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XI JINPING'S CHINA

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SUMMARY

In the six months since he took over as General Secretary of the Chinese Communist Party, Xi Jinping has accumulated more power and more personal authority than any Chinese leader since Mao Zedong. During the lead-up to the succession last November, there was open debate in China about political reform and about economic and foreign policy. But this expectant and dramatic atmosphere has vanished as Xi has taken control of China. Defying predictions, he has re-established the primacy of the party over the state and is reinstating personal leadership instead of the “collective leadership” that was thought in the past decade to be the new norm in China.

Xi's style differs from that of his predecessors: he speaks in the first person, emphasises the greatness of China, and quotes Mao. But if “control” is the keyword of Xi's style, this will little leave room for major political reform or economic liberalisation. His top-down approach, which might be called “hardline modernisation”, seeks to check irrational behaviour such as corruption and runaway financing rather than reforming the key state economic actors. Xi is also ignoring statements about “low-profile” foreign policy inherited from Deng Xiaoping and claims a role for China as a global power. Xi's China seeks strategic parity with the United States while pursuing a neighbourhood policy based on China's superior strength.

In the six months since he took over as General Secretary of the Chinese Communist Party (CCP), Xi Jinping has accumulated more power and more personal authority than any Chinese leader since Mao Zedong, the founder of the People's Republic of China (PRC) whom Xi often quotes. Even Deng Xiaoping had to contend with a large group of conservatives at the top of the party, from 1977 to 1984, and was increasingly unable to quell the infighting of different political factions after that date. Xi's power also exceeds that of Jiang Zemin, an underestimated leader who excelled in factional compromise and synthesis. It dwarfs that of his immediate predecessor, Hu Jintao, who increasingly hid behind the screen of collective leadership and ended his reign without a clear sense of purpose.

Xi's stature is clear from the functions that he has immediately captured (including the important Military Affairs Commission), the support given to him by party elders, and the personal style that, unlike his predecessor, he does not hesitate to use. It is also clear from the disappearance of obvious political jockeying at the top and the silence maintained by many of his colleagues; the authority he is displaying over issues such as corruption; a “rectification campaign” of cadres; and the near disappearance of public dissent, whether from the liberal “right” of the party, from its nationalist and populist “left”, or from the Chinese population itself. Criticism of Xi on China's social media does not cross a red line and liberal editorialising in China's media has stopped.

Xi's control of both the party and the military is also evident from a new turn in Chinese foreign policy. Before he took over, there was much talk about fragmented bureaucracies, indecisiveness at the top, and the pressures from activists and a supposedly powerful Chinese public opinion. But, since the takeover, China's approach towards its neighbourhood has become more rational but no less tough. In fact, since the People's National Congress session of March 2013, no one in China's vast military establishment has dared to go off-message. Anti-Japanese demonstrations and violence have been replaced by a more controlled campaign through newspapers and journals. There have even been anti-Japanese Hong Kong movies such as Wong Kar-wai's *The Grandmaster*, which was released in China in January.

However, there are some limits to Xi's power. Reformers and those loyal to Hu and Wen remain in the Politburo, where they are biding their time before the next party succession in five years. The price Xi has paid, willingly or unwillingly, for broad support from party elders and conservatives is an endorsement of major vested interests – above all, the state-owned enterprises – who will be a major constraint on Prime Minister Li Keqiang and his more forward-looking economic cadres. To bury factional debate, Xi has inspired, or at least tolerated, a revival of Maoist “mass line” politics.¹ But this reversion to the practices and rhetoric of the Mao era bolsters authoritarian leadership instead of preparing for a political transition and could create economic problems.

