Qüestions CIDOB

CHINA: InterestingTimes

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May you not live in interesting times **--so goes the ancient Chinese proverb. As in English,** ***interesting*** **is to be taken as an obvious understatement. The proverb refers possibly to times such as the present, where questions about the immediate future are piling up in many countries, begging for answers.**

In China, 2012 is on its way to earning the *Annus horribilis* **label: former political star Bo Xilai stripped of political immunity, placed under investigation and waiting for trial; the "New York Times" report (25.10.2012) on Premier Wen Jiabao's alleged family wealth; the lower-than-foreseen economic growth (China's GDP grew 7.4% in the third quarter, missing the government's target for the first time since the financial crisis); the ongoing territorial row with Japan over the Senkaku/Diaoyu Dao islands; Tibetans immolating themselves at an embarrassing rate (four, during the last week in October) –to name just a few of the current headaches for the Chinese leadership. By far their main challenge, though, is the 18th Communist Party Congress in November, where seven of the nine members of the all-important Politburo Standing Committee will be retiring --including current paramount leader Hu Jintao and Premier Wen Jiabao—, and a new generation (the so-called fifth generation) will take the helm. This coincides in time with the planned renewal of 70% of the Central Military Commission and the Executive Committee of the State Council, thus signalling the most significant political leadership transition in decades.**

Seán Golden points out that the first thing to understand about the Congress is that the Party in China is much more than the Party –it's the System.

If it were possible to hold elections in China and the Communist party of China (CPC) lost, the country would come to a halt –the civil service would stop. In China, they never separated Church and State. Power is a grid with three columns --Party, State, and the Military--, in which the horizontal rows are the same: the new CPC Secretary-general will become China's President, there is no distinction between the two –as if the Pope were to become Italy's Prime Minister. We do not know when he will become President of the Military Commission too (it is likely that his predecessor, Hu Jintao, will keep the post for the next two years). The same applies at level two (the Vice-Secretary-General of the Party is also Prime Minister) and so on down the line. The obligation of the Party to care for political purity is embedded

in the state –hence, multi-party proposals are out of order. Ideological purity means ideological control of the political administration and the military force. This is one of the main reasons why China is not efficient: in every ministry, in every local government, there is an administrator and a party official (same rank) at each level of administration, so that in case of disagreement, appeal has to be made to a higher authority.

The 16th CPC Congress in 2002 enshrined the practice of "collective leadership" and governing through consensus –meaning that the paramount leader shares power with his circle of senior leaders in the Politburo Standing Committee, particularly the Premier. Would you say that this is what characterizes the fourth and fifth generations as opposed to the previous ones?

The first generation had a centre: Mao Zedong. The second, had Deng Xiaoping. These leaders, like the emperors, named their successors. They did so to protect their legacy –to keep some control so as to protect themselves. Deng Xiaoping did not allow Jiang Zemin, the third generation's paramount leader, to choose his successor –and so Hu Jintao became Secretary-general and President. Hu Jintao was not allowed to choose his successor at the last Party Congress in 2007. This showed that collective leadership was very much in force. Now, it is important to note that the members of the Politburo Standing Committee increased in 2002 from seven to nine, which meant that more factions within the Party were represented. If they were to be reduced now back to seven, as seems quite likely, it would be a symptom that a power struggle is under way –and that somebody is winning.

The CPC is the world's largest political party (80 million members) and it has experienced a dramatic growth over the last decade…

An increase in party membership is a symptom of a power struggle as well. During the Cultural Revolution (1966-1976) the Gang of Four packed the Party with their own supporters and CPC membership increased dramatically. A rapid expansion is a very negative sign: you cannot maintain a tight selection process, and so incompetent or corrupt or partisan people get in. It can happen as a result of factional positioning or of a deliberate policy aiming at reinforcing bureaucracy (China's bureaucracy is actually too small to manage a capitalist economy for such a large population). Since Deng Xiaoping, the Party has also been co-opting red capitalists (better to have them inside than outside), and new capitalists –who distrust bureaucracy and thus the Party— have been interested in getting in (better to be inside than outside).

You have mentioned "power struggle" twice…

There are definite signs of it. For instance, last August Politburo members held an informal meeting at the holiday resort of Beidaihe. Observers assumed they were ironing out a consensus for the Party Congress. But the meeting broke up without a coomplete agreement. Then Xi Jinping, the expected next paramount leader, disappeared for two weeks, and no explanation was given when he got back. Another sign: the 18th Congress was initially scheduled for October –but it will be held in November. It has been an eventful year, and Bo Xilai's ousting on corruption charges is a political quake with many aftershocks. To the extent that Bo Xilai wanted to build a political alternative to the current liberal trend, he represents one side of the major ideological struggle going on between the liberals (who demand more market, so as to generate wealth and perhaps to weaken government) and the new left (who wants to redistribute wealth, in order to boost internal demand and reducethe centrifugal forces of social inequality).

What are the main issues?

First of all, the income disparities between the East Coast and the rest of the country: inequality in China is growing fast and is reaching the same level as the US. Second (related to the first), the pressing need to develop an internal market to keep the economy growing –half of the population that still lives in the countryside lacks the necessary purchasing power to create a sustainable domestic consumer market. Third, corruption: it is the Chinese citizens' number one worry today –they are quite simply fed up with it.

Are they asking for change?

