

## The deceptive promise of Xi Jinping's control?

### The 19th Chinese Communist Party Congress and its implications for the “new era”

*Tim Rühlig*

During the recent the 19<sup>th</sup> National Congress of the ruling Communist Party of China (CPC), Party Secretary and country President Xi Jinping announced that the People's Republic of China (PRC) is entering a “new era”. This announcement is of crucial importance: China is controlled by the CPC and the Party Congress is the highest decision-making authority of the Party. Party Congresses are held only once every five years. They provide crucial indications of the country's future direction.

- *Without question, Xi Jinping has consolidated his power. However, there are some indications that Xi's power might be overestimated: the country is still run by a collective of leaders.*

- *Hence, if observers seek to predict China's future development, it is not enough to explore Xi's political vision.*
- *The Party Congress provided an indication that the leadership aims to uphold comprehensive party-state control both politically and economically. It is highly unlikely that the CPC leadership will compromise on the Party's control and liberalize the country.*
- *At the same time, however, China is facing severe challenges. Even within China's political elite, there are widespread doubts about whether an agenda that aims to resolve these challenges maintaining comprehensive Party control will be successful.*
- *Internationally, this has two implications: In the short-term,*



*proponents of authoritarian control will be encouraged by the CPC's course and could use the Chinese example as a justification. In the long-term, however, the PRC's grave challenges could fundamentally call into question whether China's development path represents a sustainable alternative.*

I draw these conclusions from in-depth discussions about the implications of the Party Congress' results for China's future with 11 advisers to the Chinese government and academic experts (social scientists and economists) working for leading think tanks and universities in mainland China and Hong Kong. I believe that these voices enrich the European discussion in particular because all the interviewees have direct access to the government or possess inside knowledge of the Party. In other words, their perspectives provide an impression of the discussions taking place within China's political elite beyond the official, public party-state discourse.

### **Is Xi really that powerful?**

Every five years, before the start of the Party Congress, powerful factions within the Party struggle for the most influential posts. In the wake of the Party Congress, these decisions are formally confirmed and revealed to the public. For around the past 15 years, three factions have dominated the Party: (1) the “Princelings”, the descendants of Communist party revolutionaries, led by Xi Jinping; (2) the “Youth League”, composed of cadres who served in the Party's youth organization, including former President Hu Jintao; and (3) the “Shanghai Faction”, mostly consisting of technocratic leaders under the sponsorship of former President Jiang Zemin.

In reality, however, the power struggles within the Party are more complicated because of the existence of rivalries within the three factions and alliances across the three groups. In 2012, for example, Xi was challenged for the party leadership by other “Princelings”—Bo Xilai, who was later imprisoned, and his followers. As a result, Xi has done everything possible to consolidate his power and build up his own power base with what some observers call the new “Xi faction”. Xi initiated a comprehensive “anti-corruption campaign” to help him to oust political rivals. In addition, he recentralized power in his own hands by introducing new decision-making organs personally presided over by him. He is referred to with more new honorary titles than his predecessors; during the Party Congress some senior cadres even called him “helmsman”, a term previously attributed only to Mao Zedong. As a consequence, it is widely believed that the traditional factions have become rather weak.

The most recent Party Congress broke with a number of informal rules that have been fundamental to the Party's personnel decisions in recent years. In order to limit the influence of any individual ruler, in 2002 the Party set an informal retirement age of 68 years for top leaders (and 65 years for senior officials) and allowed the Secretary-General of the CPC, who also serves as China's President, to stay in office for just two five-year terms. This year's Party leadership decision, however, fuels rumours that Xi is seeking to stay in office for longer than ten years, even though he will have passed the informal retirement age of 68. The most crucial indicator is that all the elected members of the all-powerful