It could also create foreign-policy problems. China's new Bismarckian reliance on bilateral partnerships requires strength on every front. There is now a long list of countries in China's neighbourhood that have endured Beijing's hubris since 2010. Xi arrives on the stage at a time when China no longer has “friends all over the world”, as Mao put it, but does have interests all over the world, as Lord Palmerston might have said. Yet China neither is at the heart of a multilateral regime nor does it have a single significant ally. It must permanently juggle a coalition of interests – which sometimes aligns it with developing countries, sometimes with other emerging economies, and also increasingly with the developed industrial societies whose political models it rejects.

This essay will explore Xi's power and its implications for Chinese policy. It will explore how Xi took control of China by playing to his own advantage the factional debates and struggle of the last few years in order to reinstate a personal leadership instead of the “collective leadership” that was thought in the past decade to be the new norm in China. It will explore the personal style that sets Xi apart from his predecessors. It will argue that Xi's Achilles heel is the economy, which has been facing new obstacles as it meets the limits to growth and the build-up of vested interests. Finally, it will argue that Xi could also face foreign-policy challenges as he seeks to combine assertiveness towards the neighbourhood with a quest for an equal relationship with the US.

How Xi took control of China

Only last autumn, there was open debate about the momentous choices that China now faces. Reformers often talked of a crossroads, particularly on the issue of economic reform, where vested interests ran against more equity- and consumer-based growth. Liberal critics talked of a “lost decade” under the outgoing leaders, implying that their own predecessors before 2002 had actually been bolder in liberalising China. Foreign policy and strategy was also openly discussed as nationalist activists and the fringes of China's defence apparatus challenged the indecisiveness at the top. There had not been such public debate in China since 1989. A symbol of this was the dramatic fall from power of Bo Xilai, China's most flamboyant politician, whose story reads like a contemporary martial arts novel.

However, that dramatic atmosphere has now vanished as Xi has taken control of China. Revealingly, there hasn't been a single item of news directly regarding Bo since the beginning of 2013. But other debates have also evaporated in the last six months. Right before Chinese New Year, in February, political liberals tried to revive their cause by suggesting in *Southern Weekly*, a leading party newspaper, that the “China dream” – a term used by Xi – included constitutionalism. But nothing could have been farther from Xi's mind than political reform and constitutionalism, and the article never made it into print. Since Xi took over, there have been no social protests as striking as the spectacular rural land protests or industrial actions of last year. Foreign-policy debates have also disappeared even as Xi has taken an even more aggressive approach towards Japan and India.

The turnaround that Xi has managed at the top of the party-state and also in terms of defining the limits of debate is impressive. It has generally been held that each generation of Chinese leaders was weaker than its immediate predecessor as it lacked either the revolutionary credentials or the experience of bitter “line struggle”, as party factional infighting is often termed in China. “Collective leadership”, which had become a motto after the disaster of Mao's personal rule, was all too synonymous with compromise and stalled decisions. “Fragmented authoritarianism”, the trademark of the 1990s, had given way to the notion of bureaucratic “stove piping”, with a diverse and corrupt system outgrowing the top-down political control that nurtured it.

Xi has defied those predictions and concentrated power. This was no fluke. Rather, it reflects a long-held ambition and was executed with a great deal of opportunity grasping. Xi has outmanoeuvred his rivals, his colleagues, and even his mentors. His political style signals a return to personal power over “collective leadership”, with strong ideological and campaign tools at his disposal. Hu and Wen wanted –

¹ “Mass line” is a term from the Maoist era. It refers to the mobilisation of the population to press for changes or to denounce and rectify party cadres or counterrevolutionary individuals and trends.

but did not secure – a transition to a system of collective control in which “scientific socialism” and “harmony” would replace political decisions. Xi, on the other hand, has re-established the primacy of the party. In lieu of checks and balances, or a constitutional separation of powers, Xi and the prime minister are streamlining the bureaucracy. There will be some freedom for individuals, NGOs, and market mechanisms, but the party will exercise even more control over officials and administrative institutions.

