THE CHINESE COMMUNIST PARTY AND ITS STATE

XI JINPING'S CONSERVATIVE TURN

Michał Bogusz, Jakub Jakóbowski

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OSW

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THESES

- In accordance with the Leninist model, the total dominance of the Chinese Communist Party (CCP) over state structures is inscribed into the Chinese political system; the state structures' sole purpose is to aid the Party to govern China effectively and guarantee the Party's monopoly on power. The Party makes all personnel decisions, controls domestic and foreign policy, wields direct control over the army, and has the prevailing influence on the economy through the state-owned enterprises sector. It has no legal personality; it exists outside the state structures, in parallel to them, and also above them, acting as their binding agent, and also as the source of its cadres. The Party's structures are also the place where decisions are taken; they also transmit those decisions' into the complex and multi-level state structures of the People's Republic of China (PRC). The CCP thus plays the role of the state's 'nervous system', and as such, there is no alternative to it within the PRC's present political system.

- The official image of the Party monolith hides a dynamic, inter-generational and internally complex multilevel organisation, with a total of 90 million members. It is an arena for struggles for power between factions and interest groups and, increasingly, family clans. The dynamics of power within the CCP, and consequently the functioning of the state's structures, are undergoing constant transformation, demonstrating the PRC's great flexibility. Upon initiating the reform process after 1978, the Party moved away from the politically unstable one-man rule of Mao Zedong. It also began to institutionalise the rules of Party governance and to balance the influences of internal political forces, represented by the concept of 'collective leadership' at the top of the Party. Comprehensive reforms and a strengthening of the state structures were initiated, as well as economic transformation; this latter was driven by the shifting of much power to the regional structures and opening up the economy to the world. The Party also began to withdraw from the ideological disciplining of society, and offered it the opportunity to improve their material status, while maintaining control over all organised forms of social life and suppressing any symptoms of independence.

- Despite the spectacular success of the reform programme and the opening--up which began in 1978, the CCP entered the twenty-first century with a feeling of growing, multidimensional problems which could potentially jeopardise its continued rule over China. The decentralisation in the

management of the state and the inclusion of the Party structures in the development of a capitalist economy, in conjunction with the new pluralism at the top of the CCP, brought serious political challenges: debilitating factional fighting, the emergence of centrifugal forces in the regions, and corruption undermining the CCP's social legitimacy. These problems have also lowered the capacity for the internal reforms that have become necessary in the face of the ongoing exhaustion of the model of economic development which was devised after 1978. This has been topped off by the transformations in the international environment which are of key importance to China, including the intensification of its competition with the United States.

- When Xi Jinping assumed power as General Secretary in 2012, he received a mandate from the CCP's leaders to make a major adjustment in the structures of the Party and state, a kind of conservative turn aimed at restoring the prospects for the CCP's continued, indivisible rule in China. His response to the problems facing the Party has been a conservative – and more precisely, in the Chinese context, a neoconservative – renewal of the foundations of the PRC as established in 1949, including the strengthening of the Party at the expense of the state, a return to ideology as a tool of social control, and the rejection of previous experiments in limiting the Party's power by means of the rule of law and political liberalisation. In the dimension of socio-political governance, the methods Xi has employed are inspired by Leninist-Stalinist concepts, although this has been selective in nature, and has not included country-wide mass repressions or the central planning of the economy. From the perspective of the political *status quo* which was devised at the end of the twentieth century, the tools Xi has used to implement these changes are revolutionary in nature, and are associated with changes in the internal operation of the CCP. However, there are many signs that Xi's policy turn is taking place with the support of the Party's most influential clans and of some Party elders who see Xi's programme as a way to save the special Party-state project which the PRC is. This conservative turn has led to a change in direction in the PRC's foreign policy, which poses a challenge to the existing international order and has led to its re-evaluation.

- The essence of the changes Xi is making is the concentration of power in the hands of the CCP top leadership, at the expense of sectoral interest groups in the Party; the cadres at the local level; and the state and Party bureaucracy at the central level. This is being done through an unprecedented

replacement of Party cadres through the anti-corruption campaign, the development of informal Party bodies controlling the decision-making process, as well as the centralising reforms of the state administration. In parallel, Xi has been developing an extensive system of social control based on modern surveillance technologies and artificial intelligence, aimed at both the internal ideological disciplining of the CCP members, and at preventing potential sources of opposition arising among the public, as well as shaping behaviour at the individual level. The concentration of power and the strengthening of surveillance are intended to make the state more manageable and increase social stability in the face of rising internal and international challenges. As a result, however, the CCP's ever-tightening control over the economy often comes into conflict with its attempts to create a modern, innovative economic system based largely on the private sector. This is also calling into question the implementation of the most important reform package announced by Xi Jinping – the development of a new model of economic growth for the PRC.

- Xi Jinping's conservative turn translates into major changes in the formulation of sectoral policies in the PRC, affecting both decision-making processes and communication channels in foreign relations with the PRC. The personalisation of power in China increases the importance of people who have personal ties to Xi Jinping. Decision-making powers – not only those affecting policy, but also the governance of the state – are being moved to formal and informal structures within the CCP's central structures. Depending on the particular policy sectors, the decision-making process is centralised either by strengthening or creating new institutions, or by the significant concentration of prerogatives and positions into the hands of individuals from Xi Jinping's inner circle. This is creating a new mosaic of personnel at the top of the CCP, in which the importance of people in formal positions is increasingly giving way to political membership of Xi's inner circle and positions within informal Party bodies.

INTRODUCTION

The fundamental feature of the Chinese political system is the primacy of the Chinese Communist Party and its control over all areas of the state's operation as well as a large part of the economy. Historically, the CCP's organisational and decision-making structures preceded the existence of the People's Republic of China; therefore, in accordance with the Leninist model, they served as the basis for the new state institutions as built up after 1949. The dominance of the Party thus became permanently inscribed in the structure of the PRC. The CCP regards the state as a tool of governance, and as such it is subject to regular transformations corresponding to the political objectives and the current dynamics within the Party. Regarding how real power flows within the system, the representative bodies and state positions are to a large extent simply facades, and the Communist Party still retains its Leninist character. This is also one reason why the characteristics of the political regime in the PRC cannot be described in terms of its institutional structure or the formal and legal dimension of the state. Consequently, any description of the PRC's political system must focus more on answering the following questions: how does the Party rule China, who manages the Party, and how do they manage it?

This paper describes contemporary China through the prism of the ideology of Marxism-Leninism, which is the most important key to any interpretative analysis of the political system in the PRC. The CCP's assumption of power in mainland China led to an institutional break with the forms of state organisation which had previously operated in China, as well as to a deep transformation of Chinese society, including its political culture. Contemporary China, its institutional form and the relationship between the Party and the state are based directly on the Soviet model of late Stalinism. After the accelerated modernisation of the PRC's first years, China began the decade-long period of the Cultural Revolution, Mao Zedong's vast ideological campaign, which bore the traits of a civil war, and whose aims included the destruction of traditional political, social and family institutions. As a result, Confucianism, the traditional philosophical-religious system of East Asia, to a great extent ceased shaping the socio-political space and the institutional dimension of China, although it still has some influence on individual attitudes held by the Chinese people. Today other ideological currents and identities are present in China, such as the identity of a developing country; as a representative of the global South; and a nationalism based on the pride of its civilisational achievements, which the CCP (often instrumentally) draws upon in its internal and foreign policy. However, the ideology of Marxism-Leninism,

developed over decades by successive leaders of the CCP, gives the Chinese ruling elite its basic conceptual grid and shapes its aspirations, translating into the operation and evolution of the PRC. Furthermore, the importance of Marxism-Leninism has risen since Xi Jinping came to power in 2012, and then started implementing a 'conservative turn' towards the classical model of Leninism-Stalinism.

Another fundamental feature of the Chinese political system is its flexibility. In the face of internal and external challenges, the CCP has constantly sought new tools to maintain and strengthen its indivisible rule over China. Over the last couple of decades this has led to some fundamental re-evaluations of the Chinese system of government. However, in each case the changes have been implemented within the broad and relatively static institutional framework of the PRC as created in 1949. This also applies to the actions Xi Jinping has undertaken since taking power of the CCP in 2012. A major challenge in describing the PRC's political system lies in grasping both its inherently static nature, and the dynamics resulting from its flexibility.

This paper's aim is to describe, as comprehensively as possible, the overall political system of China, covering both fundamental issues such as the relations between Party and state in China, as well as the current dynamics associated with Xi Jinping's conservative turn. The work is divided into three parts with the aim of portraying the political system of the PRC on three different planes, complementary to each other, which describe both its static and dynamic elements.

Part 1 is a guide to the PRC's political system during the 'reform and opening up' period, in the form which was consolidated in the 1990s. It describes the Party and state structures, the mechanics of the political system, as well as the formal and informal rules of governance. By design this part has a static character, outlining the main institutional framework of modern China and the operational rules of Party and state, as based on the Leninist model. Although Xi Jinping's neoconservative turn is linked to changes in the dynamics of power within the CCP, together with the transformation of the state structures deriving from them, these changes have been carried out within the broad, relatively flexible framework of the PRC's political system as described herein.

Part 2 describes the current dynamics of the political regime in the PRC. It presents the conditions under which Xi Jinping has undertaken his conservative turn: the fundamental challenges facing the PRC, as well as the solutions

which Xi has proposed to the CCP's elites. This part presents a selection of the most important trends and processes which the Party and state structures in the PRC are currently undergoing. It explains the logic of the changes Xi Jinping is implementing, and the tools he has used to concentrate power within the CCP and centralise decision-making within the state structures. It also shows the consequences of Xi Jinping's neo-conservative turn on how the PRC functions.

