

**Chapter 1 : Of Resilient Regimes and the Search for Security in Asia - [PPT Powerpoint]**

*An overview of the issues and challenges related to financial reform in Asia, with a focus on liberalization of capital markets and the banking sector.*

Domestic resilience a defence against financial crisis 7 November Author: Koji Nakamura, Bank of Japan

International trade and capital flows provide mutual benefits for both debtor and creditor countries. Debtor countries have usually investment opportunities but limited production capacity and capital funds. Creditor countries are matured with sufficient production capacity and capital funds – sometimes coinciding with an ageing population. Debtor countries import capital goods from creditor countries, with international finance provided by creditor countries. Debtor countries can grow by increasing their production capacity, and creditor countries can receive higher investment returns from debtor countries. This system has worked well in the Asian region over the past several decades. However, this system sometimes faces difficulties because of excessive capital flows, overly optimistic expectations of the economy, and asset price bubbles. As we have seen, reversals of these movements can throw countries into crisis. Many Asian emerging economies had enjoyed high growth, thanks to the deepening manufacturing-sector supply chains in the late s. Investment opportunities were abundant and were financed by international capital flows. Behind the booming economies, however, imbalances had built up. The banking sector provided excess loans with maturity and currency mismatches. Asset prices surged beyond their fundamentals. Fixed exchange rate regimes promoted international capital flows based on the assumption that fixed exchange rates would be maintained forever. Then the crisis broke. Exchange rates plunged, capital flows reversed, asset prices collapsed and banks failed. Financial assistance by international organizations and individual countries alleviated the pain to some extent but did not eradicate all of it since the situations became out of control so quickly. This history shows that, while strengthening the international financial architecture is important, the first line of defence is to increase domestic resilience as are shown in the recent situations in Argentina and Turkey. What can Asian economies do to make their financial systems more resilient? First, the domestic financial system should have a sufficient capital base and liquidity cushion to weather negative shocks to the economy and the financial system. In this regard, the commitment by each jurisdiction to full, timely and consistent implementation of the bank regulation and standards framework, called Basel III, is necessary. The Financial Stability Board, standard-setting bodies and national authorities carefully monitor the implementation process and evaluate the effect of the reform. The possible costs and unintended consequences of imposing higher prudential requirements are carefully monitored. The evaluation of the reforms of infrastructure financing and over-the-counter derivatives is making good progress at FSB under the Argentine G20 Presidency in The impact of financial reforms on small- and medium-sized enterprises has already been agreed as the next evaluation topic and will be discussed under the Japanese G20 Presidency in Second, macroprudential surveillance and monitoring should be strengthened. Based on bad experiences in the late s and early s, the Bank of Japan BOJ began publishing the Financial System Report FSR semi-annually, which examines the Japanese financial system from a macroprudential perspective. The BOJ has also developed analytical tools, such as the Financial Activity Index and a macro stress-testing framework. Since financial activities are evolving over time and the boundary of the financial system is blurred by technological progress, attention needs to be paid to developing financial activities in a broad context. It is true that the banking sector has become much safer than before. But there is an increasing share of market-based financial activities all over the world. Are there sufficient data and capacity to monitor these activities? Are there policy tools if excessive activities in the shadow banking sector are detected? Continued efforts will be needed to pursue a safer financial system. Third, a sound macro policy framework needs to be in place. In the past there were common features among crisis countries: Currency speculators have attacked these countries. To avoid these speculative attacks, national authorities need to maintain healthy macroeconomic management with strong institutional settings such as central bank independence and secured long-term fiscal sustainability. While monetary and fiscal policy measures are classical tools, there also may be a need to calibrate macroprudential