Xi has therefore moved decisively to recreate a political compact at the top. A corner was turned not long before the 18th Party Congress. Xi’s two-week disappearance from public sight right before the congress has never been explained, but in retrospect there is a strong similarity with Mao’s ability to disappear from sight and launch counteroffensives. In the spring of 2012, Xi and some top-level party leaders and influential retirees had seemed to be unhappy with the way that then prime minister Wen Jiabao led the chase against Bo Xilai and his ideology – the mixture of Maoist “red songs”, populist pork-barrel politics, and violent persecution of personal enemies. Bo was an earnest supporter of militarist and nationalist trends, and to conservatives he could be a “useful idiot” to counter liberal and legalist demands.

Both sides used the Bo case to their own advantage. Over the summer of 2012, Hu left Wen in the lurch and made his peace over the Bo issue in order to push for the appointment of his candidates – including CCP organisation chief Li Yuanchao, reformist leader of Guangdong province Wang Yang, and the only woman at the top, Liu Yandong – to the Politburo to balance known hardliners and “red princes” (that is, the second-generation leaders from ruling families). But Xi put the first nail into Hu’s coffin, when he and his backers – including 86-year-old former president Jiang Zemin – suddenly shifted their stance and made the purge of Bo a major event before the Party Congress. In the same breath, two major supporters of Hu – Ling Jihua and Li Yuanchao – were now denounced for the kind of family or political errors which they accused their adversaries.

The conservatives then reverted to the oldest trick in the CCP’s book: they assembled an “enlarged” Politburo, which includes veterans as well as regular members, giving “guidance” to a Central Committee plenum. It announced the expulsion of Bo for bribery, improper conduct, and “other crimes”. The next move was against Hu’s faction. A general close to Xi was appointed vice-president of the Military Affairs Commission, while two of Hu’s candidates were rejected. To show who was the boss, this was publicly announced *before* the Party Congress. At the Party Congress itself, Hu surrendered immediately his chairmanship of the Military Affairs Commission – the party-state’s number one position since 1935 and the Long March.

The Politburo that emerged from the Party Congress is older than its predecessor: the average age of incoming Politburo members is 63 compared to 62 five years ago. It is also dominated by “princelings”: in a kind of reverse genetic engineering, four out of seven members of the Politburo Standing Committee are either children of former top leaders or have a wife who is one. Xi, of course, is himself a “princeling” whose father served Mao and Deng. He may have lived for a while in a cave dwelling during the Cultural Revolution. But, in late August 2012, when the direction of the succession was in the balance, he is said to have remarked in frustration: “My family’s house was taken over by strangers. Now they want to rent me back some rooms, but I want it all.”²

Xi’s style

In order to understand how powerful Xi is and what type of China might emerge from his time in office, it is necessary to examine Xi’s style, which differs greatly from that of his predecessors. Unlike them, Xi speaks in the first person, emphasises the greatness of China, and quotes Mao. Drawing from the CCP repertoire of its “golden years” before the Great Leap and the Cultural Revolution, he extols the party as the core of the leadership and insists on Communist virtues. Hu Jintao, by contrast, always emphasised collective leadership and “harmony”, made “peaceful development” into an official mantra, and designed “scientific socialism” as a compromise between different ideological choices.

Xi’s speech to the press at the closure of the 18th Party Congress, a 1,500-word address, announced what was to come. It was short, and two goals stood out. The first was that of “happiness”, repeated twice. Guangdong province under its reformist leadership has had a “happiness index” for the past two years. The word suggests awareness of the aspirations of society, as distinct from party members and cadres. The other goal was the “great renewal of the Chinese nation”, a formula implying that the country needs renovation, and making “greatness” a goal in itself. After the congress, Xi made a well-publicised visit to Beijing’s National History Museum, where the humiliations of the past are very much on display. There, he would explain the renewal in terms of “the China dream” and twice quote Mao.