Part 3 shows how far the changes to the PRC's political system implemented by Xi Jinping have contributed to the creation of sectoral policies. It focuses on several key areas which are important from the point of view of the foreign observer: economic policy, security and foreign policy, as well as social control. In addition to describing the newly-created or -transformed decision-making bodies within the Party and state, together with an assessment of their past performance, this section contains basic information about the persons who have formed state policy in the second term of Xi Jinping's government and the relationships between them, as known in March 2019.

In describing the Chinese political system, the greatest obstacle is the opaque nature of the regime, as it tries to present a monolithic image to the outside world, hiding all the mechanics of power behind a so-called 'bamboo curtain'. Therefore, analyses of Chinese policy are often based on readings of the current power structure based on indirect evidence, minor changes in the CCP's rigid political rituals, and rare leaks about political struggles to the media. In this respect, the study of Chinese politics is reminiscent of cold-war 'Kremlinology', with all of its limitations. Confronted with the CCP's policy of concealing the internal dynamics of government, Chinese public sources are of limited use, and are used in this study mainly to describe formal structures, as well as the state's current policy. Attempts to describe the real dynamics of the CCP are based on formal and informal talks held over several years in mainland China and Taiwan, Chinese sources published abroad, as well as the content of debates on the evolution of the PRC's political system conducted in the US, Europe and East Asia. In those areas of the Chinese political system which display extremely low transparency, the current state of affairs is presented in the form of the most likely hypotheses. More complex subjects are developed in the annexes.

Another serious problem in analysing the PRC stems from the fact that many of the basic terms used to describe contemporary political systems are not applicable to the Chinese system. In the Leninist model, the 'Party' is an entity

of much more comprehensive than political parties in democratic systems. On the other hand, the 'government' cannot be seen as a decision-making body, but only as a bureaucratic creation which administers China on behalf of the CCP. In turn, the word 'parliament' to a large extent reflects the more formal characteristics of the Chinese counterpart than its actual functions. For this reason, in this text, the institutions of Chinese political system are described according to their official names; this will create some obvious difficulty for the reader, but will allow us to avoid any confusion of concepts. To help the reader grasp the multitude of institutions involved, a list of them is attached at the beginning, together with the abbreviations used in the text to refer to them.

Note on Chinese transcription. All names and phrases from the Chinese language are written in accordance with *pinyin* Romanisation, the standard transcription of Mandarin, omitting tones. Exceptions are made for names that have already been established in the tradition of English spelling as used by newspapers, governments, major dictionaries etc.

LIST OF ABBREVIATIONS

APM	Armed People's Militia
CC CCP	Central Committee of the Chinese Communist Party
CCP (or simply 'the Party')	Chinese Communist Party (also officially the Communist Party of China)
CMC CC CCP	Central Military Commission of the Central Committee of the Chinese Communist Party
CPPCC	Chinese People's Political Consultative Conference
MPS	Ministry of Public Security
MSS	Ministry of State Security
NC CCP	National Congress of the Chinese Communist Party
NDRC	National Development and Reform Commission
NPC	National People's Congress
NSC	National Supervisory Commission
Politburo	Political Bureau of the Central Committee of the Chinese Communist Party
PLA	People's Liberation Army
PRC	People's Republic of China
SAR	Special Administrative Region
SASAC	State-owned Assets Supervision and Administration Commission
SC NPC	Standing Committee of the National People's Congress
SC PB CC CCP	Standing Committee of the Politburo of the Central Committee of the Chinese Communist Party
SCS	Social Credit System
SPC	Supreme People's Court

1. THE PARTY AND ITS STATE: THE PRC'S POLITICAL SYSTEM

1.1. The structure and operation of the CCP

1.1.1. The identity of the contemporary CCP

Over nearly one hundred years, the Chinese Communist Party has come a long way from a battle-hardened Communist guerrilla movement to a ruling Party with nearly 90 million members. The Party is still evolving, and there are indications that the Chinese political system is currently undergoing another profound transformation, a kind of 'conservative turn', whose face is Xi Jinping, who since 2012 has been General Secretary of the CCP (see part 2). In its institutional, personnel and ideological dimensions, the CCP is a unique entity which has no counterpart in the democratic world. However, its current character also has its roots in Chinese traditions of secret societies, as well as a specific historical experience: the struggle for power in China in the first half of the twentieth century, the period of Mao Zedong's totalitarian rule, and the very rapid social transformations of the 'reform and opening-up' period after 1978. To a great degree these factors have defined both the identity of the CCP and the aims, tools and worldview of its elites.

A strong bond which holds the CCP together is its sense of historical mission. The Party cultivates a belief in its historical task of reconstructing and modernising China, so that it can assume its rightful place on the world stage. The CCP emphasises its role in the reunification of China, ending the so-called hundred years of humiliation (1840–1949), the period of colonial oppression, civil wars and foreign invasions[1]. The notion that only the CCP's rule can protect China from chaos and disintegration is, in the Party's narrative, one of the foundations of its social legitimacy, and is commonly encountered among Party members. Despite its internal differences and particular interests, the Party is seen as a 'common good' among the members, as well as the guarantor of their privileged position. Therefore, the Party's current position within the PRC will be protected at all costs.

The CCP was established in 1921, with active involvement from the Comintern (Communist International). Until the PRC's break with Moscow in 1960, the

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[1] The description of these events is even found in the preamble to the Chinese constitution. *Constitution of the People's Republic of China*, en.people.cn.

Soviet Union provided it – in accordance with its changing needs and opportunities – with material, personnel and political assistance. During this period, the Party stood on the verge of extinction at least twice, in 1927 (the 'white terror') and in 1934 (the 'Long March'), losing no less than three-quarters of its members on each occasion. Despite all the adversity, after the Second World War it was able to defeat the Nationalist Party (*Guomindang*) of Chiang Kai-shek and gain control over the entire territory of China (excluding Taiwan)[2]. These experiences still influence the Communist Party's institutional memory today, invoking in it a 'besieged fortress' syndrome, and so its greatest fear is the creation of an alternative political organisation, inspired from abroad, aimed at eliminating the CCP.

The constant fear of an external intervention which could facilitate internal disturbances means that preventing social destabilisation is a top priority for the CCP government. The ability to maintain internal peace and prevent chaos (*hundun*) has a pervasive cultural and even cosmological importance in Chinese civilisation, and is the basis of political legitimacy of the CCP. In response to this challenge, the Party has the obligation to wield power by holding in its hands 'the rifle, pen and sword', where the 'rifle' refers to the army, the 'pen' to propaganda, and the 'sword' (which in China symbolises execution) to the security apparatus. These are the three indisputable bases of the Communist Party's rule, which it will never surrender.

After the CCP's decisive victory in the Civil War and the creation in 1949 of the People's Republic of China, the new state was built on the model of the USSR in the period of late Stalinism (1946–53), defining the state structures' role as subordinate to the ruling Party. Although the political system showed great adaptability to local political traditions, it was based on the USSR's Stalinist model of strong Party leadership and the cult of personality, in this case Mao Zedong. When his Great Leap Forward campaign (1958–62) led to the death by starvation of at least 30 million citizens of the PRC, the Party removed Mao Zedong from active politics[3]. In response, he used his strong personal position to unleash the Cultural Revolution, which was aimed at the Party apparatus itself, and led to a period of chaos and violence lasting several years[4]. After

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[2] See Jonathan Fenby, *Modern China: The Fall and Rise of a Great Power, 1850 to the Present*, Ecco 2008; J.K. Fairbank (ed.), *The Cambridge History of China*, Vol. 12: *Republican China 1912–1949* (part 1), Cambridge 1983; J.K. Fairbank, A. Feuerwerker (eds.), *The Cambridge History of China*, Vol. 13: *Republican China 1912–1949* (part 2), Cambridge 1986.

[3] Frank Dikötter, *Mao's Great Famine: The History of China's Most Devastating Catastrophe, 1958–62*, Walker and Company/Bloomsbury 2010.

[4] Frank Dikötter, *The Cultural Revolution: A People's History, 1962–1976*, Bloomsbury 2016.

Mao's death in 1976, the old elites regained power and influence, but the experience of the Cultural Revolution left a lasting impact on the CCP. This resulted in the creation of informal principles of governance that have prevented the emergence of a 'new Mao' and the return to political instability associated with the rule of an individual.

However, the Party is afraid not only of authoritarian leaders, but also of liberal currents within its own ranks. According to Party elders, the strengthening of such currents in the 1980s contributed to the outbreak of the protests in Tiananmen Square, which were brutally repressed in June 1989. The accompanying political crisis within the CCP led to the removal of more liberal cadres (including Zhao Ziyang, the then General Secretary of the CCP) and strengthened the conservative factions within the CCP's ranks.

Another shock for the Chinese Party elites came with the collapse of the USSR. Despite their rivalry with Moscow after 1960, the collapse of the rule of the Communist Party of the Soviet Union – upon which the CCP had modelled itself in the creation of the PRC and its own structures – presented a real prospect of the Party losing power. This led to the launch of a series of studies and research programmes aimed at discovering the causes for the USSR's disintegration. The CCP elite concluded that the Soviet elite made the mistake of introducing political reforms (letting the 'rifle, pen and sword' fall from its hands) while at the same time neglecting economic issues, which served to deepen the crisis. So the CCP decided to do the opposite: never to cede absolute political power, but at the same time to carry out deep economic reforms. In this way, China has created an unwritten social contract that is the basis of the country today; 'the Party allows to society to get rich, and in return it will not undermine the Party's power'. At the same time, fear of the advent of an internal reformer, a kind of 'Chinese Gorbachev' type remains prevalent within the Party ranks, and so all manifestations of 'liberal' inclination are quashed.

