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**Opening**

**Panel I: China's Domestic Policy and International Implications**

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## Welcome Speech

The present seminar aims at providing a cross-national analysis on China's contemporary politics, both from a French and from an Indian point of view. This seminar's ambition is to better understand the recent domestic and international developments of Chinese politics under Xi Jinping, and particularly the evolutions that have affected South Asia.



## Panel I: China's Domestic Politics and its International Implications

**Chair:** Srikanth Kondapalli, Professor at Jawaharlal Nehru University, Associate Research Fellow, Institute for Peace and Conflict Studies, New Delhi

**First speaker:** Jean-Pierre Cabestan, Professor at Hong Kong Baptist University and Associate Research Fellow at Asia Centre.

**Second speaker:** Jérôme Doyon, Associate Fellow and editor of *China Analysis*, European Council on Foreign Relations, Paris.

**Discussant:** Jayadeva Ranade, President of the Centre for China Analysis and Strategy, New Delhi.

**Jean-Pierre Cabestan** began the discussion by drawing attention to the strong interconnection between China's domestic politics and its foreign policy. He focused the first part of his presentation on Xi Jinping's major achievements and reforms since he became General Secretary of the Chinese Communist Party (CCP) in 2012, in order to link them, in a second part, with China's new foreign policy.

Xi Jinping has achieved an unprecedented concentration of power, appointing himself as the chairman of various CCP leading small groups and carrying out a major reshuffling of the political system. He has created new structures to better control security (the National Security Commission or the Comprehensively Deepening Reform Leading Group), has strengthened the CCP discipline inspection commissions in order to better fight against corruption and "local protectionism". He has also attempted to keep society under control by improving cyber security and reinforcing the pressure upon liberal NGOs and trade unions. Beyond institutional and judicial reforms, more than one hundred measures adopted in 2013 should be carried out in the coming years.

However, reforms go at a slower pace when it comes to economic matters. Despite the growing concern about China's economic slowdown, the pending reform of the restructuration of China's State Owned Enterprises (SOEs) has not been implemented yet. This suggests the CCP's reluctance to lose its grip on major groups and strategic industries (heavy industries, telecommunications). It also reveals competing views

within the Party, opposing a group around Li Keqiang advocating quantitative easing to another group gathered around Xi Jinping, worried about the level of the debt and supporting a stronger macroeconomic control through financial institutions. As a result, Xi is not as powerful as he pretends to be. The personality cult that he tried to promote has been toned down. And while the anti-corruption campaign has continued, it has started to target leaders that were supposed to be close to Xi, as Huang Xingguo in Tianjin in September 2016.

But a connection can be established between Xi Jinping's rather conservative and repressive domestic policy, and the growing assertiveness of China's foreign policy - under the general perspective of the "Chinese dream" and the "great rejuvenation of the Chinese nation". Since Xi took over, China has adopted a more forceful and aggressive attitude in the South China Sea. This trend has been later confirmed with the establishment of a Chinese ADIZ (Air Defence Identification Zone) over the East China Sea in 2013 or the overflight by China's People's Liberation Army (PLA) Air Force fighter of the Miyako Strait in September 2016.

At the same time, Xi Jinping's "new foreign policy" adopts a rather ambiguous stance on the international scene. On the one hand, Beijing seems to be willing to be more integrated into the global order and to abide by international norms, even presenting itself as a promoter of the existing peaceful regional and international order. China is also increasingly active in projects of development in Asia and beyond, through international financial institutions. For that purpose, China established in 2015 the AIIB (Asia Infrastructure Investment Bank) a bank that will contribute to finance the projects attached to the new One Belt One Road initiative. Earlier, it has been deeply involved in the creation of the NDB (New Development Bank operated by the BRICS). But on the other hand, China is displaying a more muscular behaviour and self-assertive position on regional and international issues (in the South China Sea, about the Syrian conflict...).

China is undeniably departing from the status of "regional power" to become a "real great power", but it is uncertain whether it will be ready or willing to accept the role and the responsibilities of a "super-power". It will be interesting to see how an increasingly isolated and repressive regime within China will be compatible with the country's new global power and influence. Xi Jinping's ambiguous position might reveal a potential source of instability, while the new priority given to the protection of "China's interests" portends more activism in Asia and overseas.

**Jérôme Doyon**, analysed two major aspects of Xi Jinping's new ruling style since 2012.

The first aspect emphasizes Xi's specific use of campaigns as a way to assert his might. The anti-corruption campaign is unique and unprecedented in its scope (from the targeting top "tigers" or leaders to the "flies" of the lowest levels of the Party and the government); by the number of people reached by the campaign (over 500,000 cadres have been

investigated since 2013) and its duration (as of September 2016, 86 military officers have been indicted). Initiated on June 2013, the mass-line campaign was initially targeting “four undesirable work styles” (formalism, bureaucratism, hedonism and extravagance). If this campaign has remarkably reduced public expenditures related to official ceremonies and gratifications (a reduction of 25.5% by October 2014) and has put a strong pressure on officials’ extravagance, it has also had collateral effects. During the second part of the campaign, young and lower level cadres have been the main target (96% are township level officials), negatively influencing the attractiveness of official positions among young people. Significantly, the number of applicants for China’s civil service has dropped since the beginning of the campaign. Moreover, the stricter inspections carried out at all the levels of the bureaucracy and the implementation of self-criticism sessions called “democratic meetings” have provoked an atmosphere of suspicion and extra-caution within the Party. Officials’ constant fear of being indicted for “irrelevant talks” has affected horizontal and vertical communication within the Party, and therefore the transparency on the selection of officials.

