

XI JINPING AT 213 MID-TERM AND BEYOND

WHAT LIES AHEAD FOR CHINA DURING THE INCUMBENT
LEADER'S SECOND TERM?

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WHAT LIES AHEAD FOR CHINA DURING THE INCUMBENT LEADER'S SECOND TERM?



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- Xi Jinping is the “core” of the Communist Party leadership, but so far only by the grace of the Party. During his second term, starting later this year, he may aim to turn the collective leadership into a tool for his personal empowerment.
- Due to his nationalism and conservatism, Xi is essentially a populist leader. This may severely hamper the predictability of China’s actions.
- China’s domestic politics and economy are falling under short-termism, exclusively serving the finalization of the “moderately prosperous society” in 2020. Any reforms which threaten the desired 6-7% annual growth may be postponed.
- China wants to strengthen national security, which is predominantly viewed as safeguarding the Communist Party rule. The room for manoeuvre for civil society is likely to keep shrinking.
- The Trump presidency is likely to create further instability and unpredictability in the Asia-Pacific region. Trade and financial policies, South China Sea territorial disputes, and the Taiwan Issue are among the potentially contagious issues related to China.

2017 marks the end of the first five-year term of Xi Jinping as the head of the Chinese Communist Party (CCP) and state in China. While he is expected to continue for another term, the Party congress in late autumn this year should reveal some hints as to his successors, as well as his future policy lines now that his position has been firmly established. As has been the case with any new Chinese leader in recent decades, expectations have been high in the West that China would finally have a democracy-minded leader who would make the country join the liberal world order. Xi was no exception in that regard, but it seems that such hopes must be abandoned. The grip of the CCP is tighter than ever, and everything else, including the economy and foreign policy, are subject to further bolstering the Party rule, and the rule of Xi himself.

This briefing paper explores, first, how Xi Jinping's position in the Party leadership has been strengthened in an apparent effort to sustain internal discipline and unity. This may eventually increase Xi's personal power at the expense of the collective leadership. Second, the paper discusses how discipline is also being tightened in society at large. On the ideological front, the Party is resorting to nationalist and conservative values, and the population is being rallied under the Party leadership by presenting Xi as a strong, charismatic leader. Third, the paper argues that China's foreign policy during Xi's era has been increasingly geared towards securing the Party leadership. The milestones on the road to China's national rejuvenation are meant to showcase the overwhelming capabilities of the Party to the Chinese people and the world at large. The Chinese Dream as well as the many initiatives serving its fulfilment are accredited to Xi personally, making him appear as one of the greatest world leaders today.

Party politics

Xi Jinping assumed office as Secretary General of the CCP in November 2012. A few months later, he was elected President of the People's Republic of China. As is customary for the top leaders in China, Xi also holds the chairmanship of the Central Military Commission. In accordance with the law, Xi should resign from the presidency after serving two five-year terms, and according to a practice established by Jiang Zemin in 2002, he should also

leave his Party positions at that time due to his age.¹ The same also applies to Li Keqiang, the incumbent Prime Minister. This year's Party Congress would be the time for possible successors to the top two positions to become apparent. Xi and Li were both elected to the Standing Committee of the Politburo in 2007. The preceding generation (2002–2012) leaders, President Hu Jintao and Prime Minister Wen Jiabao, were elected to the Standing Committee in 1992 and 2002, respectively.

Hence, expectations for the next Party Congress, to be held in late autumn this year, run high. Of the current seven members of the Standing Committee of the Politburo, 4–5 are expected to resign due to the unofficial age limit of 68. While Xi and Li are the only ones below the age limit, Wang Qishan (born in 1948), head of the Party's Central Commission for Discipline Inspection, may still get to keep his position. He is commonly characterized as Xi's right-hand man. He is, nevertheless, likely to be too old to become Xi's successor. So in principle the new top leadership should emerge from among the upcoming new members.

This is where the problems start. The “Zhongnan-hailogists” – the Kremlinologists of China – are uncharacteristically hesitant in naming the possible new Standing Committee members. There seems to be no obvious candidates among the so-called sixth generation cadres who are senior enough and who enjoy Xi's support to such an extent that they could be considered potential successors. In contrast, prominent analyst Willy Lam is suggesting that Xi is aiming to remain Party leader even after 2022.² Lam's speculation was reinforced by a senior party official who has reportedly said that the retirement practice within the Party, which would force Xi to

1 Tom Mitchell, “Speculation grows Xi Jinping will defy China rule on leadership retirement”, *Financial Times*, 11 Oct. 2016. <https://www.ft.com/content/09cc1044-8f77-11e6-a72e-b428cb934b78>, last accessed 30 Jan 2017.