Recruitment to the CCP

The CCP is fundamentally an elite formation. Membership in the Party is both a source of personal influence and evidence of success in life. Many of those joining the Party today are recruited from among the best students in individual university departments – an 'invitation' that few people can refuse. Others are nominated by friends or co-workers who are already in the Party. Nevertheless, one can also apply for membership with the

support of just one member. Although the statistics do not reflect this (see box 'The CCP in numbers'), the greatest emphasis at present is on recruiting people with a higher education and those who are materially successful and can influence the opinions of their social circles. In each of these cases, acceptance is determined by several factors such as social class, family connections, scientific or professional achievements; but also by loyalty, and by susceptibility to ideological indoctrination. Often, Party membership is seen not only as a privilege, but also a form of control over society – by absorbing local elites, the Party also largely incapacitates them.

The economic reforms also led to serious social changes in China, which forced a significant expansion of the social spectrum from which Party members are recruited. In the eighties, during Deng Xiaoping's rule, intellectuals were recognised as a 'revolutionary class' first. The biggest opening took place under the rule of Jiang Zemin, who as part of his 'Three Representations' theory[5] also opened the CCP up to entrepreneurs and cultural animators. The automatic rejection of applicants because of their inappropriate class origin was also abandoned. This reflects the Party's ambition to present itself as representative of all social groups.

The CCP in numbers[6]

In 1921, 13 delegates, representing a total of 57 members, attended its first congress.

In 1934 130,000 soldiers and civilians departed on the 'Long March'; only around 7,000 of them reached their destination. Their losses were partially supplemented by an influx of people from other regions. Finally, the number of CCP members throughout China fell from c. 300,000 to 40,000.

In 1949 the CCP numbered just under 4 million people.

At the end of 2016 the CCP had c. 86.5 million members. 785,000 of them had higher education (0.9%); 1.57 million (1.8%) were under 35 years of age, and 22.98 million were women (26.6%). 9 million (10.4%) are government workers, and 7.5 million (8.7%) are cadres.

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[5]   ''San ge daibiao' zhongyao sixiang', 31 May 2011, www.china.com.cn.
[6]   See *Chinese Communist Party – Statistics and Facts*, www.statista.com.

1.1.2. The CCP's organisational structure at the central level

The CCP's organisational structure is rigid and hierarchical in nature. It is led by the Standing Committee of the Politburo of the Central Committee, which has the highest power in the Party and the country, and is led by the General Secretary of the CCP. On the level below, the Politburo brings together representatives of all the relevant groups and factions within the CCP, covering the key positions at both state and Party levels. The Central Committee, the next in the power structure, gathers the most important cadres from the provincial level, as well as from the army, the bureaucracy and the central state-owned enterprises. The Central Committee represents what is formally the most important representative body in the CCP, the National Congress of the CCP, which sits once every five years. Despite the formally representative nature of the CCP's structures, the personnel of the individual organs is determined by the higher levels of the hierarchy; thus, power flows from the top down, and the Politburo and its Standing Committee elect their successors through co-optation. Since the early 1990s, the CCP has sought to institutionalise the rules of Party governance, by balancing individual factions within a 'collective leadership' system, although these rules are currently undergoing partial revision under Xi Jinping's rule.

The CCP does not formally have any legal personality. It exists outside, or rather above, the legal system of the PRC. Theoretically its entire power is derived from the preamble to the Constitution. In practice it is the law, including the Constitution, which must adapt to changes in the statute of the CCP. The statute of the CCP represents the ultimate source of authority in the PRC.

Formally, according to the statute[7], power in the CCP derives from the Party's rank and file, with the senior top management emerging through a multilevel system of electoral colleges. Party structures start at the level of the basic Party cell in the workplace, or the local committee in the countryside, township or the city district, and their subsequent levels correspond to the administrative division of the PRC (see Annex 1). Party delegates at successive levels of territorial division – municipalities, counties, prefectures and provinces – select the more senior committees (for more on the CCP's local committees, see section 1.3.3) up to the CCP's central congress, where the delegates from the provincial committees make up the majority.

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[7]   Today the CCP's operating structure derives from the statute of the CCP with regard to the changes made in October 2017. See *Constitution of the Communist Party of China*, www.china.org.cn.

However, the CCP's formal structure does not reflect the real mechanisms of power within the Party itself, or by extension within the PRC. In fact, the main decision-making and executive centre within the PRC is located in the Politburo of the Central Committee of the CCP and its Standing Committee, with the General Secretary at the helm. These bodies control personnel policy within the CCP and the membership of the lower-level committees. According to the Leninist doctrine of democratic centralism, the leadership centres in the CCP are formed on the principle of co-optation – the highest Party organs determine the vertical promotion of individual members. The assignment of key decision-making bodies is a source of the constant struggle for power within the CCP, which has always relied heavily on factional politics and clientelist networks (see section 1.1.3), and the system of sending delegates to congress is just a facade.

Chart 1. The CCP's institutional structure, central level
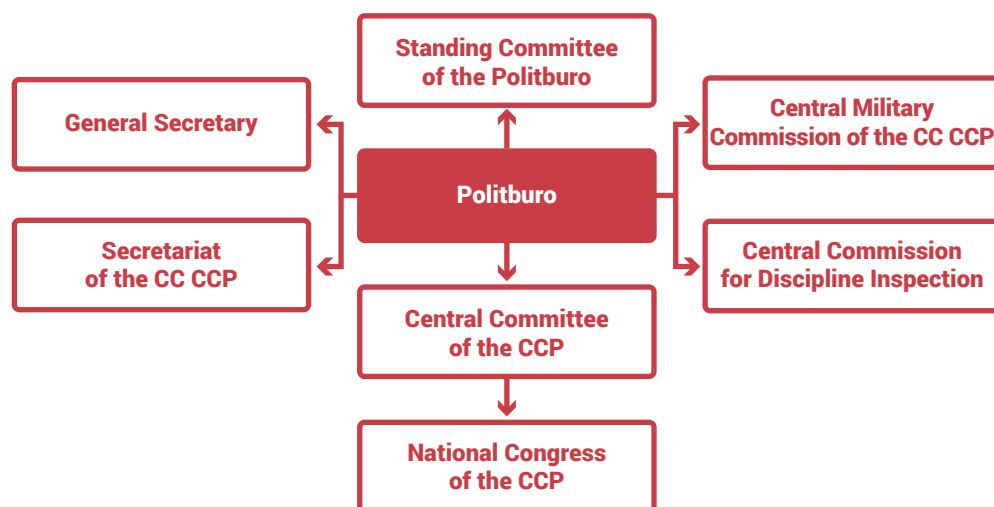
The National Congress of the CCP is formally the most important body in the Party. In recent years, it has met at regular five-year intervals, but it is always the CCP's Central Committee which decides to convene the congress. Its delegates, who number around 2300, are formally selected by 40 electoral units, including provincial Party organisations, departments of the CCP's Central Committee, central government bodies, the largest state-owned enterprises, the People's Liberation Army (PLA), the Armed People's Militia (APM) and CCP members from Taiwan[8]. The Congress is the only body authorised to change the

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[8]   In fact, on every such occasion the CCP tries to find someone who was born in Taiwan, or at least had ancestors from Taiwan, in order to use the arrival of a delegate from the 'breakaway province' in its propaganda.

statute of the CCP, which regulates the internal Party functions. Formally it is the delegates to the congress who 'select' the Central Committee from among its members, but the candidates are actually picked by the outgoing Central Committee.

The Central Committee numbers 376 people, including 205 members with full voting rights and 171 alternate members (non-voting). It is formally the most important body governing the Party between congresses. Its task is to implement the decisions of the NC CCP, carry out Party work and represent the Party on the international stage. In actual fact, the CC sets itself these tasks. The CC also elects the General Secretary of the CCP, the members of the Politburo of the CC CCP, the Standing Committee of the Politburo of the CC CCP, and the Central Military Commission of the CC CCP. Generally, however, the members ending their term of office recommend the new members, so it is reasonable to describe this as a process of co-optation. The CC also appoints the members of the General Secretariat and the Central Commission for Discipline Inspection.

The seven plenary sessions of the CC CCP

The CC customarily meets between National Congresses of the CCP[9] in seven plenary sessions, whose agenda is also generally customarily defined. They are used to announce major changes in the CCP's policy.

The 1st plenum meets the day after the NC CCP ends, and focuses on issues within the Party: the agenda for the General Secretary of the CCP, the Politburo's members, and so on.

The 2nd plenum takes place before the spring session of the NPC, and is mainly devoted to adapting the structure of the state to any changes that occurred during the NC CCP, which always takes place in the autumn of the previous year; and to staffing positions in the state hierarchy.

The 3rd plenum meets in the autumn, a year after the NC CCP, and is used by the new Party leaders to make their mark on the CCP and China. This is the occasion when major political or economic changes are usually announced. Also it always attracts the most attention from foreign observers.

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[9]   Hence such nomenclature: the Third Plenum of the 18th National Congress of the CCP's Central Committee took place in November 2013, a year after the 18th Party Congress.

The 4th plenum falls in the third year after the NC CCP, and usually focuses on issues concerning the PLA, and on implementing the changes introduced at the 3rd plenum.