Finally, Xi mentioned the need to “ensure that our party will remain at the core of leadership”. That was a real play on words: instead of emphasising the “core leadership” which has designated a collective group of leaders excluding factional wings, Xi’s words put an emphasis on a monolithic party at the helm. This is a real change from the last decade. Instead of playing a balancing role between factions, Xi wants the party to unite around him, and he emphasises co-operation, calling the Standing Committee members “colleagues” (*tongshi*). His own views may swing from one option to the other, but there can’t be open debate, much less dissent, within the party’s ranks.

² Interview with a leading Chinese political scientist, Singapore, December 2012.

In particular, Xi likes to quote Mao's poems from the 1943 to 1949 period and occasionally the poet Li Bai, whose poems were standard fare for Red Guards during the Cultural Revolution. In this sense, Xi has something in common with Bo, who also quoted Mao extensively. Of course, quoting Mao was also a standard recipe for political survival during the Cultural Revolution, and Xi might also be reassuring the older generation and conservatives who backed his victory. Xi's acceptance speech again included a Mao quote about "serving the people" and assuming a responsibility that is "heavier than Mount Tai". This is vintage Mao, revived during the Cultural Revolution and during Xi's formative years as a youngster.

Another significant element of Xi's style is his praise of earlier generations of CCP leaders. To Xi, the first 30 years of the PRC, from 1949 to 1979, are as worthy of praise as the 30 years from 1979 onwards – in other words, the socialist construction era supervised by Mao is equal to the reform era ushered in by Deng Xiaoping. One cannot overdo Xi's loyalty to the founding families of the PRC: he has even received and heard out Hu Dawei, the politically liberal and activist son of Hu Yaobang, who was perhaps the most politically reform-minded leader of the CCP. Xi's generational and proximity sentiments may be genuine, but they may also blind him to the cronyism that the Chinese public so much resents.

These elements of Xi's style have implications for the possibility of reform. Reformists wanted the party to be subordinated to the legal system and a transition to a state of laws, if not to rule by law, and a democratisation that started inside the party's selection system itself. But Xi has clearly halted the debate about such an institutionalisation of the party-state and in fact is taking pre-emptive stands against its renewal. Immediately after the Party Congress, Xi emphasised party rules and due process – but not the legal system itself. During his Shenzhen tour of January, Xi castigated those who insist that "real" reform implies "embracing the universal values of the West", and claimed the right to choose "what to reform and what not to reform. There are things we have not changed, things we cannot change, and things we will not change no matter in how long a time passes."

This is a strong leader who has an absolute sense of his individual, genealogical, and ideological legitimacy. Where Hu held out something for everybody in his speeches and thus set no real direction, Xi expresses himself ambiguously and sometimes obscurely. One trend does come through: the return to the revolutionary era when the party controlled the state, without any perspective of transition to a normal constitutional state. On balance, and in this first year of power, Xi's flow of words shuts more doors than it opens, and the perspective of "mass line" politics and rectification campaigns hangs a sword over the party membership and government cadres. It is also remarkable that, since the handover, Wen has not made any public appearance and Hu has appeared only once.

However, although Xi has a radical style, he is not encouraging any radical ideological theme and he occasionally stresses due process within the party. In fact, local cadres and governments have often been taken to task by the public in recent times, and a blackmailing industry is thriving around their private sins. An attack on corruption will certainly curb the conspicuous consumption of luxury goods, often financed in China by work units or as bribes. It will not in itself roll back the private sector or legitimate business interests – and might in fact serve them. Neither can it empower them above party-state economic interests. In other words, if "control" is the keyword of Xi's style, this will leave little room for major reform or economic liberalisation.

Freezing politics and reforming the economy?

The one area in which Xi does not seem to be fully in control – and in which Xi's pro-establishment credentials clash with the need for an overhaul that will challenge vested interests – is the economy. The key figure here is Prime Minister Li Keqiang, who was not Xi's choice. In fact, Li was Hu's original choice for the top job until the collective leadership decided differently in 2007. Li is a reformer who once translated Alfred Denning's *The Due Process of Law* into Chinese. Only last year he endorsed the World Bank's *China 2030* report, which reads as a primer for fundamental reforms reaching well beyond the economy into China's power elites. The report's basic argument was that major reforms could not be delayed – in spite of its success, China's development model was unsustainable.