2 See Douglas Bulloch, “China's faltering economy raises important question: Who will succeed Xi Jinping?”, *Forbes.com*, 18 Aug. 2016, for a list of similar speculations. <http://www.forbes.com/sites/douglasbulloch/2016/08/18/is-xi-jinping-preparing-for-perpetual-power/#54d50d587a2d>, last accessed 30 Jan 2017.

retire in 2022, is “pure folklore”.³ By dismissing the practice, Xi would, in effect, be given a free hand to extend his leadership to a third term and possibly even beyond that.

Prolonging Xi’s tenure as Party leader is in line with his recent designation as the “core of the leadership”, which elevates him to the same category as the paramount leaders Jiang Zemin, Deng Xiaoping (d. 1997) and Mao Zedong (d. 1976). There has even been speculation that the Party could reintroduce the title of Party Chairman for Xi, if he continues to lead the CCP even after retiring from his government position as president.⁴ The last party leader to go by that title was Mao, referred to as *Mao zhuxi* (Chairman Mao). Since 1982, all Party leaders have been General Secretaries.

The General Secretaries of the Party have held the position of the country’s President only since 1993, so there is a precedent for once again separating the Party and state leadership, and having Xi lead the Party and someone else the government. In Chinese, president is *guojia zhuxi*, literally ‘chairman of the country’, and in order to make the two positions sound equally grand, one would need to revive the title of chairman for the Party leader as well. Interestingly, since late 2016, Xi has occasionally been called just “Xi zhuxi” (Chairman Xi) in the official media, instead of the more cumbersome, but correct, formulation “*guojia zhuxi Xi Jinping*”. This may pave the way for making the simple form of address “stick” in Xi’s case, making it his official Party title in the future.

The anti-corruption drive, Xi’s most high-profile domestic campaign, is believed to be aimed – in part at least – at ridding the leadership of opposition forces. The need to purge the Party of potential opponents is symptomatic of factionalism and even a power struggle among the Party ranks. It is also noteworthy that the Party is not omnipotent. There

are strong regional powerbases whose leaders often openly defy the directives of the central government. It is recognized in China that policies do not always reach beyond the walls of Zhongnanhai.

The Party recently called for stricter supervision of the members of the Central Committee, suggesting that a member’s political problems might be a sign of splittism, and urged members to report those who fail to adhere to the Party rules.⁵ As professor Zhou Xiaozheng from Renmin University has said, the calls for loyalty signify a lack of loyalty.⁶ It is likely that many members in the highest ranks of the Party leadership consider the concentration of power in Xi’s hands as the best guarantee of stability. Conferring the honour of the core of the Party may therefore be aimed at strengthening the internal cohesion of the Party. Xi himself has warned that if the Party discipline is not strengthened, the CCP will be consigned to history.⁷

However, many observers see these developments as a transition towards the leadership styles of Deng and Mao. In April 2016, Xi gained the title of Commander-in-Chief of the newly established Joint Operations Command Centre of the People’s Liberation Army, and he also directly chairs two new “leading groups” responsible for the highest-level coordination of economic reform policies and military reform, respectively. The CCP leadership has been collective after Deng’s era, and no leader should be able to make decisions unilaterally anymore; the top leader is simply “the first among equals”. Nevertheless, if Xi is able to secure the right composition of people in the next Politburo and in its Standing Committee in particular, it is possible that he will be able to turn the system upside

3 “Will Xi Bend Retirement ‘Rule’ to Keep Top Officials in Power?”, *Bloomberg News*, 31 Oct. 2016. <https://www.bloomberg.com/news/articles/2016-10-31/china-official-says-party-has-no-set-retirement-age-for-leaders>, last accessed 30 Jan 2017.

4 Willy Lam, “Xi Jinping Forever”, *Foreign Policy*, 1 Apr. 2015. <http://foreignpolicy.com/2015/04/01/xi-jinping-forever-china-president-term-limits/>, last accessed 30 Jan 2017.

5 Jun Mai, “New Communist party rules call on top Chinese cadres to inform on each other”, *South China Morning Post*, 3 Nov. 2016. <http://www.scmp.com/news/china/policies-politics/article/2042440/new-communist-party-rules-call-top-chinese-cadres>, last accessed 30 Jan 2017.

