No. 88 February 2020

# Xi Jinping's 'New Era' – Continuities and Change

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n post-1978 China, moderniser par excellence Deng Xiaoping's 'reform and open door' (gaige and kaifang) defined China's political and economic terrain. In 2020, forty odd years after Deng's reforms, observers wonder if 'the reform era, launched by Deng Xiaoping in 1978, is over' (Minxin Pei: 2018). China has changed, with far-reaching changes under President Xi Jinping. Xi has gifted China with a new guiding ideology 'Xi Jinping: Thought on Socialism with Chinese Characteristics for the New Era' codified in the constitution by the Second Plenum of the 19<sup>th</sup> Party Congress in January 2018. Xi has introduced no less than 300 reforms that have signalled changes and departures in 'every aspect of the party, government, economy, military and society' 1 (Zheng and Chen: 2016). An understanding of Xi's 'new era' (xin shidai) - politics, economics and foreign policy provides a deeper insight.

# Xi's 'New Era'

Xi's new guiding ideology recognises China's dramatic transition. Xi's ideology reads more or less like an updated, enhanced version of Deng's 'Socialism with Chinese characteristics

supplemented with the addition of 'Xi Jinping Thought' and 'New Era' at the beginning and at the end. China's transformation is evident in Xi's 2020 New Year Speech, with China's per capita GDP reaching \$10,000 in 2019. In 1978, when China was on the cusp of reforms, it was \$156. Indeed, the Chinese themselves say 'Under Mao, the Chinese people stood up (*zhan qilai*); under Deng, the Chinese people got rich (*fu qilai*); and under Xi, the Chinese people are getting stronger (*qiang qilai*)' (Susan Shirk, 2018:27)<sup>2</sup>.

Xi's rise in 2012 coincided with China sealing its place as the world's second largest economy (in 2010). The decade had seen much optimism about China's aggregate economy surpassing that of America in 2025 (Muhlhahn, 2019:167)<sup>3</sup>. China's double-digit growth rates averaged 9.6 percent between 1978-2015. By 2016, China had \$4 trillion in forex reserves. In 2012, China formally ended its high growth rate with a 7.7 percent growth rate (John Wong,

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<sup>&</sup>lt;sup>1</sup> ZHENG Yongnian and CHEN Gang, China's Politics: Bold Reforms and Unabated War on Corruption, *East Asian Policy*, Volume 8, Number 1, January/March 2016.

<sup>&</sup>lt;sup>2</sup> Shirk, Susan L, China in Xi's "New Era": The Return to Personalistic Rule, Susan L Shirk, *Journal of Democracy*, Vol.29, number 2, pp. 22-35

<sup>&</sup>lt;sup>3</sup> Muhlhahn, Klaus. 2019. *Making China Modern: From The Great Qing to Xi Jinping*. Belknap Press of Harvard University Press, Cambridge, Massachusetts, p.167.

2017:22)<sup>4</sup> but China's current growth rate of 6 percent (in 2019) was deemed higher than several of its neighbours. It is only recently (2020) that optimism about the Chinese economy has taken a beating — with the double-whammy of the 18 month long US-China trade war and the coronavirus 2019nCoV virus outbreak in China.In 2012, the year that Xi rose to power, the strong economic foundation provided Xi the optimism and opportunity to mirror 'China's sense of its own identity and place in the world' (Eisenman 2019:63)<sup>5</sup>. As a leader, Xi sought to update China's geostrategy from the old to the new, in domestic politics, economics and in China's engagement with the world marking new trajectories, shifts and outcome.

#### 'Economics First' Again?

Indeed, Xi, like his predecessors made 'economics first' the golden principle. But Xi marked the shift from decentralised reforms to centralised reforms, and from a zero-blueprint of action to a "top-level design" in policy making. Supply Side Structural Reforms (SSSR) have addressed the inefficiency of resource allocation at the micro-level(Qian: 2019, 18)<sup>6</sup>.

Xi embraced 'economics first' in tandem with 'China Dream' (2013) of national rejuvenation and prosperity. Xi sought to enhance China's economic goals aiming for 60 percent urbanization by 2020, eliminating absolute poverty by 2020 and doubling the 2010 GDP by 2021. Xi sought to factor in the sociopolitical and economic goals of China's 'Two Centenaries', namely the goals of achieving 'well-off society' by the first centenary (of the Communist Party, 1921-2021) and making a transition to a 'high income

country' by the second centenary (of the Communist revolution 1949-2049).

Xi's 'economics first' manifested in several ambitious plans. The Belt and Road Initiative (BRI, 2013) that taps China's surplus aims to create and connect with economic corridors and infrastructure is on-going. In fact, Xi hosted the second Belt and Road Forum for International Cooperation in April 2019.