policy measures with more care. It is true that some countries have implemented macroprudential policy measures successfully to mitigate financial excesses. However, we have limited experience of implementing such policy measures so far. The effectiveness of such macroprudential policy measures as countercyclical capital buffers is largely untested. Is it possible to raise the capital buffer held by banks sufficiently to prepare for large strains? Can the capital buffer level during a financial downturn be reduced without creating distrust in the financial system? Would banks be ready to maintain levels of lending in times of stress as buffers are drawn down? The effectiveness of such macroprudential policy will be examined in coming years. Fourth, fostering domestic financial markets with their sovereign currencies is desirable. We have seen and experienced currency and external crises when the domestic currency cannot be used to borrow abroad. Based on the experiences of the Asian financial crisis, Asian emerging economies have made efforts to foster their domestic currency bond markets. Still, many countries have experienced turmoil when their domestic currency cannot be used for foreign borrowings. Finally, flexible exchange rates, where feasible, contribute to smooth adjustments of macro imbalances. But countries with rigid exchange rate arrangements will suffer enormously when these arrangements collapse. The combination of sound macroeconomic management and flexible exchange rate regimes contribute to improving economic welfare in the long run. Domestic macro policy frameworks have improved, but still there has been a recurrence of currency and financial crises. Preparing for the next crisis during the current calm period is difficult work. The opinions expressed here are those of the author and not necessarily those of the Bank of Japan.

**Chapter 2 : ASFI - Asia Sustainable Finance Initiative**

*Read Creating Resilient Financial Regimes in Asia: Challenges and Policy Options PDF Free. 2 years ago 0 views. Copeland Follow.*

This collection considers the financial crisis from a managerial perspective, focussing on the business implications for the financial industry. Topics examined include governance, information needs and strategy of financial intermediaries and investors. The contributions build on the existing literature and present some unique insights on governance, credit quality evaluation and performance measurement. However, the current financial crisis has brought into sharp relief the limits of the inefficient practices adopted by the market, and made clear the importance of developing more effective governance mechanisms, more detailed and complete information databases and new strategies. The crisis has also brought to the fore issues about the governance of financial intermediaries that had not been previously addressed. These include board diversity, internal monitoring procedures and the existence of interlocking directorates. More broadly, the financial crisis has radically altered the international framework, with an increasingly consolidated financial sector, and the rise of new markets such as China that now play a predominant role in the worldwide market. Studies on the competition and on the performance in this new scenario are essential in order to understand the implications of recent events. Edward Elgar Publishing Format Available: To achieve this common target an on-going dialogue is required between industry, policymakers, academia and other relevant stakeholders. This book provides a welcome and refreshing perspective from different standpoints on the issues at stake, and reminds us of the remaining work ahead. This volume, combining contributions from leading policy makers and academics, is the essential introduction to the issues. Pardee and Helen N. This book provides the most comprehensive and thought-provoking basis for action I have seen so far. In open and democratic societies, ensuring financial stability is a matter of interest not only to central bankers, academics and financial market players, but also to all well-informed citizens. This book provides an excellent basis for a wide-ranging and rewarding debate. This book underscores the importance of financial stability, laying out the key issues and what must be done to avoid such disasters in the future. Dudley, President of the Federal Reserve Bank of New York, US In the aftermath of the financial crisis, new financial market regulation is being implemented, and increasing numbers of countries are establishing new legislation for macroprudential oversight. Against this backdrop, this thought provoking book provides a platform for the leading international experts to discuss and encourage future debate on financial stability. The breadth and scope of the issues addressed reflect the challenge of developing and consistently implementing a coherent set of financial reforms to promote financial stability. The book advocates the development of financial reforms that are effective in striking the optimal balance between realizing the enormous benefits of efficient financial intermediation, capital allocation and risk management on the one hand, and controlling systemic risks and maintaining financial stability on the other. Making an important contribution to deepening our understanding of the many facets of financial stability, this book will prove a challenging read for policy makers, regulators and central bankers as well as for researchers and scholars in the fields of economics, money, finance and banking. Find Your eBooks Here€!.