The 5th plenum, which meets in the fourth year after the NC CCP, focuses on issues concerning the next five-year plan.

The 6th plenum falls at the beginning of the year when the next NC CCP takes place; it is dedicated to drawing up ideological bases, and sometimes to resolving issues from the history of the CCP.

The 7th plenum takes place a week before the next NC CCP, and is dedicated to preparing the agenda for the congress, accepting the political reports of the outgoing leadership, personnel recommendations, etc.

The Politburo of the Central Committee has 25 members drawn from among the most important people in the CCP. It comprises of the most important Party cadres from both the central and provincial levels. The Politburo's political power is concentrated in the Politburo's Standing Committee, which currently consists of seven members and represents the inner circle of the CCP's management, having virtually absolute power over Party and state. Meeting on average once a week, the Standing Committee has a decisive role in current affairs, and should act in accordance with the agenda determined by the General Secretary. The functioning of these bodies is largely hidden, and the procedures governing it are not known. From leaks and offhand remarks, it appears that there is greater freedom for discussion within the Politburo than at lower levels, and that the body functions more as a forum for working out general policy directions and devising compromises between the various interest groups. The Politburo often invites all kinds of experts to present selected topics, but they always speak to a darkened room, and cannot see who is present; questions are asked by assistants. The experts are also obliged to maintain complete secrecy.

The General Secretary[10] has "supreme power and authority over the Party, the government and the state", in accordance with the statute of the CCP.

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[10] Over the years the formal title of the supreme leader has changed: Secretary of the Central Office (1921–2), Chairman of the CCP (1922–5, 1928–31 and 1943–82) and General Secretary (1925–8, 1931–43 and from 1982 to the present day). See Hu Sheng (ed.), *A Concise History of The Communist Party of China*, Beijing 1994.

In practice, his power within the whole political system depends on the individual characteristics of the person holding the position, as well as the support which he enjoys within the Party apparatus. The informal requirements for the position including being the right age (55–60 upon taking power); moreover, the candidate must already be within the inner circle of power, i.e. during the previous term he must already have been a member of the Politburo of the CCP's Central Committee, and ideally a member of its Standing Committee.

The most important organs of the Central Committee of the CCP

The Central Committee of the CCP consists of several Party organs which are of very great political importance, in terms of controlling both the state and the structures of the CCP itself. They include:

The Central Military Commission of the CC CCP[11]. This deals with all matters relating to the PLA; budget, appointments, the distribution of military units, etc., and its Chairman is also the commander-in-chief. Since the PLA is the ultimate guarantor of power for the CCP itself, the Chairman of the CMC actually has the strongest position. However, over the years the positions of General Secretary, Chairman of the CMC and the Chairman of the PRC have become concentrated in one person's hands. The CMC is made up of several members (usually seven to eleven) derived from the PLA, with the exception of the Chairman (and possibly also one of the vice-chairmen), who are elected from among the members of the CC's Politburo. In practice, in recent years the General Secretary of the CCP has also been the Chairman of the CMC of the Central Committee[12].

The Secretariat of the CC CCP. This is the administrative backbone of the CC CCP's operations. It coordinates the work of individual departments and carries out the tasks set by the Politburo and its Standing Committee. Since the Fifteenth Congress it has consisted of seven secretaries who rank below the Politburo members in the Party hierarchy (unless they

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[11] In addition to the CMC CC CCP, there is also a similar state authority in the PRC, the Central Military Commission of the State Council of the PRC, elected by the NPC. Its composition is usually (although not always) identical to the CMC CC CCP. Its existence is dictated only by procedural matters, and has no real impact on the functioning of the army.

[12] The main author of Chinese reforms after 1978, Deng Xiaoping, was the chairman of the CMC until 1989. Despite the fact that he held no other Party or state positions, this post guaranteed him the final say in Party and state matters. Jiang Zemin 'extended' his term of office in a similar fashion, only handing the presidency of the CMC to his successor, Hu Jintao, after a two-year delay.

are members of the PB), but who have a higher protocol status than the members of the State Council.

The Central Commission for Discipline Inspection. This body is responsible for enforcing the rules of behaviour and decency upon CCP members. It is charged with combating corruption. It has the right to arrest any member of the CCP and 'detain them for investigation' for as long as necessary.

The Organisational Department of the CC CCP is engaged in compiling personal files on all CCP members and verifying their ideological stance. It also influences the selection of appointees in the Party apparatus and ensures the constant rotation of staff.

The Publicity Department of the CC CCP (commonly referred to as the 'propaganda department', also in discourse within the CCP) is responsible for 'leadership' in the mass media, which is a Party euphemism for control of the media. Previously it worked with the state bodies which administered the media, but since March 2018 it has assumed direct control of content, leaving administration and technical functions to the bodies of state. The department decides on the issue of licenses, but above all it gives instructions as to the content, form and direction of programming in the media.

After the political crisis linked to the bloody crackdown on Tiananmen Square in Beijing in 1989, the CCP tried to institutionalise its internal procedures, in order to regain public confidence, but above all in order to regulate the resolution of conflicts within the Party itself[13]. This was to have been achieved by the definition (albeit not the formalisation) of a number of unwritten rules for Party governance, including term lengths, the division of duties, the range of responsibilities, and even specifying how the group of top leaders should treat each other. One of the primary purposes for clarifying the rules of governance was to maintain a balance of power between competing factions in order to avoid conflicts at CCP summits, as well as to prevent the excessive concentration of power in one individual or group. The fundamental principle was the establishment of the rule of generational change within the

[13]   See W. Wo-Lap Lam, *China after Deng Xiaoping: The Power Struggle in Beijing Since Tiananmen*, Hoboken 1995.

leadership: power was to be assumed by persons in their sixties, who were to leave after two five-year terms of office after reaching the age of seventy. This created the impression that the process of transferring power had been institutionalised.

At the same time the concept of the so-called collective leadership (*jiti lingdao*) was developed, which in its basic form boils down to decisions being taken by consensus and competing opinions being levelled out. The concept of collective leadership can be interpreted both as a mechanism to prevent the emergence of a 'new Mao' and as a confirmation of the CCP's complex internal structure. The idea was particularly intended to apply within the CC's Politburo and its Standing Committee. The latter body was also supposed to operate on the principle of the division of labour with individual responsibility (*geren fengong fuze*), i.e. assigning specific responsibilities to each member of the Standing Committee. The principle of equality of votes was intended to apply to both bodies, and decisions were to have been taken by vote, but only after a search for compromises. In a broader context, this also meant giving priority to retired, 'seasoned' cadres, the so-called Party elders[14].

In the light of how the Chinese political system has evolved since Xi Jinping was chosen as General Secretary in 2012, it seems that the stabilisation in operations and the routine generational transfer of leadership during the rule of Jiang Zemin and Hu Jintao (1993–2013) resulted primarily from the inertia of the system and the weak political force of the previous leadership. The coming to power of Xi Jinping and the actions he has taken show that the CCP's political culture and mode of operation evolve in response to the new challenges facing the Party, and also depend to a great extent on the personality of the leader (see part 2).

1.1.3. Factions and interest groups within the CCP

The Chinese Communist Party is a heterogeneous structure, and its official image of a monolith hides a dynamic, diverse and constantly transforming party of power. It includes interest groups of varying sizes, scopes of operation, durability and internal cohesion. They are linked to family relationships, as well as extensive patron-client networks, built up by leading cadres as they climb

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[14] See Yun-han Chu, Yunhan Zhu, Zhicheng Luo, Chih-cheng Lo, R.H. Myers (ed.), *The New Chinese Leadership: Challenges and Opportunities after the 16th Party Congress* (*The China Quarterly Special Issues*), Cambridge 2004.

the career ladder in the Party's regional structures and central bureaucracy. Internal tensions among the factions result from a competition for positions in the Party's highest decision-making bodies, and for control of the bureaucratic structures of Party and state, which open the way to gaining personal benefits and building up a political base.

The CCP cadres operating in all areas of the PRC political system – from local and provincial committees, state companies, through to the technocratic central bureaucracy or the PLA – exploit their positions to expand their access to the vast resources controlled by the CCP, for personal gain and promotion, and ultimately to achieve power in the Party's decision-making structures. This has resulted in the creation of a system of changing alliances based on personal relationships, patron-client networks and common objectives. Factional politics is one of the main factors influencing the appointment of key decision-making positions at different levels of the CCP.

The struggle for power in the CCP's structures is limited to a relatively narrow elite. Of the circa 90 million Party members, only the full-time Party cadres, i.e. around 7.5 million people, are involved in the 'power game' at various levels within the structure. And of these, there is only a relatively small group of around three to four thousand people at the central level[15]. The cadres – that is, the people working in the Party apparatus as functionaries[16], who at the same time are recommended for positions in the structures subordinate to the state – make up the Party's *nomenklatura*. This is a privileged, hierarchical class, membership of which is increasingly hereditary, although internal promotion still depends on other factors, such as good management skills and political efficiency. Party cadres have two possible career paths before them: working in the central bureaucracy, or going off to work in the provincial Party structures. In any case, however, they should necessarily spend some time (preferably a minimum of one year) working in the provinces in a basic Party unit.

In the contemporary CCP, several major central-level factions can be distinguished (see Annex 2). However, in recent years the factional mosaic has un-

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[15]   Permanent and alternate members of the CCP's Central Committee (376 persons). Thereafter come the command staff of the PLA, from provincial commanders upwards; the heads of more than a hundred of the largest state-owned companies, who are also subordinate to the State Council and dependent on individual ministries; CCP committee members from the 31 territorial units (except the Hong Kong and Macao SARs); retired activists and their families, who (although not holding any formal posts) control various *nomenklatura*-owned companies whose number is hard to estimate, something which enables all the members of the Party elite to enrich themselves.