Some economic reformers had suffered setbacks at the Party Congress itself. Most notably, Zhou Xiaochuan, China's central banker, who had stuck his neck out for currency convertibility, kept his job, but did not get reappointed to the Central Committee. But they fared better in the spring of 2013, when China's semi-controlled legislature formally appointed a new government. Wang Yang, the former Guangdong Party secretary, became vice-prime minister for economic affairs. Lou Jiwei was promoted from the CIC (one of China's two sovereign investment funds) to the finance ministry. Liu He, an American-trained economist who was directly involved in the *China 2030* report, was named head of the State Council's Finance and Economics Leadership Small Group. Because Liu has been considered as an adviser to Xi and is credited with coining "top-down reform" in 2010–2012, this is taken as a sign that there may be serious changes ahead. But the trend does not apply to control over state enterprises. Jiang Jiemin, the chairman of CNPC, China's giant oil firm, was named head of SASAC, the ministry-level agency that shares with the Party's Organisation Department control over top state-owned enterprises. And the balance seems clear: reformers are deemed useful in technocratic positions, but not at the top of the party.

Since then, economic policy has confirmed the intention to rein in excesses and imbalances, even at the expense of growth – and this is being implemented more consistently than under Wen, who had initiated that policy. What is not yet clear is whether there are major structural changes underway which would prepare a further turn towards market and regulation over the state-driven and top-down growth process in place since 2008–2009. China faces a real dilemma. So far, it is fast growth and its components – the export chain, pump-priming investment into infrastructure, top-down promotion of industry strategies, induced savings, and currency sterilisation – that have made the reform era a success. A side result has been the unbalanced economy and society – an investment-to-GDP ratio of nearly 50 percent and a Gini coefficient that may be anywhere between 0.45 to 0.63. But inhibiting these trends will certainly impair growth in the short term. Reining in the state's not-so-invisible hand over the market may also produce wild speculative cycles. In fact, central government may not even be certain that it can tie the hands of local governments.

Under Hu and Wen, macro-economic policy consisted of stop-and-go measures, with bank lending and bank deposit requirements as the key instrument instead of monetary and interest rate policies. Every time the government moved to stem runaway credit, it soon rescinded the move for fear of hurting growth. It signalled the intention to tax real estate, and in particular multiple home ownership, but mostly backed off because multiple home buyers were precisely the most attractive market for developers. China's borrowers – first and foremost local governments and their proxies, real estate and infrastructure companies, or firms in sectors where there is official encouragement – have used “shadow banking”, including new wealth-management funds, to circumvent regulations. While China's central budget is balanced, and foreign currency reserves larger than ever at nearly \$3.5 trillion in mid-2013, the real scale of local government and shadow banking lending is not known with certainty, nor is there an assessment of hidden liabilities such as future pensions.

Occasionally, borrowers also find questionable sources of financing abroad. For instance, the huge rise in global copper prices in recent years largely came from forward purchases by Chinese borrowers: since raw materials are part of the official strategy for economic security, they could borrow funds on this basis, use them instead for their real-estate endeavours, and pay back on the assumption that copper prices would keep rising. In recent months in 2013, China's hot money outflow of the second half of 2012, triggered by political uncertainties, has been reversed in appearance, thanks to a new scam. Export statistics at the beginning of 2013 suddenly showed huge increases (as much as 93 percent to Hong Kong year-on-year). In fact, the corresponding amounts are conveniently borrowed on new RMB markets abroad and repatriated to fuel the investment and real-estate craze. Reining in central banking and credit is not sufficient to snuff out these new practices. Stamping them out, getting rid of overcapacities in industry and

construction will kill fast growth – perhaps only a statistical correction since that growth is now unsustainable – but will also generate social tensions.