**Chapter 3 : The Chinese Political Order: Resilience or Decay?**

*Creating Resilient Financial Regimes in Asia: Challenges and Policy Options [Priya Basu] on racedaydvl.com \*FREE\* shipping on qualifying offers. Over the past decade, a large number of countries throughout Asia have taken steps toward establishing more liberal financial regimes: domestic financial markets are being deregulated and the links.*

This disconnect closely reflects the politically disjointed nature of ASEAN, which has spent the majority of its nearly 50 year history functioning primarily as a collaborative economic institution and regional discussion forum rather than as a cohesive political actor. Sound regional cybersecurity practice requires legal harmonization and coordinated policies that transcend differing national priorities and capabilities. ASEAN member states have both the motivation and now the tools to enact meaningful supranational legislation—and now is the time to do so. Citizens in ASEAN states represent a variety of religions, speak a multitude of different languages, practice different traditions, and exhibit different levels of development. For example, they represent a wide range on the human development index, which combines life expectancy at birth, mean number of years of schooling for adults 25 and older and expected years of school for children, and gross national income UNDP. Singapore has a human development index HDI of .947. For instance, ASEAN is a nuclear weapons-free zone and it has not seen conventional warfare between member countries since its inception. ASEAN also plays a key role in maintaining stability beyond its borders. While ARFs have minimal institutionalization and do not produce international, legally binding resolutions, they have been credited with the reduction of geopolitical tensions through dialogue. ASEAN has a current global economic share of 3.5%. This level of rapid economic growth is made possible by a steadfast commitment to liberalization and the deconstruction of economic borders, enabling a freer flow of goods and people throughout the region. The bloc created a free trade area involving the abolishment of import and export duties between member states a few duties remain in Myanmar, Cambodia, and Laos, but are scheduled for cancellation. Mutual Recognition Agreements MRAs have also been agreed upon for certain professions such as physicians, dentists, engineers, and accountants, enabling the free flow of skilled labor throughout the region. Liberal business regulations accompany free trade agreements in many ASEAN states, resulting in high foreign direct investment FDI that has helped to propel regional economic growth. In recent years, both the volume of economic capital and Internet penetration rates for both mobile and fixed broadband have skyrocketed across the bloc. In other words, as ASEAN has become richer, its population has become increasingly reliant upon the Internet for the provision of goods and services. When paired with the billions of dollars invested in the ASEAN economy, the bloc is a profitable target for cybercriminals. Nefarious cyber activity can also be measured by computer cleaned per mille CCM and encounter rates, numbers that provide a perspective on the global spread of malware. In Malaysia, Indonesia, and Myanmar, both rates spiked considerably between 2010 and 2011, illustrating the growing insecurity of cyberspace in these countries. Piracy is also a considerable threat to regional cybersecurity, as pirated software often lacks the traditional security mechanisms of purchased programs and can further contribute to the spread of malware. In 2011, Thai authorities arrested an Algerian national whose banking Trojan horse SpyEye infected over 1.5 million computers. That same year, Indonesian police arrested over 35 individuals involved in an e-mail scam targeting overseas victims. In the Philippines, the police arrested nearly 100 people in one day for online fraud charges aimed at Chinese and Taiwanese victims Gomez APT30 hackers created over 100 versions of malware designed to steal data related to regional political, economic, and military issues. Thus, unlike other cybercriminals who seek to exploit financial gain, APT30 hackers appeared primarily interested in data theft for the purpose of political gain FireEye APT30 is unique in its targeting of a regional institution as a whole instead of individual nation states, illustrating the transnational nature of cybercrime. APT30 was designed to steal data relating to bloc-wide events, customizing malware most active around the time of summits Gady Additionally, APT30 appears to have registered domain names close to asean. With a better understanding of ASEAN politics and cooperation, China seeks to divide the bloc and advance its own political and security interests. The very existence of the APT30 attacks highlight ASEAN vulnerability while the longevity and simplicity of the operations illustrate its security shortcomings. For the ten years of its