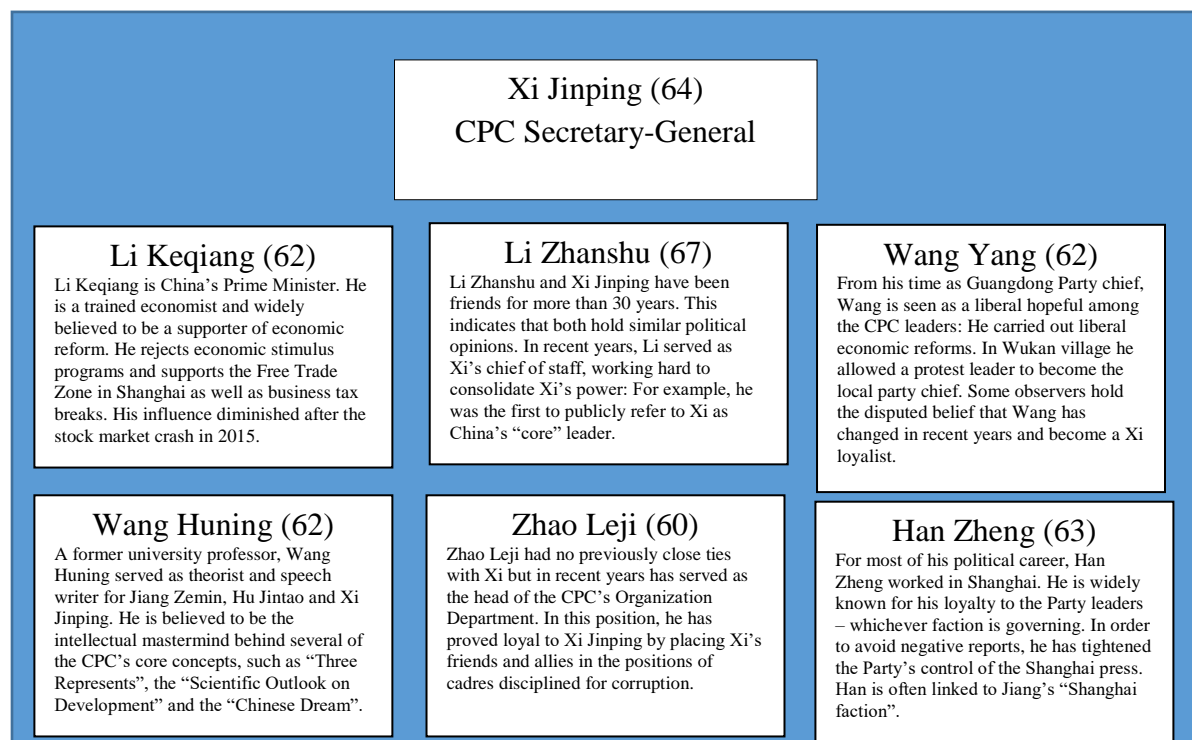
Standing Committee of the CPC's Politburo are rather old. The youngest, Zhao Leji, will be 65 at the time of the next Party Congress in 2022. Nobody was promoted from the so-called sixth CPC leadership generation—the generation after Xi, which means that no potential successor was elevated to the Standing Committee.

In addition, Xi successfully installed close friends on to the CPC's Central Committee and in the Politburo as well as among influential provincial leaders. Even more importantly, the new leadership of China's People's Liberation Army is closely allied with Xi Jinping.

Furthermore, Xi's political visions were incorporated into the Party's Constitution and termed "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". Although it is not unusual for the visions of China's leaders to be added to the CPC constitution, Xi is only the third (after Mao and Deng Xiaoping) to have his name explicitly attached to it. Moreover, Xi's

"Thought" (a term that was previously reserved for "Mao Zedong Thought") is introduced as signalling a "new era". It is for these reasons that Xi is widely believed to be the most powerful Chinese leader since Mao.

However, while Xi might be more charismatic than his direct predecessors, his charisma is hardly comparable to Mao's or Deng's. Some Chinese experts argue that Xi's accumulation of offices rather demonstrates the limits of his power. In contrast to Xi, Mao and Deng did not need such a multitude of formalized offices to govern the country, but largely relied on their personal authority. Even though Party factions have been weakened, the interviewees are convinced that Xi still has many enemies within the Party—not least because of the anti-corruption campaign. Most crucially, however, the composition of the new Standing Committee of the CPC's Politburo signals certain limits to Xi's power:



Only Li Zhanshu has been a close friend of Xi for many years. Zhao Leji, another newly elevated member of the Standing Committee, has proved his unconditional loyalty to Xi in recent years. Wang Huning served as a theorist under Xi but also advised Jiang Zemin and Hu Jintao. It is unclear whether he can be considered a member of an intra-party faction; some attribute him to the “Shanghai faction”. The other Standing Committee members have their own power base outside of Xi’s Princeling faction: Prime Minister Li Keqiang is a Youth League faction member and Wang Yang is regarded as being close to it. Finally, Han Zheng is traditionally seen as a member of the Shanghai faction. In short, the Politburo’s Standing Committee includes fewer members of Xi’s faction than might be expected from the “most powerful man since the death of Mao”.