[16]   To which they were appointed by the appropriate CCP body.

dergone significant transformation linked with Xi Jinping's rule, and for the most part the new configuration has not yet been revealed (see section 2.2.2). Membership of the individual fractions is quite fluid, and each of them also has a different level of internal integrity. CCP cadres can be linked by personal and family connections, the so-called *guanxi* (see section 1.1.4); by their origin in one city or region; common interests based in business or corruption; experiences of cooperation while advancing through the Party ranks; belonging to the same organisation (such as state companies or the Communist Youth League); or if they hold similar views on the development of the PRC.

One must also remember that the discernment of factions and their characteristics, and even their names, largely represent attempts by external observers to capture the hidden, dynamic phenomenon of unceasing power struggle within the CCP. The lifespan of these individual fractions is very different, and many of them, especially in the regions, remain invisible to external observers.

Party clans and family ties among the CCP elite

In the first decades after the PRC's foundation in 1949, Chinese politics was completely dominated by Party veterans of the 'Long March', the civil war and Mao's purges. This group, led by Deng Xiaoping, took control of the CCP and the PRC after 1978. With the generational shift in the Chinese elite during the 1980s and 1990s, the descendants of those Party veterans have started to be included in key political positions, as they were seen as guarantors of the specific project of the CCP and its state. At that time an unwritten rule was adopted that each Party clan[17] could only appoint one person to Party work within a given generation. Other family members, who often built up vast business empires, became the economic backbone for the family[18]. In this way, a new caste of 'princelings' developed, who came to dominate Chinese political and economic life from the 1990s.

[17] In Chinese culture the clan (*zongzu*) is an important social unit. This is a group of people related to each other and who are subordinate to the patriarchal power of the clan elders, which is made up of representatives of the oldest living generation. In the past, in the south of China this group also collectively owned large assets, hence clan identity is stronger there than in the north, and often prevails over ethnic self-identification or nationality. See Li Chenggui, 'A Study of The Rural Clan System in China', *Management World* 1994, no. 5. In the CCP, Party clans are descended from the first generation of top-level activists who founded the PRC.

[18] The so-called 'Panama Papers', published by the international press in 2016, reveal the Chinese elites' extensive network of investments in tax havens. See J. Garside, D. Pegg, 'Panama Papers reveal offshore secrets of China's red nobility', *Guardian*, 6 April 2016, www.theguardian.com.

As a result, membership of the Party's highest elites is gradually becoming hereditary, and the Party factions are also more often the result of alliances between individual Party clans[19].

One excellent example of a Party clan can be found in the descendants of General Wang Zhen, Vice-Chairman of the PRC in 1988–93. One of his sons, Wang Jun, was Chairman of the board of Poly Technologies, the PRC's main armaments company, and at the same time president of the China International Trust and Investment Corporation (CITIC), the main state-owned investment firm. The general's second son, Wang Bing, was a general in the PLA's Air Force until his death, and his son Wang Jinyang married Ye Jingzi, granddaughter of Marshal Ye Jianying, one of the heroes of the 'Long March'. Her father was General Ye Xuanning, whose work included a period in military intelligence. Wang Jinyang and Ye Jingzi have also been involved in investment projects as part of the Belt and Road Initiative.

Another well-known clan is the family of Li Peng, Premier from 1987 to 1998. Orphaned at the age of three, and the son of a hero of the CCP, Li Shuoxun, he was the ward of Zhou Enlai, Premier from 1949 to 1976. Today Li Peng's eldest son, Li Xiaopeng, holds the position of the minister of transport, and is also a permanent member of the Central Committee. His daughter Li Xiaolin is vice-president of the Datang energy company. His youngest son, Li Xiaoyong, married Ye Xiaoyan, the granddaughter of the above-mentioned Marshal Ye Jianying[20].

Today, many of the ties within the elite result both from their life in isolation, and from arranged marriages. However, it does also happen that talented and ambitious cadres with no political base marry into the Party elite. The highest-ranking figures in the hierarchy at present who 'married into the Party' are Premier Li Keqiang and Wang Qishan, Vice-Chairman

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[19] Members of the elite do not lose their status even if they lose a factional struggle. Everyone sentenced to prison, from the rank of vice-minister and above, is currently serving prison sentences at Yancheng (called the 'tiger cage') in the northern outskirts of Beijing. They do not wear prison uniform, they have access to the media and (like the rest of the elite) are served healthy organic food from a special farm in Inner Mongolia, and spend time indulging in various hobbies, such as calligraphy, tending to the gardens or playing table tennis. See 'Hotel-style prison awaits China's Bo Xilai', *South China Morning Post*, 22 September 2013, www.scmp.com.

[20] For more on the Wang and Li clans and other Party families, see 'Mapping China's Red Nobility', Bloomberg, 26 December 2012, www.bloomberg.com; K. Brown, *The New Emperors: Power and the Princelings in China*, London 2014.

of the PRC. The wife of the current Premier, Cheng Hong, is the daughter of Cheng Jinrui, an activist of the CCP and the Communist Youth League and the head of the Council to Combat Poverty in the 1980s, who was a close associate of Deng Xiaoping[21]. In turn, Wang Qishan's father-in-law is Yao Yilin, first Vice-Premier in 1988–93.

The identification of such Party clans is hampered not only by the general secrecy concerning the Party cadres' private lives, but also by the fact that many of the most senior CCP veterans led fairly active social lives and had children from various relationships. Many of those children do not bear the names of their fathers, and the fathers themselves are often only known under *noms de guerre*. Daughters in particular choose to hide their origins under assumed names (in China women do not formally change their names after marriage).

The main object of these factional and clan struggles is to take leading positions within the CCP's Central Committee and its organs, primarily in the Politburo and its Standing Committee. In addition to obtaining direct influence over key decisions in the Party and the state, it allows those who succeed to take control over other important bodies within the CCP's Central Committee (such as the Central Commission for Discipline Inspection or the Publicity Department, which themselves are instruments of factional struggle), and make it possible to fight their competitors effectively. Secondarily, the factions fight for positions in government departments related to the economy, as well as in the state-owned enterprises themselves, because this is where the capital flows are managed. These can be exploited to pay off the political debts the leading cadres have incurred with the regional and sectoral factions in their rise through the hierarchy[22].

Great experience of Party work at the local level is essential in the battle for the CCP's highest leadership. Only at the provincial level can the leading Party cadres build up the support among regional factions and interest groups which is crucial in any effective battle for Party succession. While climbing the successive levels of local administration, the CCP cadres struggling for power create broad patron-client networks within the local Party and state structures, thus

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[21]   See Cheng Li, *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership,* Washington 2016.
[22]   See T.R. Heath, *China's New Governing Party Paradigm: Political Renewal and the Pursuit of National Rejuvenation*, 2014.

strengthening their own positions within the Party. Their supporters devote their resources, both political and financial (through corruption), to supporting their main patron, in expectation of being promoted themselves.

For the strongest local cadres, the position of provincial secretary is sometimes a springboard into the CCP's highest decision-making bodies, including the top position of General Secretary of the CCP. However, individual cadres and their patron-client networks are not linked to just one specific region of China. The Organisational Department of the CCP's Central Committee ensures that the most senior personnel are continually rotated between the provinces, so that no activist can build up a very strong base in one province, and to prevent the strengthening of regional particularisms (see section 1.3.3).

The various factions at the CCP's centre try to solicit the support of local cadres with by offering them either political (positions in the hierarchy) or economic benefits (for example, in the form of favourable regulations for each province, or greater access to state loans). These favours can be one-off (building up support for individual moves) or long-term, in which an alliance of local factions provides the foundation for the power of a specific group of leaders in Beijing. The factions jockeying for power within the Party also look for support from sectoral interest groups, including in the PLA, the central bureaucracy, and the state-owned companies. Representatives of the bureaucracy and army are generally unable to aspire to the highest positions in the Party, but they look for patrons in the centre who can provide them with appropriate access to resources, helpful legislative instruments, and political protection.

The myth of meritocracy

The powerful myth of China's meritocracy draws upon the tradition of the mandarin exams in China's imperial period. Today, the CCP is trying to reinforce their social legitimacy by building an image of a meritocratic institution. It argues that strict rules of promotion ensure that the PRC is being governed by the best representatives of any given generation. The Party cadres' actions and achievements are indeed of importance, but in practice the advances within the hierarchy are often the result of personal manoeuvres, and represent the creation of political bases by local Party 'barons' and the main political circles in the CCP's Central Committee. Transition to a higher level comes from strengthening one's political position in Beijing, the power of one's own political base, and successes

in effectively managing the jurisdictions subordinate to oneself (which since 1978 has usually equated to achieving high local GDP growth) and preventing social unrest.

The changes in the balance of power among the CCP factions are synchronised with the CCP's political calendar, primarily the National Congresses of the CCP held every five years. The personnel decisions taken at that time reflect the strength of the various groups within the Party, with the strongest groups occupying key Party and state positions during the upcoming term. The voting on personnel proposals is one of the few visible signs of these factional struggles. Even when individual appointments are fixed from above, the number of votes cast for individual candidates is one way for the internal factions to show their strength.