existence, APT30 employed the same tools, tactics, and procedures Horowitz This is in marked contrast to the behavior of other cybercriminals and groups, which very regularly alter their behavior in order to evade detection. The implications of cybercrime are clearly very serious for the bloc. ASEAN must bolster its cybersecurity if it wishes to continue to operate from a position of economic strength and political stability. Moving forward, ASEAN must find a way to provide both basic economic and political securities for its international companies and for itself. Strong cybersecurity policy in and of itself has never been adequately prioritized, leaving member states vulnerable to cybercrime through a lack of compliance mechanisms, institutional disconnect, and uneven national legal capabilities. The e-ASEAN Framework aimed to grow electronic commerce, liberalize trade in ICT products and services, and build capacity, focusing on building ICT infrastructure in less developed member nations and bolstering e-Government services in developed member nations Durongkaveroj This Framework had ambitious goals to streamline economies, governments, and digitally integrate the bloc, but lacked adequate discussion of security provisions. Other cybersecurity-related initiatives have emerged as a reaction to the pervasive and disruptive nature of regional crime, although these initiatives have had a limited effect in curtailing malicious activity. This Declaration aimed to better streamline ASEAN-wide policing and enact mutual legal assistance agreements to better prosecute regional criminals that interrupted legitimate economic activities. Although this goal was not completed on time, today all member states have their own CERTs. The effectiveness of each national CERT is reliant heavily upon individual national resources and capabilities, further perpetuating intra-bloc asymmetry instead of cultivating political and legal harmonization. Political Challenges The inadequacy of ASEAN cybersecurity initiatives is rooted firmly in its institutional shortcomings, including a lack of legal authority and coordination procedures across ASEAN and national organizations. With ten member states at different levels of development, types of governance, and political attitudes, it is extraordinarily difficult to produce unanimously approved legislation. Some ASEAN nations are wary of supranational organizations and are hesitant to cede elements of sovereignty to a regional body, resulting in political organs ill equipped to achieving their goals. But, the AMMTC lacks compliance mechanisms that could force individual member states into updating national law and policing to more adequately address transnational crime OECD Bodies such as the AMMTC also lack effective coordination capabilities critical to the prosecution of transnational crime and cybercrime. Additionally, although the Declaration called for the enactment of mutual legal assistance agreements, these agreements were not put in place until There is no doubt that the incomplete and uncoordinated AMMTC and Mutual Legal Assistance Treaty process is plagued by intra-bloc differences over sovereignty that are not easily resolved in an organization relying upon consensus. Obstacles to successful cybersecurity practice and policy implementation lie even beyond the ASEAN decision-making process. ASEAN relies upon individual national governments to institute and uphold crime law and enact coherent, effective police procedures, yet each national government is different in its ability and desire to do so. Countries in the upper echelons of ASEAN development such as Singapore, Brunei, and Malaysia, have different governance capacities and priorities than countries that are still developing their economies and such as Cambodia, Laos, and Myanmar. Reliance upon national implementation of laws and procedures and the absence of compliance mechanisms create an environment that perpetuates intra-bloc asymmetry. To a developed country such as Singapore—“an important global financial center”—the proliferation of cybercrime is a threat to its large business sector. Meanwhile, poorer member states such as Myanmar face a different type of cybersecurity threat and different governmental attitudes toward bloc policy. Cybercrime is definitely a problem in Myanmar, but for a nation struggling with basic electrification and the expansion of ICT services, it is easy to imagine how enhancing police capacity and passing cybercrime laws are of a lesser importance than they are in Singapore. Asymmetry is certainly a problem for ASEAN, but it also yields unique knowledge-sharing opportunities between member states. In this setting, knowledge sharing between states has been a crucial means of enhancing ASEAN-wide cybersecurity. Singapore has a five-year national cybersecurity plan in place, promotes cybersecurity on the bloc agenda by hosting and leading the Senior Officials Meeting on Transnational Crime a meeting tasked with the creation of a roadmap to combat cybercrime and ASEAN-Japan Cybercrime Dialogue, and fosters public-private partnerships to share best

