

The 19th Party Congress: A Retrospective Analysis

by Susan Shirk, Lei Guang, Barry Naughton, Victor Shih and Tai Ming Cheung



21ST CENTURY CHINA CENTER
School of Global Policy & Strategy

UC San Diego

UC San Diego **21st Century China Center Briefing** published prior to the 19th CCP Congress offered six take-away points about the Congress and predicted some of its likely consequences.

- The 19th Party Congress provides a crucial test of the CCP's post-Mao trend of political institutionalization. If Xi Jinping is able to violate the Party's unwritten rules and precedents of leadership succession, it is more likely to herald an uncertain future of power struggles and instability in China than a stable system unified under one leader.
- Xi has centralized power more quickly and more completely than any other leader since Mao. However, it is doubtful that he will use such power to blaze new trails for market-based reform.
- Xi's economic policies have hit short-term targets, but they are untenable in the long run, absent of real market-based reform. As China embarks on a large number of ambitious and expensive initiatives, risks for a major policy blunder are high due to the pathological effects of dominant power.
- Xi has presided over the rise of a national security state that will further strengthen his grip over the military and other coercive instruments of power. He will have a more pliant and capable military on call, should he decide to deploy its power in domestic or international crises, or to further exert China's influence on the global stage.
- Xi has made information control a central focus of his administration. Cyclical patterns of censorship combined with a long-term trend to create an upward spiral of tighter controls on information are evident under Xi's second term.
- Xi's centralization of power will run into limits during his second term. Even if Xi wishes to countenance a new direction, his top-down mode of governance will likely render the party a less effective organization to drive policy change.

Following the conclusion of the Congress, we now offer a few brief observations about the immediate outcomes of the meeting. We will be continuing to follow longer-term consequences in our research.

LEADERSHIP SUCCESSION

Xi Jinping chose not to appoint any successor in training and thereby signaled his likely intention to remain in office after the normal two terms end in 2022. Defying the institutionalized process of leadership succession is a bold move that both demonstrates Xi's overwhelming power and injects greater uncertainty and tension into the system.

Deng Xiaoping's effort to regularize political life and check the "overconcentration of authority" that led to the tragedies of the Great Leap Forward and Cultural Revolution under Mao Zedong, has clearly failed. Xi Jinping now dominates all policy arenas in China. Officials seeking to further their own careers will act as "yes-men" to prove their loyalty to the leader and as a result, the risk of major policy mistakes looms large. Another risk is backlash from "disgruntled losers" whose expectations for promotion have been disappointed. Some, but not all, political challengers have been jailed for corruption and "plotting to seize state power."

Not surprisingly, the nomination process also was more centralized and dominated by the incumbent leader than in 2007 and 2012. At the previous two congresses, members of the Central Committee had voted in a straw poll prior to the formal election in a small step toward intra-party democracy. Xi Jinping reportedly won nomination as Hu Jintao's successor because he did so well in the 2007 straw poll. This time, however, Xi didn't want to give up control over the nomination process.

A Xinhua article published right after the conclusion of the 19th Party Congress criticized the straw polls for practices that are normal in democracies, i.e. people voted haphazardly for people with whom they had connections and they canvassed for votes. Xinhua also accused Zhou Yongkang (former security czar), Ling Jihua (former head of the Party's central office) and Sun Zhengcai (the Chongqing Party secretary who had been identified as a potential successor until he was jailed shortly before the Congress) of vote buying during earlier straw polls.

This year's nominees for top positions were chosen instead by individual interviews with current and retired senior officials. Xi Jinping interviewed 57 people and other senior leaders, at the request of the Politburo Standing Committee, interviewed 258 ministers and 32 senior military officers. Xinhua claimed that this method was superior because it was more democratic, free and fair; another article argued that this interview method avoided "blind undercurrents" of politicking that occur when people vote anonymously in group settings. In the one-on-one interviews Xi was better able to obtain the outcome he wanted. Some individual Politburo members were persuaded to voluntarily not seek reappointment even though they hadn't reached retirement age, a practice previously unseen in CCP leadership politics.

POWER SHARING

The composition of the Politburo Standing Committee chosen at the 19th CCP Congress reflects Xi Jinping's need to protect himself against a backlash from other Party politicians by sharing some power with them. The new list of Politburo Standing Committee members suggests some factional balance because of the inclusion of Wang Huning and Han Zheng, who came out of the Jiang Zemin-dominated Shanghai bureaucracy, as well as Li Keqiang and Wang Yang, who are more associated with Hu Jintao. However, because Wang Huning never had any important administrative position, he has no power base of his own and is expected to toe the Xi Jinping line completely. Therefore, along with close allies Li Zhanshu and Zhao Leji, Xi Jinping will have a majority in the PSC.