Although personnel changes between NC CCP sessions are relatively rare, the struggle within the Party apparatus continues ceaselessly behind the scenes. This manifests itself in press announcements about the removal of officials, or anonymous articles criticising specific actions taken by the factions' opponents. The anti-corruption investigations are widely used to remove political opponents, and the sentencing of high-ranking CCP members for corruption is usually linked to factional infighting. Another method of gaining an advantage over one's opponents is to circumvent formal decision-making structures by means of the informal institutions which are widespread in the Chinese political system.

1.1.4. Informal institutions: *xitong* and small leading groups

A characteristic feature of the political system built up by the CCP is the widespread existence of informal groups and mechanisms, linking members of the Party apparatus outside the official decision-making structures. In many areas of Party and state governance, these informal structures are the main platforms for internal coordination, decision-making, and are the main channel for the transmission of those decisions to the lower-level bodies. These informal Party bodies *de facto* circumvent and substitute for the formal decision-making process. This helps the CCP not only to maintain complete control over the state structures, but also broadens the scope of the CCP leadership's personal power. The two basic types of informal institutions are called *xitong* ('the system') and small leading groups. The annual holidays for the elites at the resort of Beidaihe are also of great importance in the decision-making process.

The term *xitong* refers to the vertically integrated network of informal contacts between the Party cells and the CCP cadres who perform functions at different levels of the state and regional administration and who are responsible for the same areas[23]. For example, the Ministry of Ecology and Environment's *xitong* includes the official bodies responsible for environmental protection at the provincial, prefectural, county and municipal levels, but also within other ministries and agencies in the central government. From the legal point of view, the official bodies at the various government levels retain full autonomy; however, they are subordinate to the Party hierarchy. The commands for policy coordination within a given *xitong* are usually transmitted via Party channels. The contacts created within a *xitong* often form the basis for the creation of sectoral or technocratic factions within the CCP's central and local bureaucracy.

The 'red phone'

The red telephone is a symbol of political authority in the PRC. This secure encrypted line connects around 3000 people, comprising members of the CCP's Central Committee, military commanders, members of local authorities from the rank of vice-governor or CCP vice-secretary at the provincial level, members of the central government, and the heads of the largest state-owned enterprises and banks.

The phone itself does not have a dial. One simply picks up the phone and asks for a specific person. The network is supported by a dedicated military communications unit of the PLA; the switchboard operators (all of whom are women) are trained in recognising the dozens of languages and dialects spoken in China, and have the ability to write at least 150 Chinese characters per minute, in case they are requested to take shorthand records of the conversations. Nobody has the right to make audio recordings of the conversations[24].

One special feature of the political system built by the CCP is the set of informal decision-making bodies known as the 'small leading groups' (*lingdao xiaozu*) operating at the central level[25]. This term covers four types of groups:

[23] See K. Lieberthal, M. Oksenberg, *Policy Making in China: Leaders, Structures, and Processes*, Princeton 1988.
[24] R. McGregor *The Party: The Secret World of China's Communist Rulers*, London 2012.
[25] They also take different names: small leadership groups, only under the leadership of the General Secretary or any member of the CC's Politburo; small coordinating groups (*xietiao xiaozu*);

(a) those operating under the direct guidance of the CC or the CC's Politburo; (b) those operating within the central government; (c) those formed within the structures of the PLA; and (d) those which operate vertically, connecting people from various structures in the state-Party bureaucracy[26]. Most of the small leading groups operate in secret: their exact number is unknown, as is their membership and the competence of most of them (see Annex 5). Estimates based on press reports and statements from people in the leadership refer to 83 groups in the leadership of the CCP at the 18th National Congress of the CCP (2012–17). They differ in the scope of their duties (from reform of the PLA and the reconstruction of the economy, through to the issue of the development of football in the PRC) and the frequency of their meetings (some hold regular meetings every month, others on an *ad hoc* basis), and also in the way they operate (from loose panel discussions to teams tasked with devising specific solutions).

These small leading groups are the main decision-making bodies in the PRC, although they have no formal powers and rarely any legal legitimacy. The policy directives and recommendations they introduce, written down in the form of internal memoranda, become the official position of the CCP's leadership, and thus start to function as guidelines for the administration. The effectiveness of these small groups stems from the fact that they shorten the decision-making chain, concentrating in one place all the stakeholders who normally operate at various levels of the bureaucratic ladder. This means they can help to overcome the inertia of decision-making both within the CCP and the state administration, including the ministries.

The actual effectiveness of the small leading groups is directly related to the influence wielded by their key members, and their ability to mobilise the Party and state apparatus in order to achieve a specified course of action. The general rule is that the more important or more urgent the matter, the more important are the executives in the group. It is the CC's Politburo or the Standing Committee of the CC's Politburo which appoints the members of the most important leading groups, providing it with the facilities and personnel necessary for daily operations. As the political processes in the PRC are very much ritualised and often have a rigid agenda, the leading small groups provide the system with a much-needed internal flexibility.

at the lower levels, there are coordinating workers' groups (*xietiao gongzuo zu*) or committees (*weiyuanhui*).

[26]   K.E. Brødsgaard (ed.), *Critical Readings on the Chinese Communist Party*, vol. 4, Leiden 2017.

Every year, the Party elite also spends its vacations together to discuss key issues related to the Party and state governance. These meetings have become the most important dates in the calendar of Party life, apart from the CCP's National Congresses. Every year for two weeks in early August, the Party leadership moves from the closed area of Beijing called Zhongnanhai[27] to the resort of Beidaihe, in the Bay of Bohai on the Yellow Sea. The Party elders assemble here, as does anyone of any political importance in the PRC. This is the most secret part of the Party's inner life, but from the few available reports it is known that during the day they spend time relaxing on the closely guarded beaches or going on walks. This gives opportunities to exchange ideas and meet new people. The evenings are devoted to seminars and meetings in larger groups. It is in Beidaihe that the CCP's agenda for the next year is usually discussed, and in Congress years, compromises on the appointments for the next Politburo and Standing Committee are worked out[28].

Guanxi

Guanxi ('connections') is a term used to describe the networks of personal and family influences and social dependence, privileges, but also the obligations, borne by the individual and his family. In China *guanxi* is rooted in culturally reinforced principles, or even rituals, of creation and cultivation, which means that they play an important role in building social bonds and informal social security networks. Under the influence of Confucian thought, *guanxi* are also hierarchical in nature, and are based on mutual commitment, trust and fidelity. The concept of *guanxi* has also undergone changes along with the transformation and diversification of Chinese society[29]. Since foreigners do not usually participate in *guanxi*, this causes them to assign greater driving force to politics or business than these things have in reality. However, whereas *guanxi* make it easier to find a job for one's son or finance one's father's funeral, they do not of themselves rule China, although they remain an important part of building networks and factions within the Party apparatus.

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[27] It must be remembered that the Chinese leaders live in the closed district of Zhongnanhai in Beijing, in isolation not only from their own society, but also from any direct knowledge of the outside world. Even if they have any extended episodes of stays abroad in their CVs, these will have been far away in time.

[28] Bo Zhiyue, *China's Elite Politics. Governance and Democratization*, Singapore 2010.

[29] See T. Gold, D. Guthrie, D. Wank (ed.), *Social Connections in China: Institutions, Culture, and the Changing Nature of Guanxi*, Cambridge 2004.

1.1.5. The role of ideology

Officially Marxism-Leninism, as adapted to China's conditions by Mao Zedong and extended by successive leaders, is the ideological basis for the CCP. After 1978, the Party retained Mao Zedong as the founder figure of the PRC; however, it departed from the amalgam of Marxism with Chinese traditional philosophy which he had created. According to the PRC's constitution of 1978, the Party is building "socialism with Chinese characteristics". This is a reference to the pragmatic philosophy of Deng Xiaoping, which reduced the impact of ideology on the management of the state. However, for the Party it is still late Stalinism (1946–53) which remains the model for its internal management and the construction of the relationship between the Party organisation and the state. Today's CCP emphasises institutional violence over political terror, but does not hesitate to use the latter to a limited degree when it deems it necessary.

In the agrarian China of the early twentieth century, as in many other countries with strong anti-colonial movements, the ideology of Marxism became an important tool for national emancipation. In the end, the ideology that led the CCP to victory in the Civil War and the establishment of the PRC was a synthesis, created by Mao Zedong, of Marxism-Leninism, agrarian anarcho--communism and elements of classical Chinese philosophy, with Confucianism and Legalism at its head[30]. In conjunction with a cult of personality inspired by Stalinism, this ideology was used by Mao Zedong in the PRC's first decades to mobilise the public and accelerate the process of modernisation. The ideology also served as a tool to gain advantage in the political struggle within the CCP (of which the Cultural Revolution was one expression). After 1978, Maoism was deemed inappropriate to the realities of contemporary China, which entered onto a path of modernisation, urbanisation and the development of a highly industrialised economy, which Deng Xiaoping called "building socialism with Chinese characteristics".

As part of Deng Xiaoping's pragmatic policy, in the decades following Mao's death orthodox Marxism largely ceased to define the Party's objectives and

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[30] L. Shaffer, *Mao Zedong and Workers: The Labour Movement in Hunan Province, 1920–23*, Oxon 1982, pp. 42–5. Legalism (a.k.a. Chinese legism) is based on several scrupulously observed principles, such as the strict and literal application of the law, strict liability (also collective), 'showing nothing' (*wuxian*), or hiding power from the population, and economic coercion by the state. See Zhengyuan Fu, *China's Legalists: The Early Totalitarians*, London 1996; Dingxin Zhao, *The Confucian-Legalist State: A New Theory of Chinese History*, Oxford 2015; A.S. Cua (ed.), *Encyclopedia of Chinese Philosophy*, New York 2008.

means of action; it also ceased to be used in the mass mobilisation of society[31]. However, Marxism still invariably influences Chinese policy-makers and the Party apparatus, and remains an important cognitive tool, giving it cohesion and the strength to act. Party elites are subjected to continuous training in Marxism, and a good knowledge of the doctrine is still a prerequisite for promotion. Marxism-Leninism gives members of the Communist Party an entire conceptual framework in the field of social sciences, as well as a perspective on international relations. The ideology is also a tool for controlling the Party apparatus in several dimensions: (a) ensuring cohesion within the membership through indoctrination; (b) creating a common perception of reality, which means that different people in different places undertake similar activities independent of each other; and (c) as a tool to discipline personnel – anyone can always be accused of deviation from ideology[32].