Like its predecessors, the Li Keqiang government has therefore had one foot on the gas and one on the brake. But, in late June, it acted much more decisively. A sudden curtailing of monetary creation sent short-term and inter-bank borrowing rates ballistic. The government has quickly reassured markets that it would not starve the banks. That may seem like a replay of previous stop-and-go hesitations. But, like Federal Reserve Chairman Ben Bernanke's experiments with turning off the spigot of public bond purchases, the move does serve notice on China's informal borrowers that the good times of expansionary public policies will end. China's move, in fact, mirrors the Fed's move to restrictive monetary policies. For it is the current account surplus and currency sterilisation that have made it possible to finance China's runaway growth. Were the US and Europe, China's main markets, to contract again, the margin for an expansionary policy in China would also shrink.

This top-down approach by the central bank reflects a basic feature of Xi's domestic strategy: to check irrational economic behaviour (corruption, waste, runaway informal credit). This is the priority, rather than reforming the key state economic actors, which might in fact emerge strengthened as a result. China's banks, state-run but with their own individual strategy, are caught in the crossfire because they have financed so much questionable development in China's grey economy or informal sector. Most of all, China's non-state economy – whether it is small and medium-sized firms, private companies without the privileged access to financing, or local speculators will be hurt. Indirectly, tightening money creation may also force more careful investment from China's big state actors – whether these are administrations or state enterprises. At best, this would be indirect reform, and they have more political weapons at their disposal to fight a major credit crunch.

Political speculation now revolves around possible changes to be announced at the Third Party plenum, which is usually held one year after the Party Congress. Changes in energy pricing, often mentioned, have already happened. A faster move to currency convertibility has been hinted on numerous occasions in the past. Other steps such as increasing the share of profits from state-owned enterprises to be distributed – to their holding companies, not to private shareholders – and increases in the social budget would go in the direction of liberalisation, but in a very modest way. Authorising local governments to launch public bonds instead of resorting to financing tricks could be a major change: it immediately raises the question of what would be the state guarantee for those public bonds.

A tougher, more rational foreign and security policy

The starting point for Xi's foreign policy is in fact that China has arrived. The 30-year period beginning with Deng Xiaoping has come to an end. Xi has dispensed with statements about "low profile" inherited from Deng and is clearly claiming a global reach that is no longer based on the idea of the "democratisation of international relations" of which Hu spoke. Xi has immediately established a claim that China is a global power rather than what David Shambaugh has recently called a "partial power". In his first trips abroad as president, Xi visited Russia, South Africa, two other African countries, and Latin America to demonstrate that he would not be boxed in by relations with the West. Meanwhile, China has deployed patrol boats near the Senkaku/Diaoyutai islands and troops (armed with banners reading "this is our territory") beyond the so-called Line of Control with India.

Xi's weekend meeting with Barack Obama at Sunnylands in California in June superficially recalled Jiang Zemin's visit to President George W. Bush's Crawford ranch in 2002, but where that visit had been notable chiefly because Jiang signalled to Bush that he would not directly oppose at a military offensive against Iraq at the United Nations, the meeting between Xi and Obama was as much a collision as a conversation: neither side ceded ground. His first summit with Obama has been preceded by statements about a "big power relationship" and Xi had said that "the vast Pacific Ocean has enough space for the two large countries of China and the United States". The phrase, which implies strategic parity, must leave the other Pacific powers wondering about where they fit into this picture.

While calling for a "big power" relationship with the US, Xi has also termed Russia as China's "most important strategic partner" (China and the US do not call their relationship a "strategic partnership"). The declarations with Russia underscore respect for each side's "core interests", a phrase that China now seeks to promote with all of its partners. Minister of Foreign Affairs Wang Yi has also underlined that China will "build a new model of major-country relationship" and "take a more active part in the handling of international and regional hotspot issues".³ These statements carefully balance a dialogue among equals with the US, without necessarily ceding ground; contributions to the global order; and unspecified intervention into regional hotspots – a much more sensitive area.