As in the past four Party congresses, since 1997, all of the Politburo Standing Committee members come from among the most senior members of the Politburo. The retirement of Wang Qishan at age 68 not only represents a nod toward retirement age rules but also eliminates a powerful figure who might represent a threat to Xi Jinping if he had remained in office.

It is in the Politburo where one sees Xi's domination of the party. He has expanded the base of followers who can sustain his rule beyond 2022. Of the 15 new members, 9 have been widely identified as former co-workers or childhood and family friends of Xi Jinping. A tenth, Wang Chen, overlapped with Xi when he was a sent-down youth in Yan'an. Regardless of who may or may not be chosen as a potential successor between now and the 20th Party Congress, it is all but certain that Xi followers will dominate the 20th Party Congress because many of the current Politburo members will naturally move up to the Standing Committee. In order to achieve this dominance, Xi has had to "helicopter" a number of his followers from ordinary party members directly into the Politburo, skipping Central Committee membership. These included Huang Kunming, Cai Qi and his former private secretary Ding Xuexiang. It is probable that his close followers such as Li Zhanshu will in turn cultivate their own networks of younger followers to occupy important positions at the 20th and the 21st Party Congress. In other words, through maneuvering mainly at the Politburo level, Xi has set his faction up for dominance for the foreseeable future.

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RECOMMITTING TO A STRONG RULE BY THE PARTY AND THE CORE LEADER

Xi excluded mentioning any of his predecessors' names except Mao and Deng in his long work report at the 19th Party Congress. Unlike past leaders who would pay homage to their predecessor's accumulated "theoretical" contribution to the communist thought, Xi evoked a direct connection with the founding moment of the Chinese Communist Party by opening his report with the simple statement "do not forget our origins."

The subtle phraseological turn, together with three small but significant changes to the Party Constitution, suggests that Xi is firmly in charge and that he is ready to consolidate further Party control over all sectors of Chinese society. Compared to the 2012 Party Constitution, the 2017 document emphasizes that the Party leads everything, not just over the "political, ideological and organizational areas" as it was phrased in 2012; maintains "absolute" (newly added word) control over the military; and aims to build a modern "powerful country," not just a modern nation, by the PRC's centennial in 2049.

A most consequential change to the Party Constitution is the addition of "Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era." The concept itself represents continuity with Deng Xiaoping's 1982 slogan, "socialism with Chinese characteristics" and with the long-term goals articulated by the Party's collective leadership before Xi came into power. But giving primacy to the current leader's ideological concept in the Party Constitution is an honor that no leader other than Mao has ever been granted. With his New Era thought, Xi declares both continuity in the party policy to realize the goal of building a "moderately well-off" (xiaokang) society and signals his intention to depart in a new direction in building socialism.

There will be continued emphasis on Chinese exceptionalism in the next five years. The phrase “Chinese characteristics” was mentioned 79 times in Xi’s work report. He has used “Chinese characteristics” as a prefix to describe “large power diplomacy,” “governance system,” “modern war-fighting system,” “military strengthening,” “new-style think-tank,” “basic healthcare system” and even “philosophy and social sciences.” (see table below). We expect to hear further elaborations of the meaning of “Chinese characteristics” by the authority figures in all these areas.

Table: “Chinese characteristics” is emphasized throughout Xi’s report. Below is the frequency of usage of the phrase as a prefix to substantive subject areas

	# times mentioned
Socialism (中国特色社会主义)	70
Large-country diplomacy (中国特色大国外交)	2
Governance system (中国特色的制度安排)	1
Modern war-fighting system (中国特色现代作战体系)	1
Military-strengthening (中国特色强军之路)	2
New-style think-tank (中国特色新型智库)	1
Philosophy and social sciences (中国特色哲学社会科学)	1
Basic healthcare system (中国特色基本医疗卫生制度)	1

ECONOMIC REFORM

Where does this leave us in terms of Xi’s commitment to market reform? Our prognosis remains unoptimistic. The word “market” was mentioned 19 times in the report, the lowest number of times it was mentioned since the 14th Party Congress in 1992 (compared to 51 mentions of market in the report at the 15th Party Congress, 50 at the 16th, 33 at the 17th, and 23 at the 18th Party Congresses). In the section on deepening comprehensive reform, Xi bluntly asserts that “only socialism can save China, and only reform and opening up can develop China.” The kind of reform that Xi is talking about, however, is less about deepening the role of the market. Rather, it is to strengthen the publicly owned (or state-owned) economy while the private sector will be merely supported and encouraged.

We will have to wait until the National People’s Congress meets in March 2018 to see the exact line-up of personnel in charge of economic policy. A critical unknown is who will replace Zhou Xiaochuan as head of the People’s Bank of China.