Xi backed the Asian Infrastructure Investment Bank (AIIB, operational 2016) and the BRICs (Brazil, Russia, India, China and South Africa). Xi also championed Free Trade Area of the Asia-Pacific (FTAAP) involving 21 economies that are part of the Asia-Pacific Economic Cooperation (APEC). Under Xi, the New Development Bank (or the BRICS bank, 2016) set and the up, Comprehensive Economic Partnership (RCEP) involving 10 ASEAN members and six others has been signed, excluding India which did not sign the treaty. Xi's 'Make in China 2025' is also an effort to energise China's manufacturers and innovators alike.

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### **Politics: Burying Deng?**

The economic shift has come with a political shift as also a distinct foreign policy shift. It was Richard Baum who suggested that Deng 'buried Mao' or Mao's legacy. Deng initiated reforms and procedural changes such as the revival of the Party Congresses every five procedural leadership, years, collective leadership, leadership succession, term limits and mandatory retirement — 'burying' Mao's personalistic, centralised rule. It may not be wholly incorrect to say that Xi, in turn, has 'buried Deng'— changed or reversed China's tack back to a more centralised political system.

Deng's semi-formal quasi-institutionalisation led to successful leadership transitions, from one generation to the other. Deng eschewed institutional titles (at one point, Deng held no formal title), promulgated a two-term limit for

Policy, Vol.11, Number 1, January/March 2019

<sup>&</sup>lt;sup>4</sup> WONG, John, China's Economy 2016/2017: Seeking Growth with Stability Amidst External Uncertainty, *East Asian Policy*, Volume 9, Number1, January/March 2017, p.22-23

Eisenman, Joshua BRI in Context: China's Geostrategic Conception of the Developing World, *Global Asia*, Vol.14, No.2, June 2019, p.63
 QIAN, Jiwei, Chinese Economy 2018: Transforming Economic Structures and Stabilising Growth, *East Asian*

the President (in 1982), championed collective leadership to prevent the emergence of 'mini-Mao's' and championed gradual separation of the party and the state (dang zheng fenkai). A 1980 piece entitled 'On the Reform of the System of Party and State Leadership' decried 'patriarchal traditions and overconcentration of powers' calling them 'a tool for a dictator' (Lam 2015: 9; Brodsgaard 2016). But Xi has taken on several institutional titles. The twoterm limit for President and Vice-President was rescinded in a Constitutional amendment (2018). The mandatory retirement policy was circumvented to accommodate Xi's right-hand man Wang Oishan, the former head of the Central Commission for Discipline Inspection (CCDI) who spearheaded the anti-corruption crackdown. And in a reversal, the party and the state instead of separation, is witnessing fusion.

#### **Politics: Xi's Institutional Titles**

Xi has taken on an unprecedented number of institutional positions in both the Party and State (military and police) redrawing the boundaries of institutional power sharing in the 'new era'. At Cheng Li's count (2016), Xi held 12 top posts in the most powerful leadership bodies, including as the Commander in Chief of PLA Joint Operations, a new position as there were no formal 'joint operations' under previous administration (Gueorguiev, 2018:18).

Xi has taken the lead over several 'leading groups' (lingdao xiaozu) informal suprainstitutional bodies of power, adding a new layer of authority between the formal State Council (cabinet) and the leading groups that function somewhat like a 'shadow State Council' (Shirk, 2018:23). These bodies 'crosscut and overlap multiple policy arenas, some of which have traditionally fallen under the Politburo purview of other Standing Committee (PBSC) members and State Council members' (Gueorguiev 2018:18).

#### Politics: Xi's leadership style

The leadership style has seen a change, 'Back to Mao' as some observers say. The 'Learning From Xi Fans Club' (*xuexi fensi tuan*) and Xi's 'pocket book' (*kou dai shu*; 'pocket book' on

the lines of Mao's 'Red Book') and smart phone app called 'Study Powerful Country' (*xuexi qiangquo*) are devoted to Xi's political philosophy. Officials increasingly referring to Xi as *lingxiu* (Great Leader), a term associated with Mao.

In lieu of collective leadership *primus inter* pares Xi has emerged as the coveted 'core' (hexin) of the Party. Xi's protégé Huang Xingguo, the party chief of Tianjin 'took the lead to refer to Xi as the 'core' of Party leadership and to pledge loyalty and active support of that core' (Gore 2016:7). Others read a shift from 'collective leadership' to the model of 'group politics' (Wen-Tsuan and Wang, 2019: 19) where an inner circle of advisors rules the roost. Xi's inner circle consists of Wang Qishan; Liu He, Xi's chief economic advisor; Li Zhanshu, director of the Central General Office; and Wang Huning, a senior policy advisor (Shan, 2016:51).