Meanwhile, Chinese policy in the neighbourhood has become even more assertive than it was during the last years of the Hu–Wen era. Before that, China had always sought to create a non-adversarial regional environment and would never pick up a quarrel with more than one neighbour at a time;

it then seemed to have acquired a knack for antagonising almost all of them at the same time. As policy became more erratic, questions were increasingly raised about the "bureaucratic fragmentation" of China's foreign policy and security establishment. Beijing's expert and social media community were split between "integrationist liberals" and "assertive nationalists". Events like the maiden flight of a stealth fighter while US Defense Secretary Robert Gates was meeting with Hu in 2011 were often cited as evidence of his loss of control over foreign policy.

Xi was already in charge of one area of foreign policy before the succession last November 2012: in mid-2012, he was put in charge of the small group that runs maritime security and there are indications that he may have been put in charge of the response to Japan on the Senkaku/Diaoyutai island dispute in September 2012.⁴ If accurate, this is very important, as it puts Xi in charge of the most contentious area of Chinese foreign policy on the eve of his nomination to the presidency. He was also already vice-chairman of the Military Affairs Commission. Since becoming General Secretary, he has visibly relied on Wang Huning as a kind of informal national security adviser – he is the only Politburo member without formal attribution. He has also merged five different maritime agencies (all active in the South and East China Sea) under the State Oceanic Administration.

With Xi in charge, Chinese policy towards its neighbours has become more focused without necessarily moderating its course. Although there have been no new incidents with ASEAN countries, China has maintained its hold over the area surrounding Scarborough Shoal, which has long been held by the Philippines but is now claimed by China. After a tense stand-off in June 2012, the US encouraged a pullback on both sides – but layers of Chinese patrol units and fishing boats now maintain a grip around the islet. At the Asian Defence Summit in Singapore in June, a PLA officer confirmed what a Pentagon report had earlier revealed: Chinese military vessels, presumably submarines, have been entering American exclusive economic zones (EEZs). Regardless of the final interpretation on the United Nations Law of the Sea, what matters here is that China is indeed claiming equal rights, if not parity, with the US.

Chinese neighbourhood policy may be departing from the Hu era in two important areas. First, Taiwan is coming under increasing pressure – apparently from Xi himself – to submit any international move such as free-trade negotiations to the PRC's approval. Yet the Ma Yingzhou government has gone very far to assuage the PRC. It has used at least token violence (fire hoses) against Japanese custom boats around the Senkaku/Diaoyutai, effectively carrying the challenge one notch higher. And Taiwanese fishermen have also been engaged in skirmishes with their Filipino competitors in the South China Sea, resulting in

³ Wang Yi, remarks at the World Peace Forum, Tsinghua University, 27 June 2013, available at <http://www.fmprc.gov.cn/eng/zxxx/t1054783.shtml>.

⁴ See Linda Jakobson, "China's Foreign Policy Dilemma", especially note 33, Lowy Institute for International Policy, 5 February 2013, available at <http://www.loyyinstitute.org/publications/chinas-foreign-policy-dilemma>.

a single Taiwanese casualty. In effect, Taiwan has often moved with China – but is apparently not being rewarded.

Second, Xi seems to be moving in the other direction with North Korea. In 2010, South Korea was bitterly angry at China for its refusal to side openly against North Korea. But, with its own dispute with Japan over history and territory, South Korea is now openly courting Beijing. New president Park Geun-hye (the daughter of late President Park Chung-hee, the anti-Communist moderniser of South Korea) did not hesitate to cancel contacts with Japan after Prime Minister Shinzo Abe publicly mishandled the war responsibility issue in May. Park has succeeded in getting from Beijing a joint declaration against nuclearisation, and Chinese press reports hailing “the great emerging Korean nation” may be a sign that Beijing could finally contemplate reunification of the two Koreas in the future.