The ideology is also used to build up the authority of the CCP's senior leaders, and also to convey the general directions of the Party's development. So far five leaders have made their own original theoretical contributions to the development of Marxism-Leninism which have formally been included into the Constitution of the PRC: Mao ('Mao Zedong Thought'), Deng ('Deng Xiaoping Theory'), Jiang Zemin (the Theory of the 'Three Represents'), Hu Jintao (the 'The Scientific Outlook on Development') to Xi Jinping ('Xi Jinping Thought on socialism with Chinese characteristics for a new era'). These actions are aimed at symbolically sanctioning the leader's supreme position in the Party, but they are also a tool to influence the thought and actions of the Party apparatus. References to the leader's current theories, containing an overall vision for the development of the Party and the state, are placed in key Party documents or sectoral policy projects. Ideology thus serves as a kind of guide for the Party apparatus, so that all of its members are aware of the current leadership's priorities.

The Party and Confucianism

The CCP skilfully exploits the traditionalist attitudes of a large part of society and often refers to Confucian ideas, introducing the Confucian terminology to the official narrative, as well as by a certain ritualization of its activities. The narrative of the Confucian nature of China's contemporary

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[31] Xi Jinping's rise to power brought about a reversal of this trend; for more see section 2.2.6.
[32] See Jinghan Zeng, *The Chinese Communist Party's Capacity to Rule: Ideology, Legitimacy and Party Cohesion*, 2016.

political system and the rich traditions of Chinese statehood is supported by the Publicity Department of the CC, particularly in media addressed to the foreign audience, in order to expand China's soft power and disguise the Leninist nature of the Party[33]. However, the real influence of Confucian concepts (including social idealism, humanity, the attraction to metaphysics) on the functioning of the Party itself is limited, and its self-identification and conceptual system are actually based on Marxism-Leninism. This is especially true in the case of Xi Jinping, who in his narrative addressed to Party members consistently refers to the thoughts and writings of Marx, Lenin and Stalin. Xi also belongs to the first generation of leaders who were raised on Chinese translations of the classics of Soviet Marxism-Leninism[34].

After several decades in which the CCP had relatively refrained from ideological interference in the daily lives of the Chinese people, Xi's rule has seen a revival of the great ideological campaigns (see section 2.2.6). One should expect the role of Marxism only to grow over the coming years, as the Party elites are seeking tools to discipline the Party's rank and file and maintain social control (see section 3.3.2) during a period of rapid economic and cultural change in China.

1.1.6. The CCP and the People's Liberation Army

In China there is no clear division between the CCP as a civilian structure and the PLA as a military organisation. It was the CCP which created the PLA, and which to this day wields direct control over it. The army also represents the political and personnel base of the Party, and until recently many Party cadres, including Xi Jinping and Hu Jintao, passed smoothly between their Party functions and the political or command positions in the army.

In the days of Mao Zedong, especially during the Cultural Revolution, the PLA was drawn into the internal power struggles within the CCP, and came to play an important political role in the system. After 1978 the army supported Deng Xiaoping, and its role inside the CCP gradually decreased[35]. However, the

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[33] One representative of this type of narrative is Zhang Weiwei, *The China Wave. Rise of a Civilizational State*, Hackensack 2012.

[34] A collection of speeches and articles by Xi: Xi Jinping, *The Governance of China*, Shanghai 2015.

[35] See D.M. Finkelstein, K. Gunness (ed.), *Civil-Military Relations in Today's China: Swimming in a New Sea*, 2007.

suppression of the protests on Tiananmen Square in 1989 showed that the PLA remains the last line of defence for the CCP's rule. Nevertheless, the PLA is currently focused on issues of external security[36], which has found its expression in the so-called third Taiwanese crisis (see box below). The development of internal security largely remains in the hands of civilian power structures, primarily the Armed People's Militia, which is developing methods to implement the bloodless suppression of so-called 'mass incidents'; this also minimises the need to deploy the PLA domestically, although this cannot be ruled out.

The crisis in the Taiwan Strait, 1995–6[37]

The crisis erupted in connection with an unofficial visit by Taiwan's then president Lee Teng-hui to the United States, where he was scheduled to give a lecture at the university he graduated from. Beijing opposes any visits abroad by ruling Taiwanese dignitaries, because it considers them to be a violation of the 'one China' principle. However, Congress in Washington passed a resolution calling on the State Department to grant President Lee a visa. In response, the PLA mobilised several units in Fujian province, and prepared an exercise for its missile divisions in the Taiwan Strait as well as manoeuvres involving its parachute regiments. At the same time presidential elections were approaching in Taiwan, and Beijing hoped that the show of force would influence the voters not to re-elect Lee. But Washington reacted, sending two aircraft carrier striking groups to the Taiwan Strait and assembling the Pacific Fleet in the west of the region; and Lee, despite being plagued by a series of scandals, was elected for a second term.

The PLA analysts behind Beijing's policy incorrectly assessed both the United States' determination to defend the island and the socio-cultural changes that had occurred in Taiwan, as a result of which Beijing suffered a great loss of prestige. The PLA itself, however, won additional funding to develop the Navy[38] because the military managed to convince the civilian leadership that the failure was not the result of its incorrect assumptions, but rather of having too little military force at its disposal. The assumptions made at that time have not changed to this day.

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[36] See P.C. Saunders, A. Scobell (ed.), *PLA Influence on China's National Security Policymaking*, Stanford 2015.

[37] B.A. Elleman, *Taiwan Straits: Crisis in Asia and the Role of the U.S. Navy*, Lanham 2015; N.B. Tucker (ed.), *Dangerous Strait: The U.S.-Taiwan-China Crisis*, New York 2005.

[38] S. Dewan, *China's Maritime Ambitions and the PLA Navy*, New Delhi 2013.

The PLA is *de facto* an organ of the Party, and not the state. It was founded as a Party militia, and its character has not changed to this day, despite its very elaborate structure. In the spirit of Mao's statement that "political power grows out of the barrel of a gun", the PLA is the ultimate guarantor of the CCP's rule, and the Party has used the military violence on several occasions when it thought that its rule of China was under threat. The CCP wields direct, operational control over the PLA through the Central Military Commission of the CC CCP (see section 1.1.2), and the state administration led by the Ministry of Defence only provides logistical and material support. At the same time the Central Military Commission of the State Council is purely a facade. The political commissars guarantee the PLA's complete political loyalty to the CCP through continuous training of both rank-and-file soldiers and the officer cadre.

The PLA is also a stage for rivalry between the various factions and interest groups, and its officer corps also participates in the intra-Party power game. All the middle- and senior-level officers belong to the CCP, which is a prerequisite for promotion to the military elite. Moreover, the PLA sends a group of its own delegates to the NPC. Thus the PLA cannot be seen as a separate body with respect to the CCP; the army is rather one of the divisions of the CC CCP, albeit a very specific one. The PLA is also a personnel reserve for the CCP. Many Party cadres began their careers as political officers, which allowed them to build up patron-client networks within the army, and each new Party leader must also present himself as commander-in-chief. The PLA itself is an interest group within the system, whose support is essential for authority to be exercised effectively in the PRC, although it no longer plays as decisive a role as it did during the Cultural Revolution. However, the PLA is still over-represented on the NPC (see section 1.2.2): one delegate from the army represents an average of 10,000 soldiers, while one civilian delegate represents around 400,000 civilians.

The army is also a tool for the control and indoctrination of the public. The PLA creates an informational grid in the country, in parallel to the state administration and the Party structures. It is a valuable source of information for the CCP's leadership on the local situation within the state, and in past emergencies, regional military units have successfully taken over the functions of local administration during periods of crisis. The cult of the army is an important part of the CCP's propaganda, and the ability to build a strong army is one element from which the regime derives its legitimacy. Also, one of the primary

objectives of the economic reforms and the modernisation of the state is to modernise and streamline the PLA's operations.

1.1.7. The CCP and the security apparatus

The security apparatus is the basis of the CCP's rule, but since the beginning of the PRC the Party has been faced with the question of how to manage the security sphere effectively, resulting in frequent changes and the fragmentation of the services[39].

Like the PLA, the security organs are emanations of the CCP, not the state, and above all they play the role of a political police, only secondarily fulfilling the functions of intelligence and counter-intelligence. In the Chinese perception, the concepts of intelligence and internal security are not clearly separated, and the services' common task is to ensure the sustainability of the CCP's rule. The security apparatus has always been directed by the Standing Committee of the Politburo of the CC CCP, but this direction has taken a variety of forms. The 1990s saw the practice of seconding a committee member to the role of supervisor of the services, but the Bo Xilai case (see section 2.1.2) forced the new leadership under Xi Jinping to change the formula, and led to the creation of the Committee for National Security of the CC CCP (see section 3.2.1). It is probably intended to play a similar role in managing the security apparatus as the CMC does to the PLA.