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#### Politics: Fusion of the Party and the State

Since an anti-corruption campaign purged 1.4 million party members up until 2017, the primacy of the party has been emphasised, "East-West-North-South the Party is leading everything". Official media has been asked to "make the Party their surname" and officials asked to pledge loyalty to the Party "at any time, and under any circumstance" (Shirk, 2018:25-28).

In February 2018, the Party's lead was officiated through the Third Plenum of the 19<sup>th</sup> Congress. The Third Plenum is traditionally a forum to discuss economic reforms but in a significant move, approved plans to merge the party and the state. In March 2018, the CPC

<sup>&</sup>lt;sup>7</sup> GORE, Lance LP, Elevating Xi Jinping to the "Core" of Chinese leadership, *East Asian Policy*, Vol.8, Number 4, October/December 2016, p. 7

<sup>&</sup>lt;sup>8</sup> SHAN Wei, Xi Jinping's Leadership Style, *East Asian Policy*, Volume 8, Number 3, July/September 2016, p.51

Central Committee announced comprehensive reforms that entailed tighter control of the state by the party. Four party organs took over the function and responsibilities of six State Council institutions. The civil service came under the purview of the Party's Organisation Department; the administration of press, publication and film sector came under the purview of the Party's propaganda wing and Publicity department; ethnic affairs, religious affairs and overseas Chinese affairs came under the Party's United Front Work Department (Chen, 2019: 9)<sup>9</sup>. As Chen notes, the CPC now controls the staffing of the 10 million civil servants with the civil service under the Party's Organisation Department besides controlling the 89 million Party (cadre) members. All party members are cadre but all civil servants are not party members (cadre). Attending a National Party Congress briefing Wang Qishan said, 'There's only division of labour between the party and the government, but there's no separation of the party and the government'.

# Foreign policy: 'Go-out' Policy

Deng recognised the importance of 'economics first' and 'bringing in' (yin jinlai). Famously, Deng warned of the dangers of a China biding its time before its time: Observe calmly, handle without panic, hide your strength, build your capabilities, never pursue leadership, and seek accomplishments when opportunities arise (cited in Minxin Pei, 2018:37)<sup>10</sup>. Deng's foreign policy was 'biding time' (taoguang yanghui). Famously, Deng admonished 'The nail that sticks out will get pounded down'. 11But Xi's predecessors had already initiated a change in from 'responsive direction, diplomacy' (fanying shi waijiao) to 'pro-active diplomacy' (zhudong shi waijiao) (Zhu, 2009:187). <sup>12</sup> Xi's

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<sup>9</sup> CHEN Gang, Constitutional Amendments and Party

predecessors had articulated South China Sea as an area of 'core interest' on par with Tibet and Taiwan. In 2010, China's changing stance was evident when the Foreign Minister Yang Jiechi said at the ASEAN meet (in Hanoi) 'China is a big country and other countries are small countries, and that's just a fact'. The backdrop to China's assertiveness was China's economic weight. As Muhlhann notes, in Africa, China surpassed US as the largest trading partner, it had established a presence in Latin America, deepened relations with Russia and built bridges with ASEAN — in other words, had a 'highly visible global presence'. China's assertive policy was also a factor of its military modernisation. The Dongfeng 41, a nuclear capable ICBM and the new H-6N strategic bomber have been developed, on display on 1 October 2019. In 2012, China's (first) aircraft carrier Liaoning was placed in service in the People's Liberation Army Navy (PLAN).

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In 2014, Xi offered an alternative to the American 'pivot' in Asia. This was an expanded version of the 'China Dream' articulated as 'Asia-Pacific Dream' (yatai meng). Again, at the Asia-Pacific Economic Cooperation leaders meet at Beijing, Xi championed Asian Security Concept (ASC, yazhou anquan guan) emphasising that 'it is disadvantageous to the common security of the region if military alliances with third parties are strengthened' (Liff 2018: 155). Xi's ASC envisaged a 'new regional security cooperation architecture' to act as a counterbalance that was 'non-confrontational, but also uncompromising in terms of defending its national interest in the region' (Hu Weixing, 2015:20).