Two factors contributed to this shift. The first is an underlying belief in Seoul that American support is largely ineffective to resolve the issue – the Korean peninsula since 1991 has been a graveyard for international solutions to the North Korean nuclear issue. Conversely, China is persuaded that economic interdependence binds Korea to China more effectively than the strategic issues divide them. In sum, while Japan, Southeast Asia, and India are hedging against China by enlarging their US defence ties, South Korea is also hedging against potential American unreliability by getting closer to China. It doesn't hurt that this allows Xi to distance himself from Hu, who gave a very high level of public face to Kim Jong-il and even Kim Jong-un during his time.

Another development is also striking: the liberal, integrationist view within China's media and professional journals is diminishing. This concerns economic issues as well, which are supposed to be at the heart of China's convergence and co-operation with regional partners. Maoist hardliners and neo-leftist circles had been silenced as a result of the Bo affair. But there is now public intimidation of Mao Yushi, the elderly economic liberal who was a key architect of the first decades of reform. On foreign policy, the nationalists and hardliners seem to be rallying behind Xi, who fulfils their wish for a strongman. For example, in March 2013, leading nationalist general Luo Yan, who has ranted against “traitors”, subscribed loudly to “the leadership of Xi”.

The Chinese Andropov?

Whether out of family, generational, or organisational loyalty, Xi has put back the accent on the party rather than on political transition and state institutions. Reforms, however urgent and important, are likely to be led by the party and not as part of a transition to another institutional set-up. This means reformers will have to choose: they either serve in their place or become political opponents. Whether in domestic or foreign policy, Xi wants to champion a line that might be called “hardline modernisation”. Instead of separating party and state, he is reinforcing the primacy of the party. It means a return to the fusion of party and military leadership that existed before 1949, with the party – led by himself – directly in charge of the state.

One is tempted to invoke a precedent in Soviet history. Many conservative critics of the Hu–Wen leadership criticised the stagnation and indecision of the leadership team and suggested an analogy to Leonid Brezhnev's long reign. While sympathetic observers are trying at all costs to see in Xi a closet reformer – a Gorbachev in the making – he appears to be much closer to Brezhnev's first successor, Yuri Andropov. Andropov's reign, from 1982 to 1984, was abridged by illness, but he displayed some traits that could make him a role model for Xi. Very knowledgeable about the West thanks to his long tenure at the head of the KGB, Andropov believed both in a foreign-policy hardline to the West and party-led modernisation in the original Leninist spirit of self-reform.

Xi is not an old and ailing leader and, unlike the Soviet Union in 1982, the party-state he leads is rich. Nevertheless, he is taking big political risks. All of his predecessors have built on Deng's very ambiguity by allowing for limited liberalisation and opening to civil society – and for promises and hints that more is to come later. Held in check but allowed to persist at the grassroots, a viral information society in China would undoubtedly present a serious challenge to Xi's control if the economy were seen to tank. Nowhere is the risk larger than in foreign policy: any economic downturn would leave China exposed to the long list of its partners who have been unsettled by the country's affirmation as an unyielding great power in recent years.

Xi's ambition for China is a fascinating one, but it may ultimately prove anachronistic. In political terms, he is trying to recreate a militarised party-state as an effective builder of national sovereignty. In economic terms, he is trying to develop China from the top down rather than creating an individualistic and innovative society based on balanced institutions operating on legitimate rules. In foreign-policy terms, he is pursuing a neighbourhood policy based on strength in which China subjugates small countries within its sphere of influence while pursuing a “big power” relationship with the US. In short, it seems that Xi wants to combine nineteenth-century geopolitics with twentieth-century Leninist politics in order to gain the upper hand in a globalised twenty-first-century world.

About the author

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