Another sign that Xi’s power has its limits is the fact that his close ally, Wang Qishan, retired for reasons of age. Observers had speculated that if Xi left him in office, this would signal that he did not plan to retire in five years when he himself reached retirement age. Finally, even the fact that no designated successor has made it on to the Standing Committee is not necessarily a sign of Xi’s power: While Xi has been successful in preventing the promotion of Sun Zhengcai and Hu Chunhua, two protégés of the former presidents Jiang and Hu and widely seen as potential successors, his own protégé Chen Min’er was elevated to the Politburo but not to the Standing Committee. Chen’s rise has still been rapid, but it appears that he must follow the pre-existing informal rules of the Party, which prescribe that leaders are only promoted to the next organ up and cannot skip. Chen

therefore moved up from the CPC Central Committee to the Politburo but not on to the Standing Committee.

All in all, the composition of the CPC’s Standing Committee does not reflect unlimited power in the hands of Xi. This is not to say that he has not surpassed his most recent predecessors’ influence. In fact, there seems to be no clear rival to Xi in the CPC who might question his power. However, the CPC’s leadership line-up signals that the country is still rather governed by a collective. Xi might be very powerful but he seems to rely more on his colleagues than is widely believed. Hence, if foreign observers wish to speculate about China’s future they must not just take account of the political visions of Xi Jinping but broaden their perspective to the collective CPC leadership.

### **New market economic reforms for China?**

Just a few years ago, in 2013, the third Plenary Session of the 18th Central Committee announced that the market should be “decisive” in China’s future development. In the West, many reacted enthusiastically. However, even in 2013 a more detailed analysis fuelled scepticism, and no comprehensive market-oriented reforms were implemented. The CPC leadership under Xi Jinping is seeking to make the economy more efficient but not more liberal.

In recent years the Party has been far from withdrawing from the economy. On the contrary, it has established new Party Committees in private companies, including those with significant amounts of foreign investment. The political leadership promotes mergers and acquisitions to make

China's national champions internationally competitive and increase the country's international economic leverage. Instead of privatizing state-owned enterprises, they have been strengthened.

This Party Congress did not send any signals to indicate a revision of this policy. The *New York Times* published a quantitative analysis of CPC leaders' speeches at Party Congresses over the past 20 years. It found that mentions in Xi's speech of "the market", and "reform and opening up", which is the official phrase for Deng Xiaoping's market-economic reforms, are at a historic low in Xi's speech.<sup>1</sup>

Experts believe that Xi has never favoured market-economic reforms but the 2015 stock market crash, which led millions of Chinese to lose their aging provisions strengthened his fear and rejection of liberal reforms. Although Standing Committee members Li Keqiang, Wang Yang and, to a lesser extent, Han Zheng are widely believed to be reform-oriented leaders, it is more than doubtful whether they will be able to reverse Xi's policy. Instead, the promotion of Xi's main economic adviser, Liu He, to the Politburo is widely believed to have strengthened Xi's economic course.

Even though there are no signs that the new Chinese leadership is striving for fundamental economic reform, China's tremendous economic challenges might force the country to take action. China's GDP grew by 8–14 per cent in the first decade of the 21st century. Ever since, growth rates have been falling to 6.7% in 2016 according to official data. In China this trend is referred to as the "new normal". Even more worrying is the fact that China's

growth is heavily reliant on state investment and soft loans handed out by state-owned banks. According to the International Monetary Fund, China's level of indebtedness is as high as 235 per cent to GDP and could reach 280 per cent by 2020.<sup>2</sup> Other estimations are even worse. Independent analysis suggests that the non-performing loan quota could be as high as 10 per cent and some believe it to be 25 per cent.

