful that the war had finally ended few were naïve enough to believe that peace and harmony would follow through immediately. The war in Sri Lanka may be over. However, the underlying root causes for political and social conflict still simmers. Real peace and reconciliation will not come overnight nor can it be imposed from the outside. Solutions need to be from within taking into consideration unique characteristics of our minorities, equality, prosperity and development for all.

The Pathfinder Foundation recently had the opportunity to visit China on an invitation extended to us by the Chinese People's Association for Peace and Disarmament. During this visit we were able to interact with Chinese intellectuals and discuss issues such as China's national circumstances and experiences in economics, politics and social development; exchange and cooperation between China and the South Asian countries; and China's foreign policy, peace and development road. An area we took keen interest was on the Ethnic Regional Autonomous System implemented in the country.

Complexity of Chinese Society

When we think of China we may not realize or know that it is a country made up of multiple ethnic groups. So far 56 ethnic groups have been identified and recognized by the central government. Regional autonomy for ethnic minorities in China means that, under the unified leadership of the state, regional autonomy is practiced in areas where people of ethnic minorities live in compact communities.

The majority of Chinese are Hans, who constitute 90% of the population. The other 55 groups account for less than 10% of the entire population. The most recent consensus shows that the overall population of the minority groups has reached 113 million. There are three basic characteristics pertaining to China's minority groups: 1. the population varies from group to group. 2. The minority groups are mainly concentrated in the West of China with some scattered around other regions in China. 70% of the ethnic minorities are in the West of the country mainly in the border areas. However, since China's dramatic economic development in the past decade

or so, more people from the minorities have now moved Eastward to the coastal regions. 3. The minority groups are diversified culturally and religiously. They have more than 80 languages. About 10 of the minority groups believe in Islam, 6 in Buddhism and 5 in Haryana

Regional Autonomy But Under the Centre

The central government has specifically focused on certain ethnic policies to address the concerns of the minority groups. These policies mainly emphasize ethnic equality, solidarity and common prosperity and development to all. To achieve these goals the central government has put in place the Ethnic Regional Autonomic System (ERAS), which is adopted in areas where minority groups live under the leadership of the central government. All the Autonomous Regions are under the State and are inseparable. Governing bodies of autonomous areas must safeguard the unification of the country and guarantee that the Constitution and laws are carried out and implemented in those areas. This system is neither purely ethnic nor regional but a combination of both.

Areas where the system of regional autonomy for ethnic minorities is practiced can be divided into three levels, namely, autonomous regions, autonomous prefectures and autonomous counties, according to how big the population of the ethnic group is and how large the area it occupies. There are 155 ERAS's, 5 at Provincial level, more than 30 at State or City level and more than 100 at County level. In order to guarantee the implementation of ERAS China has made it a law, the Law of Ethnic Regional Autonomic System.

Rights of Regions: Minorities at Heart

These regions have the following rights:

1. To autonomously manage the region and the ethnic groups internal affairs. Leadership positions in the cities, counties, prefectures, regions are given to the ethnic group.
2. The People's Congress of the region has the autonomy to formulate legislation based on local values and customs. The local region therefore, not only enjoys basic rights but also their own rights which are based on group characteristics. Ad hoc changes of general laws of the country are also possible. For example Chinese marriage law states that a male should be 22 years of age and female 20 to legally wed. However, in some regional minorities the law has been adjusted to 20 for males and 18 for females. In addition they are also exempted from the one child policy.
3. The autonomous regions can arrange, manage and develop their own economy. For example; they can locally manage their enterprises, physical and infrastructure projects. They also have the right to start port activities and international trade.
4. The right to develop cultural and social programmes. Education & cultural development projects can be based on their own characteristics.

It is important to note that the Ethnic Regional Autonomic System in China is based on the issues of its ethnic groups in China, and is in keeping with China's realities and common interests of all ethnic groups. For the ethnic groups in Sri Lanka the issues, realities and common interests will be different and Sri Lanka needs to find a system that works for her. However, we can learn from China's experience. The government has provided economic development and aid to areas where ethnic minorities work. Important lessons can be drawn particularly in the area of fiscal decentralization.

Fiscal Decentralization: Lessons from China.

While China's administrative system is more decentralized than is normally assumed, it has also made considerable progress in fiscal decentralization. Reforms in this area began in 1979. Since then, there have been two systems in operation. Between, 1979 – 1993, China implemented the "tax contracting system". This system was basically related to revenue collection but some expenditure measures were also prescribed. This system exacerbated economic disparities between the provinces. In addition, it is estimated that central revenue declined from 35% in 1985 to 22% in 1992.

As a result of this experience, new fiscal reforms were introduced in 1994 with the introduction of the "tax assignment system". The new system was primarily about expenditure. The key characteristic of this system was the assignment of expenditure between the Centre and Provinces. Central government administration, armed forces and police, diplomacy and external assistance, major construction programmes, funds for science and technology innovation, geological exploration, support for agricultural production, servicing of foreign and domestic debt, public security and national judicial system were the responsibility of the Centre. While there is no concurrent list in China, there was shared responsibility for some areas and functions, such as culture, education and health. The provinces were responsible for expenditure on the provincial public administration, provincial courts of justice, support for provincial agricultural production, urban maintenance and construction, support for local cultural, educational and science activities and price subsidies. The provinces could also decide on "other expenditure".

Under this system revenue assignment was demarcated on the following principle: taxes concerning national interests and macroeconomic reforms were assigned to the centre; and taxes relevant to provincial economic development and micro economic reforms were assigned to the provinces. The first category included: tariffs, custom duties, consumption taxes, taxes on state-owned enterprises, taxes on banks, insurance companies and financial institutions, and taxes on rail roads. Under the provincial category, the following were included: business taxes (excluding banks and financial institutions), corporate income taxes, personal income tax, urban maintenance and development tax, house property tax, agriculture-related taxes, tax on contracts and animal slaughter. The value added tax (VAT) was shared between the centre and the provinces on a 75% - 25% basis. Taxes on securities exchanges were shared equally.

It is noteworthy that China is a country where the share of provincial expenditure is high when compared to total public expenditure. During the last two decades provincial expenditure has accounted for between 60% - 70%. In Sri Lanka it has amounted to between 10% - 12%.

Necessary Conditions for Success

An important lesson that has emerged is that the strength of fiscal institutions and the political system are key determinants of the success of fiscal decentralization. This is particularly relevant for Sri Lanka where both decentralized institutions and the political system are weak.

Fiscal decentralization has brought significant benefits for China. Both revenue mobilization and the quality of public expenditure have improved under the “tax assignment system”. There are lessons to be learnt from the Chinese experience for Sri Lanka. However, enhancing fiscal decentralization must be accompanied by improved politics and strengthened institutions at the sub-national levels.

What Is To Be Done?

In the Sri Lankan context what is most important is the magnanimity of our leadership. We fought against terrorism with ethnic characteristics for over 30 years. We have convincingly defeated terrorism. The terrorists with a strong minority bias were defeated hands down. Now our triumphant leadership may wish to learn from a mistake made by Chairman Mao Zedong, which was to continue the behavior of the revolutionary party adopted while in opposition even after CPC became the governing party. ***In other words policies, attitudes and perceptions that we developed during the war should not dictate our policies towards reconciliation.***

Readers' comments via email to pm@pathfinderfoundation.org are welcome.