6 Simon Denyer, “China’s president consolidates power at key meeting but still faces uphill battle”, *The Washington Post*, 27 Oct. 2016. https://www.washingtonpost.com/world/chinas-president-consolidates-power-at-key-meeting-but-still-faces-uphill-battle/2016/10/27/a6280d05-29c5-4c9b-af43-1f2c9c6e1b42_story.html?utm_term=.3c8f6ac57d1f, last accessed 30 Jan 2017.

7 “Master of nothing”, *The Economist*, 22 Oct. 2016.

down and make the collective leadership his own instrument.

Domestic policy

The tightening discipline is not only restricted to the Party. During Xi Jinping's era, civil society's room for manoeuvre has been significantly reduced, and there has been a determined crackdown on all forms of potential dissent. A new law on national security was passed in 2015 amidst concerns that it could be used to quash dissent even more effectively than before. Another new law aimed at bringing foreign NGOs under tighter control was passed in April 2016. Added to this, in November 2016, a new law on cyber security was passed, which provides the legal basis for the authorities' existing measures to regulate the internet. All of these measures are likely to have a stifling effect on the development of civil liberties.

The wilting of civil society, however, is not among the Party's concerns. What the Party is mostly worried about is the fate of its shrivelling ideology. The old communist ideals have little relevance in the capitalist reality of contemporary China. According to a recent study by the Academy of Social Sciences in China, 44% of the population consider Chinese society unfair.⁸ Economic reforms have pushed peasants and workers, upon whom the communist revolution initially relied, back down to the lowest rungs of society.⁹

The ideological disillusionment among the population is addressed by the Party in two ways. First, it is feeding popular nostalgia about the early, idealistic days of Chinese communism, when people were poor but mostly equally so. Xi has made frequent references to Chairman Mao, and recently even extolled the Long March for its determination, heroism and ideological unity. The Long March of 1934–35 is presented in the Party mythology as the defining moment for the Party's rise to power while

a more persuasive interpretation is that it was a costly military retreat. Most importantly, the Long March is the story of an underdog emerging triumphantly. This is the Chinese historical narrative in a nutshell, and Xi has stated that the "Chinese Dream" – the current, overarching catchphrase of the CCP – refers to the rejuvenation of the Chinese people, and shedding past grievances, which are seen to be mainly the result of the interference of foreign powers.

Second, the Party is promoting traditional schools of thought – or rather carefully selected values therefrom – as a new basis for the people's morals and spirituality. The traditional schools of thought and Chinese history are portrayed in a manner which fosters the nationalist sentiments of the population. This is also an anti-Western project, as it is designed to keep people from being attracted by Western soft power, and its values and religions. Tapping into China's traditional thinking, the Party is promoting the idea that the rule by law has to be combined with the rule by virtue, such as was wielded by China's ancient rulers, to create a Chinese alternative to the Western rule of law standard and its underlying principles of the division of powers and democracy.¹⁰ Following this line of thought leads to the conclusion that virtue today resides in the CCP and ultimately in its leader.

All of this is populism, comparable to the populist movements in Europe or the USA, which have resulted in Brexit and the presidency of Donald Trump. The prime minister of Singapore, Lee Hsien Loong, remarked on Facebook on 9 November, 2016: "Like the Brexit referendum in June, Mr Trump's victory is part of a broader pattern in developed countries – reflecting a deep frustration with the way things are, and a strong wish to reassert a sense of identity, and somehow to change the status quo". Like the other populist leaderships, the CCP is promoting exceptionalism, nationalism, nativism, and conservatism. All of this is topped by a – more or less – charismatic leader: Xi Jinping, whose anti-graft campaigns have made him popular among the

8 "Shehui xintai lanpishu fabu", *Xinjingbao* 13 Dec. 2016. <http://www.bjnews.com.cn/graphic/2016/12/13/427032.html>, last accessed 30 Jan 2017.

9 Mugur Zlotea, "Weaving Confucianism into the official Party discourse", in Rošker & Visočnik (ed.), *Contemporary East Asia and the Confucian Revival*, Cambridge Scholars Publishing, 2015, p. 165.

10 The latest example of such thinking is by the President of China's Supreme Court: "Zhou Qiang: Yao ganyu xiang xifang 'sifa duli' deng cuowu sichao liang jian", *Zhongguo xinwenwang*, 14 Jan. 2017. <http://www.chinanews.com/gn/2017/01-14/8124300.shtml>, last accessed 30 Jan 2017.

common people and who is hailed as the core in the Party ranks.

Severe and concrete problems underlie the disillusionment of the people. The long-successful economic reforms are now facing much more complex challenges than in previous decades, and there are no easy, straightforward remedies. The country has to deal with systemic issues ranging from environmental degradation to demographic transition, and the economy needs far-reaching restructuring. The priorities of the central government may not be the same as those of the regions, because the latter are often more interested in gaining short-term growth than in securing long-term sustainability. In the spirit of “democratic centralism”, which China adheres to according to its constitution, the voice of the population both at the local and national level is heard but not necessarily listened to.