cybersecurity practices Tao Singapore serves as a model for its fellow member states to emulate, and ASEAN capacity-building exercises are a prime opportunity for this expertise to proliferate. Dialogue, in the form of seminars, knowledge transfers, and conferences, are necessary but not sufficient conditions for a resilient bloc-wide cybersecurity regime. An organization as diverse and large as ASEAN needs legal coordination and uniform capacities across the bloc to complement dialogue in order to facilitate the continued success of the regional economy. The ASEAN Charter and recent passage of two supranational, legally binding conventions suggest an organizational evolution. The bloc is suggesting its desire to move from functioning as a primarily regional economic organization toward an organization with a distinct cultural identity. In effect, ASEAN is a free trade zone with closely integrated economies but little political cohesion to facilitate this union. The ASEAN Charter gives it an official legal personality and defined its pillars of operation as political and security, economic, and sociocultural. The goals accompany this charter include acting as a unified actor in regional political and security matters, a single market and perhaps currency, and a developed ASEAN cultural identity. Since then, two legally binding Conventions have been passed. The Convention on Counter Terrorism defines criminal acts of terrorism to empower local law enforcement and justice departments to better prosecute crimes Hafidz Conventions can also bypass the slow consensus-based ASEAN decision-making process, since they need ratification by only six member states before being enacted into law, a feature that enables much faster political change than ASEAN has experienced thus far. The Convention on Counter-Terrorism provides legal definitions for went into force in April, after a sixth country, Brunei, ratified it. The Convention was ratified by all member states in This convention has received ratification from Singapore and Cambodia and awaits four more ratifications before it is enacted into law. Conventions take years to draft, sign, and ratify, but their supranational nature has the potential to affect meaningful change for the region. Political evolution of a regional organization—particularly one as diverse as ASEAN—takes considerable time and experience. In an increasingly interconnected world, no policy can be successful in isolation. This publication was made possible in part by a grant from Carnegie Corporation of New York. The statements made and views expressed are solely the responsibility of the author.

**Chapter 4 : Domestic resilience a defence against financial crisis | East Asia Forum**

*Of Resilient Regimes and the Search for Security in Asia Asia: 46 countries, 4 billion people Questions: racedaydvl.com has been unfolding recently that is altering Asia's ties?.*