The CPC leadership acknowledges the need for economic reform but CPC officials aim to avoid reforming the country along the lines of liberalization and privatization. Instead, the Chinese leadership strives for more efficiency without giving up the party-state's control over the economy. At the same time, however, many political and economic advisers to the CPC and the Chinese government are sceptical about whether the CPC's reforms maintaining comprehensive control can successfully tackle China's economic challenges. It is unclear how the CPC can tackle the country's pressing challenges without further liberalization. Hence, even among China's government economic advisers, many believe that, in the long-term, China's continued emphasis on state control will undermine Chinese success and call into question the PRC's image as a potential role model for other developing countries.

### **Can we expect any political reform?**

Political liberalization is not on Xi's agenda. During the Party Congress, Xi made it clear that he aims to consolidate the party-state's power. Only few years ago, China's leaders feared the societal and political effects of the Internet. They were concerned that even limited room for free speech and political discussion in

cyberspace would ultimately question CPC rule and fuel demands for genuine democracy. However, by now the Internet has been turned into an effective tool of the Chinese party-state's power that has the potential to fundamentally reshape China's authoritarianism.

Most crucially, China is gradually introducing a new system of social credit scores based on big data collection, connecting data on different aspects such as payment of bills on time, traffic offences and comments on social media platforms. From these data, algorithms will determine where people are allowed to live, work or go to school. In essence, this goes far beyond classical censorship because it aims not only to restrict freedom of speech, but to standardize human behaviour. Citizens are conditioned to act "normal", and "normal" behaviour is defined by the CPC's algorithms.

In addition, the personnel decisions made by the Party Congress signal a rejection of political reform: Li Yuanchao, China's serving Vice-President, who is considered to be rather reform-minded, has not only lost his seat in the Politburo but did not even make it on to the Central Committee. The new Standing Committee member Wang Huning, in turn, was already writing in the second half of the 1980s that pluralization and democracy were a challenge for China. In his view, China should become a "neo-authoritarian" state. This is particularly remarkable because the 1980s was the most liberal period in modern China. In essence, only the promotion of Wang Yang into the Standing Committee contradicts the signal for more rigidity in China's political sphere: When he served as party chief in Guangdong province, Wang allowed local

village protest leaders to be elected as village party chiefs.

Within the Party, the anti-corruption campaign should be expected to continue, albeit with some revisions: While Xi's close ally Wang Qishan, who previously led the campaign, has retired, there is no question over the loyalty of his successor, Zhao Leji, to Xi. Corruption is a genuine problem in China. Most of the 1.3 million cadres who have been disciplined in the past five years were targeted not for political reasons, but because they were indeed corrupt. This is particularly true of local and regional party officials, who often have close ties with local businesses which fuels corruption. The central leadership has correctly diagnosed that if this widespread (local) corruption is not ended, it could ultimately question the CPC's political credibility and threaten its long-term survival. As a consequence, Xi Jinping decided not only to launch the anti-corruption campaign, but also to recentralize power. At the same time, however, insiders describe how the anti-corruption campaign has spread fear and paralysed large sections of the party-state's apparatus, which prefers to remain passive rather than make a mistake.

The Party recently announced that the anti-corruption work will be perpetuated, institutionalized, widened and formalized in 2018. It is not the party but the state authorities that will be in charge, however, and it seems that the system of extra-legal prisons, *shanggui*, will be abolished, which would remove the most arbitrary, non-transparent and cruel component of the campaign. At the same time, even after the reforms, those suspected of corruption will still be denied access to lawyers and face unfair trials. Chinese experts believe that Xi

was forced to agree to these reforms after pressure from rival party factions.

The CPC's Party Congress shows no sign of openness to political reform or societal liberalization. At the same time, some of my interviewees made clear that the Party's tightening grip on power over the society should be interpreted as a sign of anxiety. The Party is attempting to contain societal pluralization. In particular, the young urban Chinese middle class is dissatisfied with its daily life. Its members suffer from environmental degradation, hours-long commuting to work in China's mega cities, jobs below their level of qualifications and the lack of a social welfare system. In the absence of a pensions scheme, a significant proportion of younger people support their retired parents. Most of the promises made at the Party Congress targeted this group of people. In his speech, Xi pledged to improve the environment, balance social cleavages and install a comprehensive pensions system for all Chinese. However, all these initiatives carry enormous costs. In the light of China's aging population, it will be the young, well-educated middle class that will have to pay for all these promises. Economic reform, a reduction in overcapacity and digitalization could well cost millions of jobs and increase unemployment. Hence, Xi's promises are a great risk to him. Expectations have been raised and the Party will feel an obligation to deliver for China's middle class.

