

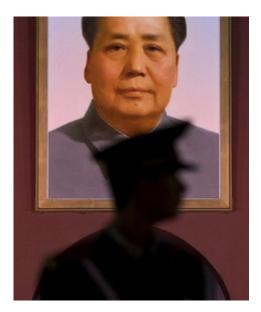
## China's Transition: Towards a "Red Revival" or Socialist Democracy?

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As China's 18th Communist Party Congress draws to a close, the world's most populous nation prepares to install the country's fifth generation of leadership since the Chinese Revolution of 1949. Despite overseeing a stringent police state with heavy limitations on political expression, China's leadership have taken the nation from starvation to space travel in just a few decades, lifting approximately 600 million people out of poverty. [1] Of course, the Communist Party still has a fair share of trouble on its hands; managing an economic slowdown, finding ways to raise incomes while keeping production costs competitive, and dealing with radical pro-secessionist sentiment in Tibet and Xinjiang. Undoubtedly, China's leadership has maintained its legitimacy by overseeing massive economic growth – its inability to continue on such a path would ultimately create trouble for the Communist Party. Chairman Mao once preached, "An army of the people is invincible!" – hence, China spends an astounding \$111 billion on internal security, more than what is allocated to the People's Liberation Army. [2]



President Hu Jintao's administration oversaw the construction of new infrastructure and high-speed rail networks, the rise of emerging provincial metropolises such as Shenzhen and Chongqing, and China's lucrative economic engagement with Africa. During an address at the Party Congress, President Hu hinted at some kind of reform to the existing system:

"We must continue to make both active and prudent efforts to carry out the reform of the political structure, and make people's democracy more extensive, fuller in scope and sounder in practice; however, we will never copy a Western political system." [3] It remains to be seen exactly what kind of "democracy" President Hu is referring to, however it is apparent that China's leadership recknogizes the need to address the complete lack of public participation in the political direction of the country. Hu spoke of "diversifying the forms of democracy" and "democratic elections," and with that, one would hope for the incremental relaxation on political expression and dissent.

In combating the severe wealth gap between the rich and poor, President Hu has also called for China to double its 2010 GDP and per capita income for both urban and rural residents by 2020, the first time that per capita income has been included in the country's economic growth target. [4] Hu also called for the rapid modernization of national defense and armed forces, and the need to build China into a maritime power to protect its marine resources and interests. [5] Additionally, Hu praised the pro-autonomy policies of the "one country, two systems" arrangement, the need for integrating urban and rural development, and the possibility of military cooperation with Taiwan. [6] Of course, Hu himself will not be at the helm to steer China into its planned trajectory; it is safely assumed that Xi Jinping and his designated deputy, Li Keqiang, will be installed as president and premier in March 2013.

Xi Jinping is noted for ushering in positive economic reforms in the coastal province of Zhejiang, where GDP has grown by 10% annually over the past 30 years through bolstering small-scale entrepreneurs, providing supportive credit to private ventures, and governing with very little intervention in firm management. [7] Xi is the son one of the Communist Party's founding fathers, Xi Zhongxun, and was banished to labor in the remote village of Liangjiahe as a teenager during the Cultural Revolution before studying chemical engineering at the elite Tsinghua University in Beijing. Xi belongs to the 'princeling' faction, the offspring of party veterans who favor crony-capitalism by steering economic growth with high levels of state intervention, many of whom (such as Bo Xilai) champion a revival of Maoist socialism with contemporary values. Xi will be the first 'princeling' in the seat of power and it is unclear if his policies will reflect the governing style of others in his faction, or that of his own approach of adopting lesser government intervention. Xi appears to relate little to Maoist policy, only to the nostalgia of singing red songs and using the Chairman's aphorisms. [8]