The Chinese Political Order: Assessing the durability of the rule of the Chinese Communist Party CCP poses both theoretical and empirical challenges. The authoritarian resilience perspective, fashionable and influential among leading China watchers until recently, is centered on the premise of institutional adaptability and responsiveness. However, this essay shows that such adaptability is inherently limited. The authoritarian decay perspective provides an analytical framework for understanding the micro and organizational drivers of political degeneration. It focuses on ideological atrophy, opportunism, and competition for power in the CCP as sources of regime decay. Some argued that, in the post-Tiananmen era, the CCP had acquired a remarkable degree of adaptability and learned to manage many political challenges effectively. Others insisted that the Chinese people had resigned themselves to authoritarian rule. Of course, there were skeptical voices in the scholarly community about whether the post-Deng Chinese regime had acquired purported resilience. David Shaumbaugh, who had argued that the CCP was adaptive and resilient, admitted that political stagnation, not renewal, had gripped the party since As a new generation of leaders headed by Xi Jinping has taken over power in Beijing, the question about the durability of the rule of the CCP is not only theoretically important, but also politically relevant. In the same period, social tensions, fueled by endemic corruption, historic high levels of inequality, environmental degradation, and reduced social mobility, have escalated. If the CCP leaders believe that their regime is fundamentally resilient, they will in all likelihood prefer the status quo. If they view their system as growing more fragile, they will face a more difficult choice. One group may advocate a proactive strategy to strengthen the regime while others could oppose such a course on the ground that a more fragile system is likely to collapse when reform is initiated. Although Xi invested considerable political capital and public relations skills in branding himself as a neo-Dengist reformer for example, by picking Shenzhen to visit immediately after his installation in mid-November , he revealed his anxiety about the longevity of the CCP rule by focusing his remarks on the fall of the Soviet Union, an event that occurred more than two decades ago. In other words, why did a regime that was thought to be ascending unstoppably suddenly find itself seen as facing an existential crisis within a very short period of time? The most immediate trigger was the now-infamous Bo Xilai affair. The incident, besides ending the career of a polarizing political figure, has devastated the image and credibility of the CCP. Among the most damaging political effects of this incident were the confirmation of ruthless power struggle at the top reminiscent of the Maoist era, the revelation of shocking criminality and corruption among high-level officials, and the dysfunction of the post-Deng leadership succession process. Cumulatively, these effects have irretrievably altered the perception of the strength of the CCP regime. His fall, ideologically, means the end of the nascent neo-Maoist model. The focus of this debate is whether China must embrace democratic reforms as a means of fighting corruption and crony-capitalism and reviving economic reform. It is also an encouraging development. Although such a debate may ultimately fail to persuade the CCP leadership to adopt any meaningful political reforms, the fact that this debate has been revived suggests that the continuation of the status quo is seen, at least in some elite circles, as undesirable and infeasible. The intellectual recognition of an unsustainable trend usually is the first step toward change. In the immediate aftermath of the global financial crisis of , the Chinese government impressed the rest of the world with its mammoth stimulus package, which was financed mainly with bank credit. While cyclical factors, in particular the weakness of the developed economies, may have played a major role in the Chinese slowdown, the deep pessimism about the Chinese economy that has replaced sunny optimism not too long ago actually originates from other sources. In terms of institutions and government policy, the Chinese state has shown to be more focused on protecting its privileges and rents. The subsidies given to state-owned enterprises SOE , high effective taxation rates, administrative barriers to entry against private and foreign firms, and a state-dominated financial system make the Chinese economy highly inefficient. Despite the change of guard in Beijing, the business community remains skeptical whether Xi and

his colleagues will be willing or able to change the status quo, which benefits politically powerful interest groups that are well represented inside the CCP regime. Without drastic institutional reforms and policy changes, the well-known obstacles to continuing high growth, such as a dysfunctional fiscal system, inadequate provision of social services, wasteful capital allocation, discrimination against migrants, and lack of innovative capacity, will certainly remain unchanged. With improved governance and better policies, such potential can be fully realized despite less favorable structural factors. However, addressing challenges such as environmental degradation and income inequality requires not simply technocratic measures, but also the political empowerment of the social groups currently excluded by the one-party regime from the policy-making process.