China needs to find new ways of generating economic growth to supplement export industries and infrastructure projects, both of which have reached saturation point. At the same time, bad loans and loss-making state-owned companies must be dealt with effectively – but without creating mass unemployment. The Chinese leaders are promising that the growth will continue at a rate of over 6% annually, but it is highly questionable whether this is based on economic realities or political necessities.

It is widely believed both within and outside of China that continued growth is the best guarantee for the legitimacy of the CCP leadership. Furthermore, growth of 6–7% is necessary for China to reach the first milestone in fulfilment of the Chinese Dream, which is labelled a “moderately prosperous society”. That goal translates concretely into a GDP per capita which is double that of 2010. As the milestone has long since been made public, it has to be reached, at least on paper. The deadline is 2020, just before the 100th anniversary of the CCP.

The Xinhua news agency has stated: “Without an authoritative, influential and experienced Party chief at its very core, the country and Party could fall flat in uniting the people and pooling wisdom to formulate and implement suitable policies. As China enters the home stretch in building a ‘moderately prosperous society’, identifying a core leader is

more relevant than ever”.¹¹ This shows how reaching the 2020 milestone and Xi Jinping’s position as the core leader are interdependent. If and when economic reforms run counter to the need to reach the 2020 milestone, the decision will conceivably be made in favour of the latter.

Foreign policy

The foreign policy goal is projected further into the future than that of domestic policy. It is related to the realization of the Chinese Dream, which is due to take place by 2049, namely the grand rejuvenation of the Chinese nation. That will be the time when China should regain its “rightful position” among the leading nations of the world. Xi Jinping has spurred on the drive by stating that China already has more confidence and capability than at any other time in its history.¹²

In other words, China must safeguard and strengthen its sovereignty and territorial integrity. The fulfilment of the Chinese Dream requires increasing China’s economic, political and military influence in the world. This is a costly undertaking and relies on the continued growth of the economy. This in turn calls for stability in the global environment. Any political or military upheavals creating distrust among international investors or major economic crises, not to mention trade wars, are not in China’s interests. In this regard, Xi’s assurances of the inherently peaceful nature of China’s foreign policy are not empty rhetoric. China’s image is, however, marred by its siding with Russia on several occasions in the UN Security Council, a result of its policy of non-interference in other countries’ internal affairs.

China is deeply integrated into the global economic order, and stresses international cooperation, albeit selectively. In recent years, China has launched

11 “Xi gets to the core of national rejuvenation”, *Xinhuanet*, 28 Dec. 2016. http://news.xinhuanet.com/english/china/2016-12/28/c_135939328.htm, last accessed 30 Jan 2017.

12 “Xi Jinping: Cheng qian qi hou, jiwang-kailai, jixu chaozhe Zhonghua minzu weida fuxing mubiao fenyong qianjin”, *Renminwang*, 29 Nov. 2012. <http://politics.people.com.cn/n/2012/1129/c1024-19744072.html>, last accessed 30 Jan 2017.

several initiatives for promoting regional integration and cooperation, such as the ambitious new Silk Road schemes, known as the “Belt and Road”, and the Asian Infrastructure Investment Bank. In China, Xi Jinping has been credited with sowing the seeds of both initiatives. Furthermore, China is expected to take a leading role in the Regional Comprehensive Economic Partnership (RCEP), a proposed free trade agreement between the ten ASEAN member states and six other states, namely China, Japan, South Korea, India, Australia, and New Zealand. The RCEP has been under negotiation since 2012, and with the uncertain future of the Trans-Pacific Partnership (TPP), its potential significance has grown. For China, the RCEP is not only of economic importance but also a rebuttal of the TPP, which has been regarded as a US effort to contain China.

At the same time, the Chinese leadership has, perhaps unintentionally, tied its own hands in regard to the country’s national prestige. By promoting nationalism among the population with constant reminders of past humiliations inflicted by foreign powers, and by promising that the “Chinese dream” means getting rid of any vestige of these humiliations for once and for all, the leadership has tied its own legitimacy largely to the safeguarding of China’s dignity as a nation. Therefore, China cannot sit back and refrain from reacting to any such actions by foreign powers which may be deemed provocations.