Incoming premier Li Keqiang, who also toiled in the countryside during the Cultural Revolution, is from the 'tuanpai' faction. The 'tuanpai' have come from lesser-privileged backgrounds and have been groomed for leadership through the Communist Youth League; the faction is more focused on populist policies, rural development, and improving the conditions of farmers and migrant workers. The 'princelings' orbit around former President Jiang Zemin, while the 'tuanpai' favor the direction taken under Hu Jintao; the incoming administration has likely been selected to strike a balance between the two factions. A more dismissive analysis of these factional differences by US-based Chinese dissident Yu Jie could potentially be more accurate:

"People say Hu and Xi belong to different political factions. They say Hu comes from the Communist Youth League and is therefore more populist, whereas Xi, because he represents the "princelings" — sons and daughters of high officials — works in service of the wealthier coastal provinces. I think they're not that dissimilar. No matter if it's Hu or Xi, they're still only representative of the few-hundred families who make up the Chinese aristocracy. They are not in office thanks to a Western-style election, but are

the products of a black-box operation. They didn't rise because they're clever and capable, but precisely because they're mediocre. They are where they are today because they are harmless to the special interest groups that run China." [9]

Since a large demographic of people in China have benefitted from economic development, many have become complacent or exorbitantly wealthy, and are generally uninterested in political activism. While public trust in the government may be higher today than in 1989, the new leadership has a chance to rebuild public confidence by raising per capita incomes and loosening restrictions on expression. If Xi governs the country using the "Zhejiang Model" and supports local entrepreneurship, this would help reduce the wealth gap and wouldn't necessarily hinder the extraordinary monopoly profits of China's state-owned enterprises. China has avoided the mistake of the Soviet Union when it attempted to reform politically before doing so economically, however it still remains unclear if the Communist Party is willing to engage in any meaningful reform of their political system.

As the United States shifts its economic and military focus to the Asia Pacific, the question of Sino-US relations under the Xi Administration is an important one. Beijing's desire to flex its maritime muscle and exercise its sovereignty over disputed territories in the South China Sea will certainly not sit well with the Obama administration, which has ostensibly adopted a policy written about by American foreign policy theoreticians such as Robert Kagan, who has argued in favor of pressuring China through territorial containment. There are a myriad of ways in which the United States can accomplish these goals; it is more likely that Washington will continue supporting dissident groups and attempting to hamper China's overseas development projects, rather than engage in any military exchange. The Korean Peninsula remains a tense flashpoint capable of drawing both the United States and China into military conflict. The incoming Xi administration must be a mediator; it should more adamantly oppose the US military presence in South Korea and more actively assist economic development and social programs in North Korea. Xi Jinping is known to be a straight talker of sorts, and Washington can likely expect less diplomatic rhetoric from Beijing if it continues its current policy:

"Some foreigners with full bellies and nothing better to do engage in finger-pointing at us. First, China does not export revolution; second, it does not export famine and poverty; and third, it does not mess around with you. So what else is there to say?" [10]

## Notes

- [1] <u>China Wealth Gap to Stay in Danger Zone, Government Adviser Says</u>, Bloomberg, September 24, 2012
- [2] China to Spend USD 111 Billion on Internal Security, Outlook India, November 14, 2012
- [3] <u>Hu says China will not copy Western system in political reform</u>, Xinhua, November 08, 2012
- [4] China adds resident's per capita income into economic growth target, Xinhua, November

- [5] Hu calls for efforts to build China into maritime power, Xinhua, November 08, 2012
- [6] <u>Hu suggests military security trust mechanism, peace agreement with Taiwan</u>, Xinhua, November 08, 2012
- [7] Zhejiang Province: A Free-Market Success Story, Bloomberg, October 20, 2008
- [8] Xi Jinping's Chongqing Tour: Gang of Princelings Gains Clout, The Jamestown Foundation, December 17, 2010
- [9] Empty Suit, Foreign Policy, February 13, 2012
- [10] BBC News Profile: Xi Jinping, BBC, November 08, 2012

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