**Sources of CCP Resilience** In comparative terms, one-party regimes such as the CCP possess far more developed institutions than other authoritarian regimes, such as military juntas, personal dictatorships, or traditional monarchies. The central political institution of such regimes – the monopolistic ruling party – dominates the state including control of the military and law enforcement, directly performs administrative functions, coordinates actions of the bureaucracy, controls economic policy and critical resources, and penetrates deeply into society. A regime like the CCP also has elaborate and sophisticated rules governing recruitment, promotion, and succession. Even though such rules are often honored in the breach, they nevertheless perform a valuable organizational function in terms of regulating the behavior and setting the expectations of the members of the ruling elites. In the specific case of the CCP, the regime certainly looks formidable, both on paper and in practice. As of 2012, it has about 83 million members and recruits roughly 2 million new members a year. The CCP membership, as a share of the Chinese population, has risen considerably in recent years. In 1982, its 60 million members represented 4.1%. In 2012, the 83 million CCP members accounted for 6.1%. To be sure, the CCP has abandoned the use of mass terror and constant political campaigns that were hallmarks of the Maoist era. However, the CCP has continued to maintain a vast apparatus of secret police, anti-riot police, censors, and informers. This apparatus constitutes the most important pillar on which the edifice of the one-party state rests. In the post-Tiananmen period, the CCP has significantly strengthened its repressive capacity and demonstrated repeatedly its ability to suppress any challenges to its power. Without the support of this repressive apparatus, it is difficult to imagine that the CCP will be able to defend its political monopoly. In spite of post-Mao economic reforms, the CCP has managed to maintain its Leninist grip over a large swath of the Chinese economy through SOEs, regulatory regimes, the banking system, and control of the appointments of economic bureaucracies and local officials. The ability to allocate economic rents allows the CCP to operate a huge political patronage system through which it can reward its loyalist with perks and desirable jobs. Such control provides the CCP with the means to co-opt individuals, particularly well-educated ones, into its ranks. The most successful case of such co-optation is the recruitment of college students and college graduates since 1977. Besides these two principal sources of regime resilience, we may add two additional, though less important, sources of regime resilience: Since the 1980s, the CCP has been effectively exploiting Chinese nationalism as an alternative legitimating ideology. Yet, it may be premature to conclude that Chinese nationalism could substitute communism for the CCP to rally the Chinese people to support its self-perpetuation in power. What is unknown regarding the potency of Chinese nationalism as a legitimating ideology for the CCP is whether its appeals to nationalism are powerful enough to divert domestic attention from its policy failings such as corruption, environmental degradation, and inequality and how the party can avoid the counterproductive effects of resurgent Chinese nationalism, such as high tensions with the West which China relies on as export markets and possible openings for political opposition to use nationalism as a cover to engage in anti-regime activities. The argument advanced by proponents of authoritarian resilience may be wrong in some crucial aspects – such as their claims regarding the succession mechanism, meritocracy in the party, and tolerance of political and social pluralism – but is right in one aspect: The CCP prides itself as a learning organization. However, most of the lessons learned by the CCP from the more recent experience of the fall of one-party regimes in particular, the fall of the Soviet Union are tactical in nature. If anything, Chinese leaders seem to have missed the fundamental lesson from the fall of the Soviet Union and the democratic transitions in other authoritarian regimes: Based on official speeches and propaganda materials, it is clear that the Chinese ruling elites since Tiananmen have learned the opposite strategic lesson. They

