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Transformation of China under Xi-Jinping:
From Liberalization to Centralized Leadership?

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Friedrich Naumann
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Briefing Paper 7/2016

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When Xi Jinping assumed power in 2012-2013 as the Secretary General of the Central Committee of the Communist Party of China, president of China and Chairman of the Central Military Commission, many expected a man who would transform the country. His personal experience of repression during the terror of ‘Cultural Revolution’ was largely taken as a formative event¹. Formative, that is, in the sense of insulating Xi from the tendency towards abuse which Mao’s regime has so blatantly exhibited. There was a clear, if measured, hope that under his leadership, China will continue or rather accelerate its progress towards further economic, but also social and potentially political liberalization, as well as accommodation into and taking responsibility over the broader international system.

These assumptions are nowadays discarded as mistaken, and Xi is now habitually (if, still, with a question mark attached) compared rather to the founder of the People’s Republic of China than to his reformist predecessors². Though his individual policy proposals, such as the One Belt, One Road initiative, are generally welcome in the international arena, at least from the Western perspective, Xi has lost the aura of a progressive, transformative leader who might bring China close to the agreed (i.e. essentially Western) standards of governance and international behavior. This paper sums up major initiatives that Xi has initialized and undertaken in domestic affairs and foreign policy, and attempts to provide an explanatory narrative to understand the logic of their implementation.

Domestic Affairs: The End of Progress?

To begin with, the importance of domestic affairs for the Chinese leadership can hardly be overstated. While the outside world has a tendency to ascribe external implications to China’s policies and actions, the primary concern of its rulers is to maintain political and social stability (including, of course, the power monopoly of the Chinese Communist Party), supplemented by sufficiently robust economic growth. While the ‘Chinese dream’ is by no means selfless, it is a genuine and real aspiration of China’s rulers.

That aspiration, however, has become threatened by a confluence of several processes. First of all, the economic engine of China’s spectacular rise during the past decades seems to be finally slowing – even if the oft-predicted economic crisis has not yet occurred. The 7 per cent growth of China’s GDP in 2015 looks stellar in international comparison but it was the weakest

¹ Frisch, Nick: *The Cultural Revolution Still Haunts China’s Communist Party*. Foreign Affairs, May 17, 2016, <https://www.foreignaffairs.com/articles/china/2016-05-17/cultural-revolution-still-haunts-china-s-communist-party>

² *Beware the cult of Xi*. The Economist, April 2, 2016, <http://www.economist.com/news/leaders/21695881-xi-jinping-stronger-his-predecessors-his-power-damaging-country-beware-cult>



Briefing Paper 7/2016

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year of the last quarter of the century³. At the same time, the increase of economically active Chinese population has already stopped, ending an easy supply of workforce. That (among other factors) threatens the basic strategy of an export-oriented economy based on cheap labour. Together, these trends could undermine the very foundations of the CCP's legitimacy.

It is fair to acknowledge that Chinese leadership under Xi has by no means become stolid or unable to react to the economic challenges and social problems associated with them. In fact, two of the officially promoted and sanctioned measures represent a revolution of sorts in the functioning of the Chinese society under the communist rule. First to be mentioned is the abolishment of the one-child policy that ends one of the largest and arguably cruelest but at the same time efficient social experiments in modern history. While it is true that the existing formal exceptions and factual gaps in its implementation guaranteed less than perfect compliance with the norm, the ban on having more children indisputably belonged amongst the most important tools deployed by the leadership of the PRC. Although questions can (and will) be raised as to whether the lifting of the policy does not come too late to achieve the desired results, it can still be perceived as a proof of the government's responsiveness to pressing economic and social issues.

The second measure, accompanying the abolishment of the one-child policy, is the reform of the *hukou* system⁴. The system has long served as an administrative measure ostensibly preventing the depopulation of the Chinese countryside and the inland regions in general. At the same time, given the advance which was – knowingly and on purpose – allowed to the coastal provinces and selected 'special economic zones', the system effectively guaranteed continuing segregation between the Chinese haves and have-not. Through its cancellation, the government formally makes it possible for the less fortunate to officially move to the sources of wealth, and hopefully participate in its creation and distribution. Once again, given both the symbolic and repressive value of the *hukou* system, its dismantling signals willingness on the part of Xi's leadership to engage with real, existing problems and tackle them head-on.

Contrary to these two processes which, arguably, make life of ordinary Chinese citizens easier, Xi Jinping presided over one of the most severe crackdowns on opponents of the Communist party in decades. The repression targeted human rights lawyers, university professors, journalists, media outlets and political activists. The crackdown was accompanied by the adoption of the so called Document 9 which warned that for the party to retain power, seven

³ Shaffe, Leslie: *China's economy grew 6.9 percent in 2015, a 25-year low*. CNBC, January 18, 2016, <http://www.cnbc.com/2016/01/18/china-reveals-key-q4-2015-gdp-data.html>

⁴ Tiezzi, Shannon: *China's Plan for 'Orderly' Hukou Reform*. The Diplomat, February 3, 2016, <http://thediplomat.com/2016/02/chinas-plan-for-orderly-hukou-reform/>



Briefing Paper 7/2016

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“mistaken ways of thinking” needed countering – including human rights, judicial independence and multi-party democracy⁵.