There is also the risk that in the case of a faltering economy, the CCP will be tempted to resort to hardline or even adventurous actions in its foreign policy in order to incite nationalist sentiments among the population to its own advantage. On the other hand, China’s systematic efforts to bolster its territorial claims in the South China Sea by artificially enlarging the reefs it occupies and building ports and airfields on them could lead to a militarization of the disputes. This increases the risk of small, everyday incidents, such as those between fishing fleets of different nations, escalating into armed clashes.

The election of Donald Trump as US president may increase instability in Asia and even put the USA on a collision course with China, if anything can be inferred from his statements so far. He has shown a tendency to regard the world solely from the viewpoint of US national interests, which could result in a weakening of the rules-based global order.

Such a development could harm China because its growth is arguably best served by a predictable economic system. Furthermore, it seems possible that Mr Trump will be more of a hardliner than his predecessor in regard to the South China Sea, and his Taiwan policy is a big question mark.¹³

The gravest risk to the stability of China’s immediate environment – as well as peace in the wider Asia-Pacific region – is the Taiwan issue. Taiwan’s status as an inalienable part of China is an inviolable, sacred canon of the CCP, and as a populist leader, Xi Jinping cannot allow that to be undermined on his watch. Any developments threatening to erode the One China principle are regarded with extreme severity by the Chinese leadership, and there is no empty rhetoric contained in the recent warning issued by the *Global Times* – a nationalist-spirited offshoot of the party organ, the *People’s Daily* – not to forget that China maintains the military option as a last resort for reunifying the country.¹⁴

The US presidential election has resulted in gloomy prospects not only for Sino-US relations but also for global stability. The situation is not without its benefits for China, however. The transition from President Barack Obama to Donald Trump, with news filled with speculation and uncertainty with regard to the US policy lines in the future, gave Xi Jinping an outstanding opportunity to present China and his own leadership as a beacon of stability and rationality. At the World Economic Forum in Davos, Xi delivered a speech in which he defended free trade, globalization and the rules-based world order. He welcomed every country “aboard the express train of China’s development”.¹⁵ In so doing, Xi stole the spotlight as the world’s most powerful leader, even if only temporarily. This signals where China’s and Xi’s ambitions lie in the long term.

13 See the author’s FIIA Comment 1/2017. http://www.fiaa.fi/en/publication/648/the_one_china_policy_and_taiwan/, last accessed 30 Jan 2017.

14 “Mainland must shape Taiwan’s future”, *Global Times*, 14 Dec. 2016. <http://www.globaltimes.cn/content/1023753.shtml>, last accessed 30 Jan 2017.

15 “President Xi’s speech to Davos in full”, World Economic Forum website, 17 Jan. 2017. <https://www.weforum.org/agenda/2017/01/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>, last accessed 30 Jan 2017.

National security and everything else serve the Party, but does the Party serve Xi?

The unifying factor in Xi Jinping's domestic and foreign policies is the pre-eminence of national security. In 2015, China drafted an Outline of National Security, the first of its kind. The document, which was produced by the Central National Security Commission under Xi's direct leadership, has not been published, but some of the content has been referenced in the Chinese state media. As in the preceding Blue Book on National Security (2014), there is a strong emphasis on threats to ideological security, which are seen as stemming from Western cultural hegemony.

According to the new strategy, the international situation is changing, the Chinese economy is changing, the reforms are at a crucial stage, and societal conflicts are rising. This creates all kinds of foreseen and unforeseen security challenges. The goal of the strategy is to safeguard China's socialist system, governing ability and core interests.¹⁶ It seems that China's national security is defined mainly as internal peace and stability of governance. Governance and ideology come together in the CCP, and thus it can be deduced that in China, national security primarily serves party politics.

Indeed, in the drive to reach the two centennial milestones of China's national rejuvenation, the Party must not let anything rock the boat. By all accounts, the chosen method to keep the boat steady and on course seems to be entrusting Xi Jinping with absolute command. His powers have been increased and his image is being moulded to resemble that of a virtuous sage king of yore in the public eye. The Chinese Dream as well as its related centennial goals are personified in Xi, a move aimed at increasing his clout internationally too. For the CCP's collective leadership, this is a gamble because it may prove impossible to reverse the powers and position given to Xi, in case he harbours autocratic ambitions similar to Mao or Deng. This year should provide at least some indication as to the extent to which the Party is ready to accept the risks.

16 "Zhong-Gong zhongyang zhengzhiju zhaokai huiyi, shenyi tongguo 'Guojia anquan zhanlüe gangyao'", *Xinhua*wang, 23 Jan. 2015. http://news.xinhuanet.com/politics/2015-01/23/c_1114110917.htm, last accessed 30 Jan 2017.

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