#### Xi's 'New Era: Success and Backlash

Xi's tenure is not over — yet. Neither are Deng's economic reforms, as it appears that Xi has interpreted Deng's reforms to China's changed times and needs.Xi retains the central focus of 'economics first'. Xi's economic focus

Power Centralisation in China, *East Asian Policy*, Vol.11, Number 1, January/March 2019, p.9

<sup>10</sup> Minxin Pei, 2018. China in Xi's "New Era": A Play For Global Leadership, *Journal of Democracy*, Vol.29, Number 2, pp. 37-51

<sup>11</sup>ZHU, Zhiqun China's Warming Relations with South Korea and Australia in LI Mingjiang, *Soft Power: China's Emerging Strategy in International Politics*, Lexington Books, Plymouth, 2011, p. 186

<sup>12</sup> ZHU, Zhiqun, "China's Warming Relations with South Korea and Australia", in Mingjiang Li (ed.), *Soft Power: China's Emerging Strategy in International Politics*, Lexington Books, Plymouth, 2009, p. 187.

has seen a shift from economic stimulus to much needed structural reforms. Measures to eliminate excess capacity with local having governments to sign "target responsibility documents" and reducing the leverage ratio for firms and local governments have been undertaken. Many of initiatives have kept imbalances, misallocation, shadow banking in check with greater coordination (Oian: 2019, 18). In fact, the failure of collective leadership under Xi's predecessor, Hu Jintao may have prompted the creation of powerful institutions centralisation to accomplish economic goals and cut bureaucratic slack. The 'cross system leading small groups that integrate the work of the different departments of state and surmount fragmented authority' (Wen-Hsuan Tsai and Wang Zhou 2019: 9) 13. Recently Kjeld Erik Brodsgaard suggested that decision-making under Xi reflects more of 'integrated fragmentation'.

China's assertive actions such as in the South China Sea have to be understood in the context of US pre-eminence in the region. China's strategies in the South China Sea from a 'perception of victimisation by other countries taking advantage of China's restrained foreign policy has coalesced into a more coherent plan under the strong leadership of Xi Jinping' (Shinji Yamaguchi, 2016:30) 14 Alexandre Sheldon Duplaix has argued that China has embarked on being a 'sea power' in the Indo-Pacific region, but this is to 'deter US intervention in Taiwan and to protect its trade in the Indian Ocean' (Alexandre Sheldon-Duplaix 2016: 51). In fact, Zhang Feng has suggested that in the South China Sea, Xi's policy is more moderate than the previous phase of 'forceful response' (2012-13). Zhang calls Xi's policy as one of 'proactive adjustment' with elements of both

assertiveness and moderation (Zhang, 2016).In politics, the primacy of the party and the leader as the institutional locus of power, fusion of party and the state were read as compulsions of economic reform and need to redress bureaucratic slack and fragmented decision making. Several observers noted that it could result in a more 'professionalised' as opposed to political decision-making by the CCP (Wen-Hsuan and Wang, 2019:21). However, one of the biggest blows to Xi's centralisation was state capacity governance, called into question by China's outbreak of the coronavirus 2019-nCoV in Wuhan. The local state in Hubei did not act promptly nor decisively as it awaited orders from the top. In fact, as it emerges 'top-down' control prevented the flow of information and the lack of transparency has led to China's biggest public health crisis since 1949. The 75 thousand confirmed cases and more than 2000 dead has surpassed the casualties during the SARS outbreak in 2002-2003. The accidental and dangerous consequences of centralisation and censorship— proved its inefficacy in a public health crisis.

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In foreign policy too, the US backlash against a rising China was one of the factors behind the trade war that raged for 18 months. Though it concluded with a 'phase one' trade deal, there are several thorny issues ahead. China's declining demographic dividend, structural changes, shrinking workforce, trade war, global slowdown and slowing domestic consumption were factors that drove China to make concessions. The emerging picture of Xi's 'new era' is quite mixed. What is distinctive is that Xi's means have changed, not the goalposts per se. On one hand, in the manner of Deng, Xi has been the architect of economic reforms with a reversal from 'growing out of plan' into 'plan' — from 'crossing the river by feeling for stones' to

Wen-Hsuan Tsai and Wang Zhou, Integrated
 Fragmentation and the Role of Leading Small Groups in Chinese Politics, *The China Journal*, July 2019, issue 82.
 Also see Lam, Willy Wo-lap. 2015. *Chinese Politics in the Era of Xi Jinping: Renaissance, Reform or Retrogression*? N.Y: Routledge p.9, p.20, p. 78, p.121.
 Shinji Yamaguchi, Strategies of China's Maritime
 Actors in the South China Sea: A Coordinated Plan under the Leadership of Xi Jinping? *China Perspectives*, No.2016/3, p.23-31

planned economic development. Xi's break from Deng's political compass has resulted in a re-centralised, professionalised, party-in-lead domestic political landscape, largely response to address bureaucratic morass, corruption and lack of accountability. Foreign policy has been re-oriented to sync with China's dramatic economic transformation. China has let go of 'biding its time' to make its place in the neighbourhood and the world. In other words, Xi's policy shift follows natural progression and evolution. But unlike Xi's economic success, picture of the political landscape and foreign policy is controversial. Has Xi bid China's time before its time? It is at this tipping point —timing and sequencing in the 'new era' that the fate of the so-called Xi's 'Third Revolution' hangs in balance.

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