The second distinct aspect is the return to a Party organization based on classical Leninist and top-down structures. Jérôme Doyon pointed out different factors that could affect the renewal of the Party’s elites in the future. First, the revision of the “Work Regulations for the Promotion and Appointment of Leading Party and Government Cadres” in January 2014 has put an emphasis on a step-by-step promotion and restricted the conditions under which the “open selection” process can be implemented<sup>1</sup>. Since then, this procedure of selection can only be used in last resort and does not allow the transfer of candidates across provinces. This change limits the opportunities of transfer and mobility within the Party, especially for the young and low-level officials, who earlier could benefit from this procedure to rapidly access to high-level positions (“rocket promotions”). Moreover, the renewal of elites might be even more limited in the future, since the age limits introduced since the 1980s are not strictly implemented anymore, in particular for personnel transfers. Finally, the Central Youth League reform plan involves massive budget cuts and a complete redesign of the organization, in order to operate a “shrinkage at the top” for “replenishing the bottom” (the so-called *jianshang buxia*). Aimed at weakening the leaders promoted by Hu Jintao, who was for a long time the League’s First Secretary, this reform can be seen as a fresh attempt by Xi Jinping to limit his competitors’ influence within the Party, a year and a half before the 19<sup>th</sup> Party Congress.

By giving priority to controlling the apparatus and supporting the local leaders already in office, Xi Jinping does not encourage any renewal of the Party ranks in favour of younger members and cadres. This short-1- The “Open Selection” (公推公选) is a procedure allowing a cadre to be appointed to a higher-level position or to a different location, through various examinations and interviews and thus avoiding a step-by-step upgrading. This procedure allowed more transparency in the selection of cadres, since it forced officials to publish vacancies and to apply strict criteria to choose the candidate (age limits, oral and written exams).

term policy could on the long-term jeopardize the Party and lead to a Brezhnev-style gerontocracy.



## Discussion

To introduce the discussion, **Srikanth Kondapalli** pointed out three possible projections about the evolution of the CCP in the future. First, David Shambaugh’s posture professing an inexorable collapse of the CCP. A second posture forecasts the Party’s adaptation to new domestic demands for more civil rights, freedom and private property - especially coming from the expanding middle class. A third view predicts a CCP’s evolution towards a rather classical type of social-democratic party.

**Jayadeva Ranade**, president of the CCAS and former member of the Indian National Security Advisory Board, considers the 18<sup>th</sup> CCP Congress (2012) as a watershed event in Chinese politics, with the selection of Xi Jinping as General Secretary. This choice was originally backed by all the Party’s veterans, who supported a more assertive ruling-style, in order to bring back political stability and to enhance the Party’s legitimacy undermined by corruption. Xi Jinping has then resorted to “nationalism” and “ideology” to empower himself, an objective that he achieved very quickly.

However, Mr Ranade identifies various potential factors of disturbance. First, Xi Jinping’s uncertain economic policy is facing growing pressure from the civil society. On the one hand, hesitations regarding the SOEs reform are starting to compromise bold economic and political initiatives, such as the OBOR initiative (due to the difficulty to mobilize private enterprises). On the other hand, unemployment is becoming a major issue, and the importance of voluntary unemployment reflects the Chinese population’s new standards of living and increasing requirements in term of quality of life. The rise of economic-related civil protests and the growing size of Chinese capital flight (US\$50 billion during the last quarter) could both upset the Party’s stability. Then, the Chinese government paranoia about the “infiltration of foreign ideas” indicates apprehensions within the Chinese political establishment about the West’s intentions (the US and the European Union). Finally, tensions in peripheral regions (Tibet, Xinjiang) are a major threat to the Party’s leadership, which explains why these issues are at the top of the domestic agenda. But for Mr Ranade, the real danger for the Party is to adopt a more brittle attitude without considering the possibility of a sudden collapse.

However at the individual level, **Mr Ranade** and **Mr Cabestan** agreed to recognize in Xi Jinping a “strong leader”. Mr Cabestan added the possibility of Xi’s “Putinisation” and the existence of debates within the Party that could force Li Keqiang to resign or to compromise even more.

Lastly, to describe the connections between Xi Jinping's domestic policy and China's new foreign policy, **Mr Cabestan** has identified three qualifications characterising the new "face" of the CCP: stronger, more unified and more nationalistic. Nevertheless, it is not clear yet whether or not the nationalism propagated by the CCP leadership can actually arouse a strong nationalist consciousness and more importantly a strong nationalist behaviour within the society.

*This report has been prepared by Margot de Groot van Emden, Junior Fellow at Asia Centre.*