viewed any form of political reform as regime suicide. Although the CCP may not be capable of learning at the strategic level, it is capable of adapting at the tactical level. In the post-Tiananmen era, the CCP has acquired relatively effective tactics in addressing its challenges. For instance, while continuing to suppress both political demands from ordinary citizens and organized opposition, it has learned to selectively respond to non-political complaints from individuals. By using a mixture of tactics such as punishing a small number of local officials to placate the public and compensating individuals for their economic losses, the Chinese government has managed to preserve its image as a competent and effective government. In the post-Tiananmen era, abundant economic resources and organizational learning have enabled the Chinese government to raise the sophistication of its repressive tactics in the areas of intelligence gathering, surveillance, censorship, and crowd control. In summary, the foregoing discussion suggests that the CCP remains a formidable one-party regime determined to maintain its political monopoly. Its capacity for repression rivals, if not exceeds, that of the former Soviet Union. Its use of co-optation has been effective in recruiting millions of social elites. Its appeal to Chinese nationalism, although not always effective, provides a considerable source of political legitimation for its rule. Its tactical adaptability has further increased its ability to respond to public demands through targeted repression and selective concessions. In this section, we analyze, at the theoretical level, the systemic causes of regime decay in a one-party state. Internally, a one-party state decays because of corruption, loss of ideological convictions, and competition for power in the absence of rules. As a phenomenon, corruption is an inherent feature of authoritarian regimes because of the lack of constraints on the use of power, absence of a free press and civil society, and the weakness of the rule of law. The CCP is no exception. Many, if not most, of its members view their positions inside the regime as avenues to private perks and riches. Corruption is built into the operating code of the system. Of their utmost concern is how to acquire as much power as possible and use such power for personal gains. This dynamic, made possible by human rationality in a fixed institutional setting, ensures that the loyalty of the CCP members to the party is superficial and unreliable. The potential lucrative gains from positions of power within the CCP hierarchy make such appointments extremely desirable and competitive. Even though the CCP has undertaken several measures, such as mandatory retirement and term limits, to regulate power struggle within the regime, competition for these positions, particularly the most senior posts in the party, remains intense and highly dependent on personal patronage, not merits. As demonstrated in the Bo Xilai case and many other instances of corruption in the personnel appointment process such as the widespread practice of paying a huge bribe to secure an appointment, struggle for power within the CCP in the post-Tiananmen era is waged fiercely behind a facade of organizational rules and procedures. To the extent that winners of such struggle owe their victories to their patrons, not their capabilities, we can safely assume that the process must create sore losers and, furthermore, the winners will unlikely enjoy the authority and respect of their colleagues most of them must have gained their positions through similar means. Internal cohesion, defined in terms of shared goals and norms, is unlikely to be high in such regimes. Erosion of internal cohesion of a one-party state may not threaten the survival of a one-party state in the absence of another cause of regime decay – the predatory nature of such regimes and the consequent intensification of tensions between the ruling elites and the majority of the people victimized by the predatory behavior of the ruling elites. As explained above, ruling elites in authoritarian regimes extract lucrative returns from the power they have acquired in the state. Such extractive activities are exclusive in the sense that only those granted with power by autocratic regimes – a relatively small minority – are allowed to engage in these activities. The economic consequences of extractive activities are hugely beneficial to the perpetrators, but the political consequences are dire for the autocratic regimes. Such activities are sure to alienate the majority of the people, who are embittered by the privileges enjoyed by the ruling elites and the resultant inequality. These activities also directly harm the economic welfare of ordinary individuals by dispossessing their property and underproviding social services, thus creating tensions between society and the ruling elites. Finally, predation of the ruling elites undermines sustainable economic growth due to looting and insufficient delivery of social goods. The resulting poor economic performance will help delegitimize the ruling elites and endanger their survival. In terms of the empirical manifestations regime decay, there is evidence to support the validity of the

above analysis. For instance, corruption, especially collusive corruption among officials, has become endemic in the current Chinese system. Loss of ideological convictions is similarly widespread, as shown by the lack of interest by members of the ruling elites in Marxist doctrines and their fascination with superstitious practices and symbols. Press revelations of CCP members bribing their superiors in exchange for appointments indicate the breakdown of meritocracy and the dominance of patronage. Growing social unrest and frustrations can be taken as a measure of the alienation between the CCP and the Chinese people. Based on the performance of the new leadership in its first six months in office, the evidence suggests that this leadership prefers the status quo to radical change, even though it is aware of the threats to its survival and the crisis of confidence.

### Chapter 5 : Subscribe to read | Financial Times

*Creating Resilient Financial Regimes In Asia: Challenges And Policy Options CREATE YOUR OWN DESTINY: Spiritual Path To Success Creative Family Times: Practical Activities For Building Character In Your Preschooler.*

### Chapter 6 : Building A More Resilient Financial Sector | Download eBook PDF/EPUB

*building a more resilient financial sector Download building a more resilient financial sector or read online here in PDF or EPUB. Please click button to get building a more resilient financial sector book now. All books are in clear copy here, and all files are secure so don't worry about it.*

### Chapter 7 : Tourism: A Driver of Development in Central Asia

*Asia's resilience also reflects low levels of inflation, strong economic growth and a robust central banking system. South America paints a very different picture, where inflation in Venezuela.*