In the light of these risks, the tightening grip on power is most likely a sign of the CPC's and Xi's anxiety. Comprehensive control seems to serve as reinsurance for the party to allow it to stay in power even if it cannot deliver on its far-reaching promises. Hence, increased party-state control may well be a

sign of the crisis that will ultimately undermine confidence in China's potential as a role model for other countries.

### **Summary: What are the main results of the Party Congress?**

In recent years, China's internal development has been carefully monitored by other countries around the world. Authoritarian developing countries in particular treat the PRC as a potential role model for their own development. Hence, China's domestic future is of enormous importance internationally. Xi consolidated his power at the recent Party Congress but his influence should not be overestimated. Hence, when foreign observers seek to understand the future of domestic policymaking, they should not focus exclusively on Xi but take account of the fact that the CPC is still run as a collective. Liberalization of the economy, society and the political sphere are not in the CPC leadership's interests. However, regardless of its seeming stability, it is doubtful how stable the current system would remain in a severe economic crisis. Mao Zedong was a revolutionary who loved chaos and unrest. Xi is quite the opposite. He strives for order, calmness and the containment of China's pluralizing society. His emphasis on stability indicates that he and his leadership have identified all too well the omnipresent risks that endanger CPC rule in the medium-term.

This carries important implications for China's potential as a role model for other developing countries: In the short-term, China's emphasis on the party-state's control over politics, the economy and society will further encourage authoritarian leaders to reject liberalization. China's successful development could serve as a

justification for following the Chinese model. In the long-term, however, China faces a severe risk of crisis that could well lead to a questioning of whether China's developmental path provides a sustainable alternative for other countries. Even advisers to the Chinese government and insiders to the party-state interpret the turn to comprehensive control under Xi Jinping as a sign of weakness rather than strength.

*Tim Rühlig is a PhD candidate at the Goethe University Frankfurt. He was a Visiting Fellow at UI in 2015.*

## Endnotes

---

<sup>1</sup> Chris Buckley and Olivia Mitchell Ryan, 'Environment, security, power: What China's changing vocabulary reveals about its future', *New York Times*, 19 October 2017, <https://www.nytimes.com/interactive/2017/10/19/world/asia/china-xi-jinping-language.html?rref=collection%2Ftimestopic%2FChina>, accessed 2017-10-19.

<sup>2</sup> International Monetary Fund (IMF), *People's Republic of China: Selected Issues*, IMF Country Report 17/248 (Washington, DC: IMF, 2017).







## WOULD YOU LIKE TO KNOW MORE ABOUT UI?

The Swedish Institute of International Affairs (UI) is an independent platform for research and information on foreign affairs and international relations.

The institute's experts include researchers and analysts specialized in the field of international affairs. While maintaining a broad perspective, research at UI focuses on unbiased scientific analysis of foreign and security policy issues of special relevance to Sweden. UI as an organization does not take a stand on policy issues.

UI Briefs are short commentaries on international issues, events or trends related to UI's focus areas. They are written by UI staff, UI visiting researchers, or other experts associated with UI. UI Briefs do not require adherence to strict academic conventions. Selected lectures at UI are also occasionally published with the series. While the author is responsible for the text, UI staff has edited each manuscript.

For more information visit our website: [www.ui.se](http://www.ui.se), where you will find up-to-date information on activities at the Swedish Institute of International Affairs (UI). Here you can book seminar tickets, become a member, buy copies of our magazines, and access research publications. You can get in touch with us through email: **[info@ui.se](mailto:info@ui.se) or +46-8-511 768 05**

Also, follow us on Twitter @UISweden or like us on Facebook!



### SWEDISH INSTITUTE OF INTERNATIONAL AFFAIRS

Visiting Address: Drottning Kristinas väg 37, Stockholm

Postal Address: Box 27 035, 102 51 Stockholm

Phone: +46 8 511 768 05 Fax: + 46 8 511 768 99

Homepage: [www.ui.se](http://www.ui.se)