Despite remaining uncertainties, the 19th Party Congress gives us some additional tea leaves to read. Perhaps most significant is the ascension of Liu He, Xi Jinping’s most trusted economic

adviser, to a spot on the Politburo. On the one hand, this clearly strengthens Xi's control of the Politburo by elevating a trusted subordinate. On the other hand, Liu He is an economic official with strong pro-market inclinations and a clear reform orientation. Indeed, the elevation can be considered a reward for the successful complex of policies that Liu He helped put in place at the end of 2015 and beginning of 2016 when the initial reform push ran into significant difficulties.

Monetary policy in the immediate wake of the 19th Party Congress has displayed signs of modest tightening, continuing a trend toward higher interest rates that has been evident since the beginning of 2017. This indicates that monetary policy-makers feel encouraged and perhaps emboldened to take steps in the direction of a gradual de-leveraging. While it is still too early to tell, this may be an early sign that Xi Jinping will give whomever emerges as the new central bank head greater support in this effort.

MILITARY AND DEFENSE

Xi offered a timeframe in the work report for China's military modernization. By 2035, the PLA's modernization will be complete so that it will be a hi-tech information-oriented fighting force. By 2050, the PLA will be a "world-class" military power, which means that it will be able to match the technological leadership of the U.S. This shows that he intends to maintain the intensive pace of military modernization that he carried out during his first term in power, devoting extensive time and attention to military affairs. Xi quickly followed up after the Party Congress by meeting senior military leaders, touring military facilities and emphasizing the importance of building up the PLA's combat strength.

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Xi consolidated his already dominant control of the PLA by installing hand-picked loyalists to key positions on the Central Military Commission (CMC) which had been reduced in size from 11 to 7 members. Gen. Zhang Youxia became a CMC executive vice-chairman and CMC Political Work Department Director Gen. Miao Hua became a CMC member. Zhang, who is close with Xi through family connections, is young enough to have the possibility to stay for two five-year terms.

The lack of a successor in training makes it unlikely that the norm will be followed to appoint a civilian onto the CMC halfway through the second term, in an effort to gain knowledge of military affairs before fully taking over at the 20th Party Congress. Anyone who aspires to become Xi's successor will need time to be acquainted with the military and for military chiefs to get to know them.

ELEVATED IMPORTANCE OF FOREIGN POLICY AND CHINA MODEL

For the first time since 1997, China's number one diplomat has been given a seat in the Politburo. Yang Jiechi, a veteran diplomat and expert on U.S. relations has been promoted to the Politburo. He currently serves as the National Security Advisor and is likely in line to become a Vice Premier.

Xi has reason to elevate foreign policy to higher importance, given his open declaration of China's international ambitions. Xi declares that, in the new era, the Chinese model of development, namely socialism with Chinese characteristics (SWCC), "offers a brand new option for developing countries that want to achieve fast development and yet want to keep their independence." Xi believes that SWCC represents a distinct contribution of Chinese wisdom and that it can expand the developmental pathways for other developing countries. Previous Chinese leaders, with the exception of disgraced Bo Xilai, had been cautious about touting a distinctive China model as a competitive challenge to Western-style market economy. But not Xi. Not only does he advocate SWCC as an economic model but he also asserts that China's "socialist democratic politics" is a viable model that contributes to the mankind's political culture.

CONCLUSION

In conclusion, the outcome of the 19th Party Congress has confirmed our analysis about the trend of power concentration in the hands of Xi. In spite of his nod to the seniority rule and his attention to factional balance at the very top of political power, Xi has changed the rules of the game for leadership succession and power sharing within the party. The shock to the Chinese political system may produce potential backlash to Xi's rule down the road.

There is no doubt that the Party will be front and center in all areas of Chinese people's lives, including the economy. In the economic area, the tension between the party/state and the market will remain and much will depend on if the pro-market officials will be given room to pursue a reform agenda. In national defense, the Party's "absolute" control over the military is re-affirmed and modernization of the military, especially its war-fighting capability, will be a key focus of Xi's efforts in the years to come.

Finally, Xi sees China moving closer to the center of the world's stage. Xi will continue to invoke the rhetoric of "Chinese characteristics" to highlight Chinese exceptionalism. But he will start to proffer the Chinese political and economic system as a viable alternative to western pluralism, democracy and a free market economy.

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21ST CENTURY CHINA CENTER

21st Century China Center

School of Global Policy and Strategy | UC San Diego
9500 Gilman Drive #0519 | La Jolla, CA 92093-0519
(858) 246-1950 | 21china@ucsd.edu

china.ucsd.edu

OUR PEOPLE

Susan Shirk, Chair

Lei Guang, Director

Samuel Tsoi, Assistant Director

For a list of 21st Century China Center scholars, visit china.ucsd.edu/people.