People want to improve their standard of living, and will react strongly if their standard of living is undermined. They are not asking for anything else --except fighting corruption and perhaps maintaining national pride. Within the Party, where it is debated whether political power comes *from* the people (as Abraham Lincoln said) or whether political power is to be used *for* the people (as Lenin and Mao insisted), the situation is quite different. For instance, Wen Jiabao (who led the fight against Bo Xilai, and whose faction is now seriously talking about political reform) maintains that it is the people who have delegated power to the Party –and hence, they can withdraw it. This is very close to democracy as we understand it, but vastly different from what it traditionally means in China, which is: unelected technocrats run things, and periodically submit policies for the people's approval (Sun Yat-sen's way). Wen Jinbao says that the Party must earn its legitimacy.

And what about Xi Jinping?

In February 2011 an association was founded, the Children of Yan'an (Yan'an was the cradle of Mao's Revolution), by sons and daughters of veterans of the Long March –like Xi Jinping. They have held three more meetings since then, and written and sent a manifesto to the Central Committee asking for more internal Party democracy and political reform as an antidote to party decay. They use the term New Democracy (used in the 1930s and 1940s) to describe a different relationship between the people and government. We are talking about a lobby here. Xi Jinping (who was in the army, as is his wife) belongs to a generation of "princelings" –the children of the revolutionary leaders, who have benefited the most from economic development (they are not red capitalists, but *nomenklatura* turning capitalist), and many of whom are now solidifying their own power. This is a large faction, a political aristocracy with multiple connections. The other huge faction is the meritocracy: those who have risen through the Communist Youth League, following a long initiatory path of evaluation and selection. Just to make things more complicated, many leaders belong to both groups. Whether liberal or new left, they compete basically to generate wealth, since political success is equated to increasing your constituency's GDP, rather than redistributing wealth or protecting the environment.

For many years, Chinese foreign policy was guided by Deng Xiaoping's cautious injunction: "Hide brightness, cherish obscurity" –that is: bide our time. Does this still apply or has China's time finally arrived?

Both major powers are going at present through leadership struggles, so some inflammatory speeches and a certain degree of demagoguery should come as no surprise. Stirring nationalism is quite useful if you are trying to manoeuver politically inside the Party, but it entails unwise rhetoric --and China is keen on being extremely prudent in foreign policy matters. The Chinese take as a premise that there will be no world war in the next twenty years and that, in any case, they cannot undertake any

foreign adventures because they need stability for at least that long in order to settle their domestic problems. So, China is all for multilateralism: it prefers G20 to G8, and does not want to insinuate the possibility of a G2 (the US and China). However, Deng's advice to keep a low profile in world affairs is not exactly what many in the Party have in mind today, for whom China's time has finally arrived and the question is now how to consolidate its world power. They talk quite openly about what a world order dominated by China would be like –and how the dominant powers would react to it. To them, "peaceful development" is the model to follow: they know they must not do anything belligerent that would remind their neighbours of how Japan behaved in the past.

In the US many observers think that the Chinese are becoming militaristic: China's military budget has increased by 11.2% this year, passing the $100 billion mark…

Yes: this amounts to roughly $100 per Chinese citizen (accounting for less than 10% of world military spending), whereas the US military budget is about $2200 per US citizen (accounting for more than 40% of world military spending). The West thinks that when military spending goes up, so does international insecurity, and they have their own recent history to back this up. But, to what extent does an emergent power necessarily provoke "insecurity"? China is building infrastructures to guarantee supplies (of raw materials) and overseas markets (for manufactured goods) on routes to and from its economy –notably, the so-called "necklace of pearls", a string of deep-water ports throughout Southeast and South Asia and into the Persian Gulf,as well as a merchant fleet and a modernized navy to protect that fleet. The US says that they are not doing it to protect business and commerce, but to compete for world dominance –a completely different analysis. But if you observe what the Chinese are doing in Africa and South America, it is quite clear that the engine of China's foreign policy is economic: they need raw materials and they need markets. There is an ancient Chinese proverb that defines China's approach to policy perfectly: *You cross a river by finding the stepping stones*. It is, in fact, free from any doctrinaire approach.

In any case, it has recently hit the Western news that this year's publishing sensation in China is *Unhappy*, a collection of angry essays railing at foreign bullies and domestic fascination with western ways. Despite negative reviews, it has topped the bestseller lists. How widely shared is the thought of breaking up with the West?

Nationalism in China is a very complex concept. During the 1980s and 1990s, the West (particularly the US) was the model to follow: thousands of Chinese students went to read for degrees and graduated from western universities. But then, in 1999, NATO bombed the Chinese embassy in Belgrade, and the popular reaction against the West (the US and NATO) was huge (the government tolerated demonstrations). In the intellectual field, post-colonialism and postmodernism became the rage and artists began to look to Chinese tradition for a non-western, alternative source for modernity. The government, however, is afraid of nationalism, reasoning that when Maoism collapsed, capitalism took its place (with Chinese characteristics), but now, if the economy were to slump, what ideology would replace that? There is social unrest simmering already and the middle-classes would surely turn against the Party if money stopped coming in (a 6% GDP growth or less would generate unbearable unemployment). One strong possibility is populist nationalism. The Party knows this and is frightened –and so are intellectuals. We have seen what nationalism has done to the Balkans and simplistic populist solutions cannot solve complex problems in an interdependent world economy.