Chinese leadership under Xi Jinping has also intensified its fight against corruption, regarded at the same time as endemic characteristics of Chinese capitalism and a major impediment on the road towards its sustainable development. Using his sway over the CCP’s Disciplinary Commission, Xi has clearly been willing to seek and punish corrupt party officials, including those ranking high in the hierarchy. But it is here that the portrait of a reformer complicates. The abolishment of the one-child policy and the *hukou* system can hardly be regarded as anything but an improvement of the previous situation. But the anti-corruption campaign is a tool that is too easily abused against those who do not (or at least do not only) participate in illicit enrichment but may represent a challenge of a different kind – that in terms of power.

The case of the former provincial boss and Central Committee aspirant Bo Xilai⁶ is illustrative in this regard. While little doubt exists about his criminal activities, he was at the same time a potential challenger to Xi’s influence and power. Taking him down might have been legitimate and legal (as it probably was), but it still leaves a bitter aftertaste concerning the motives of the action. So far, the anti-corruption campaign has not reached the level of the Politburo Standing Committee of which Xi is a member. One of the crucial questions actually is if it ever does – and when it happens, whether to interpret the situation as a sign of the desired ‘blindness’ of justice, or rather a signal that internal power struggle has disrupted the collective functioning of the CCP’s ruling body.

China Abroad: Conflictual Development

In foreign policy, the PRC under Xi seems to have exhibited two parallel and, at least at first sight, hardly compatible tendencies. At the global level, China has rather rigorously stuck with its motto of ‘peaceful development’. While not necessarily overtly cooperative on the pressing issues at the forefront of international agenda (e.g. the war in Syria, negotiations with Iran, crisis in Ukraine), it is hard to pin down a single moment when China could be described from the Western perspective as a nuisance. A comparison with erratic and aggressive Russia under Vladimir Putin further underlines the point. Recent Chinese moves, such as the declaration of the One Belt, One Road initiative or the establishment of the Asian Infrastructure Investment Bank may have not been received favorably by the United States but have otherwise been appreciated as a genuine Chinese effort at contributing to international economic development.

⁵ *Document 9: A ChinaFile Translation. How Much Is a Hardline Party Directive Shaping China’s Current Political Climate?* ChinaFile, November 8, 2013, <http://www.chinafile.com/document-9-chinafile-translation#start>

⁶ *Bo Xilai: Timeline.* BBC, November 11, 2013, <http://www.bbc.com/news/world-asia-china-17673505>



Briefing Paper 7/2016

Transformation of China under Xi-Jinping: From Liberalization to Centralized Leadership?

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At the same time, China's strategy towards its near abroad has been undergoing significant transformation. Under the premise of continuity, China clearly started including ever bigger portions of adjacent maritime regions as its own territory⁷, leading to conflicts with its neighbors across the East and South China Seas. While Japan, Vietnam, the Philippines or the U.S. have hardly been innocent bystanders to Chinese moves, Beijing's proclaimed 'defensive' military strategy now actually looks rather offensive and evidently operates within a much wider perimeter that it used to. While the risk of an actual military conflict should not be exaggerated, it cannot be too lightly discarded. The possibility of a misperception, wrong calculation or dysfunctional signaling is real, and might lead to grave consequences in an already highly militarized region⁸. The problem is of course further aggravated by potential damage Chinese regional posturing might cause to its relations with the United States.

Different Leadership, Same Objectives

So, is the current Chinese leadership erratic? Has the perceived centralization of power under Xi Jinping opened space for Mao-like eccentricity both domestically and towards the outside world? Not likely. To return to the opening argument, the supreme goal for the leadership of CCP – now under Xi but generally since the start of Deng's reforms – has been to remain in power and maintain a stable (and sufficiently docile) society primarily through the promotion of economic growth. This goal led Deng and his successors to delegate substantial competences to the provincial level, which led to local innovation and burst of activity but at the same time created multiple avenues for corruption.

In a sense, Xi's decision to end the one-child policy and the *hukou* system open the space for initiative further down the ladder, while at the same time centralizing power at the expense of the provinces (which can be one interpretation of Bo Xilai's purge). Ideological fervor that is sometimes highlighted as a proof of the return of Maoist tendencies serves rather as a mimicry for a regime conducting a far-reaching and potentially dangerous reorientation of the workings of the system of governance. As for the 'cult of Xi', the leadership of the CCP may simply have come to a conclusion that identifying and promoting a single leader may be received more favorably by the population at the times of a complicated social and economic transition. Concerning the aforementioned discrepancy in foreign policy, rather than being erratic it probably represents a delicate effort to maintain solid support of Chinese armed forces, and at the same time create a reservoir of nationalist sentiments that could deflect public discontent in case other instruments (e.g. the anti-corruption campaign) fail. It is also balanced by

⁷ *China's Maritime Disputes*. Council on Foreign Relations InfoGuide Presentation. <http://www.cfr.org/asia-and-pacific/chinas-maritime-disputes/p31345#!p31345>

⁸ Panda, Ankit: *Global Defense Spending Is Down, But Asia's Spending Is Up*. The Diplomat, April 16, 2015, <http://thediplomat.com/2015/04/global-defense-spending-is-down-but-asias-spending-is-up/>



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international economic initiatives like One Belt, One Road or AIIB which stabilize China's 'western flank' and potentially should lead to the development of its inland regions.

Though genuine interests in both fighting corruption and expanding Chinese power in East and Southeast Asia naturally exist, both campaigns should rather be understood as tools in securing CCP's continuing rule. As such, they are potentially dangerous but do not necessarily represent a deviation from previous Chinese strategies. From this perspective, the transformation of China under Xi has been real, but in service of a general aim that emphasizes continuity and stability. In the end, China's transformation under its current ruler might yet result in more of the same thing.



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