At present, the multiplicity and diversity of the security services in China is due to their specialisation, as well as the CCP leadership's deliberate stimulation of internal competition. At the central level there are two major organisations: the Ministry of Public Security (MPS), which replaced the Central Department of Social Affairs in 1949; and the Ministry of State Security (MSS), which was separated from the MPS in 1983. Theoretically the former body is responsible for internal security and the latter for external security, but both have the right to operate inside and outside China, and their tasks often intermingle. Added to this is a range of specialised organisations, such as the Office for the Protection of State Secrets and the Central Protection Office, as well as organisations created *ad hoc* which often operate outside the structures of the state and are intended to fulfil specific tasks. It may be assumed that

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[39] See Xuezhi Guo, *China's Security State: Philosophy, Evolution, and Politics*, Cambridge 2012; R. Faligot, *Tajne służby chińskie. Od Mao do igrzysk olimpijskich* [The Chinese secret services. From Mao to the Olympic Games], Katowice 2009.

there are a great many smaller or larger organisations whose sole function is to spy on other agencies. Although each of them is given specific courses of action, they then have great freedom to define their activities, and in practice their operations often intermingle. This way, no service knows at any given moment whether or not it is under observation by another institution.

In some fields there are tensions between the central and regional services, while in others they cooperate with each other. This diversification of the security services is found not only at the central level but also at virtually every level of power. Local CCP committees create subordinate services, usually by creating special departments in the police units which are subordinate to them. In rural areas, they are often limited to organising people from the margins of society into militias which can be used to threaten the local inhabitants. Therefore, in the case of China, a considerable variety in the professionalism among secret services can be observed. Regional Party organisations also call upon their own security units to protect them against competitive CCP groups from the same region; but above all, they work to prevent Beijing from hearing about public protests or abuses by the local elites.

1.2. The PRC's state structures

1.2.1. The CCP and the central-level institutions

At the central level, authority in the PRC formally rests in the hands of the Chinese people, as represented in the National People's Congress (NPC) and the so-called United Front of political organisations independent of the CCP co-participates in the government as well. However the principles for exercising power written in the constitution of the PRC are merely a facade, and in reality all state institutions are under the full control of the CCP[40].

From a formal point of view, the political system of the People's Republic of China is determined by the constitution of 1982[41]. According to this document, China is a socialist country ruled by the dictatorship of the people. The principle of the unity of state power (the absence of separation of powers) means that the formal source of all power, including executive and judiciary, is the people, as personified in the National People's Congress. The delegates to the

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[40] N. Collins, A. Cottey, *Understanding Chinese politics: An introduction to government in the People's Republic of China*, Manchester 2012.
[41] *Constitution of the PRC, op. cit.*

NPC are formally selected by a system of People's Congresses; representative bodies selected by multi-stage elections at all levels of Chinese local government. The People's Congresses – at the central and local levels – appoint and supervise the state administration, the courts, prosecutors' offices and regulators at the relevant level. Formally, alongside the Chinese Communist Party, eight democratic parties and unaffiliated delegates sit in the NPC and are involved in the government of the PRC[42], as is the advisory body the Chinese People's Political Consultative Conference (see chart below).

Chart 2. The PRC's institutional structure – the central level
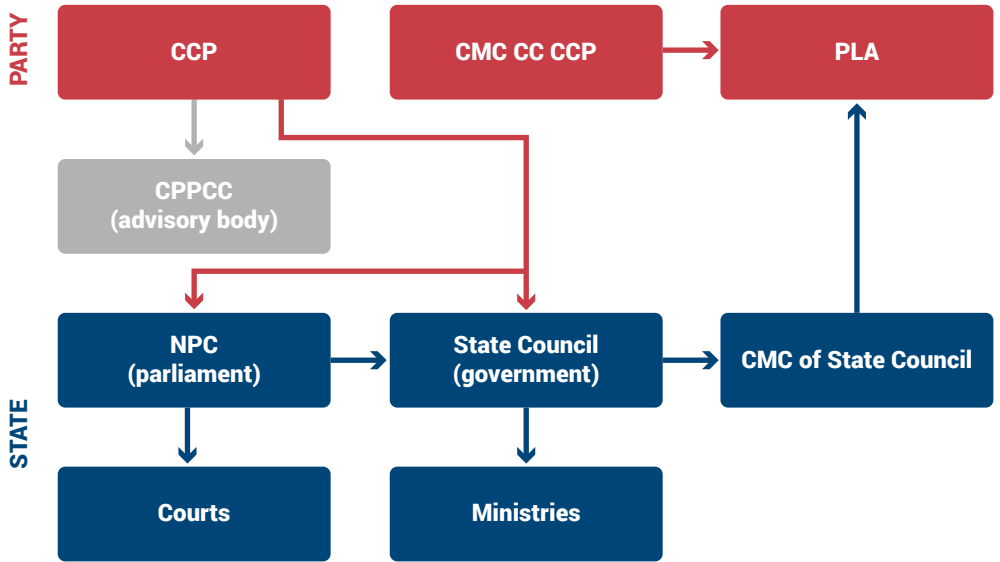
However, this formal structure of the state is a facade, and the Chinese Communist Party completely controls the PRC's state institutions, defining their structure, rules of operation and the composition of their personnel. This reflects a fundamental feature of the Chinese political system, in which the Party is responsible for all key political decisions, leaving their legal implementation and ongoing administration to the state structures. The primary channel for the Party's control over state institutions is the personnel policy. CCP members occupy all the politically important official positions, according to their position in the Party. The CCP also continually monitors the administration and gets involved in micromanagement. In some areas of the state's operation which are of political importance, such as the media and the training of officials,

42   At present (2018) they have 861 seats in the NPC (28.9% of the total).

the management is transferred directly to the CCP's bureaucratic structures. In less politically sensitive areas, the state's activity is constantly monitored and controlled through informal Party institutions, such as the small leading groups, as well as the Party cells existing in every public institution and state enterprise, which decide their day-to-day activities. In many cases, it is the Party structures which are the main channel for conveying decisions, making up a kind of 'nervous system' of the PRC.

The United Front

From a formal point of view, the so-called United Front, a coalition of eight[43] (apart from the CCP) legal political parties, together with the All-Chinese Federation of Industry and Commerce (which formally represents industry and commerce), participate in the government of the PRC, under the leadership of the CCP. In practice, it is the United Front Work Department of the CC CCP which chooses not only the leaders of the United Front's individual organisations, but also determines which people and how many can belong to them – indeed, many members of the other parties belong to the CCP at the same time.

The United Front's main task is to give China the trappings of a pluralistic political system; this is institutionalised in the form of the Chinese People's Political Consultative Conference, which meets once a year in parallel with the annual session of the NPC, and serves as a consultative body. The members of the United Front elected by the CCP are also delegates to the NPC, but they are completely subordinate to the CCP. Moreover, from a formal point of view, the Conference is not an organ of state and has no legal-constitutional legitimacy, although it is mentioned in the preamble of the constitution as a consultative body.

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[43] The Revolutionary Committee of the Kuomintang, the Chinese Democratic League, the Chinese Association for the Democratic Construction of the State, the Chinese Association for the Promotion of Democracy, the Peasants' and Workers' Democratic Party of China, the Party of Chinese Efforts for Justice, the September Third Scientific Association, and the Democratic League of Taiwan's Autonomy. See G. Groot, *Managing Transitions: The Chinese Communist Party, United Front Work, Corporatism and Hegemony*, New York 2004.

1.2.2. The National People's Congress

The PRC's state structures are based on a system of People's Congresses, formally selected through a complex process of elections at all territorial levels: from the municipality level, through the prefectures and provinces, up to the National People's Congress, the Chinese equivalent of parliament. In fact, the representative bodies' membership is decided by the CCP structure at the appropriate local level. In China, there is no formal separation of powers, so the NPC is thus responsible for creating the law, appoints the State Council (the Chinese government), and also controls the judicial system. By controlling the membership of the People's Congresses, the CCP has full authority over all organs of the Chinese state, including parliaments, courts, administration, the regulatory institutions and the state-run businesses.

The National People's Congress, the Chinese parliament, is formally the highest organ of state power in the PRC. Under the Constitution of the PRC, it has the exclusive prerogative to amend the Constitution, is responsible for passing laws, and decides who should fill key state posts. It is also responsible for passing the central budget and ratifying international treaties. Formally, the NPC also oversees the State Council (see section 1.2.1), and the Central Military Commission of the State Council, the Chief Prosecutor of the Supreme People's Prosecution Office, and the President of the Supreme People's Court.

The NPC's term of office lasts five years, and since the 1980s, the number of deputies has stood at 2980 people (2019)[44]. At full strength the NPC meets once a year, usually in March, for 10–14 days. During that time, new legislative proposals modifying the rights and obligations of the citizens or the relationship between the state bodies are voted on. However, most legislative work is carried out outside this period, during the deliberations of the Standing Committee (SC) of the NPC. It is the 175 members of this body, who are elected from among the delegates, which in practice carries out most of the NPC's functions. Members of the Standing Committee of the National People's Congress may not perform any other functions in the state, and they operate *de facto* as professional parliamentarians. The SC NPC has the same powers as the NPC,

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[44] Theoretically, elections to the new NPC are organised by the NPC's Standing Committee from the previous term, and this body determines the number of delegates in the next NPC. In practice the Politburo of the CCP decides. The Constitution does not provide for a rigid limit on the number of delegates; in 1978 there were 3497, but in 1979 a law on elections to the National People's Congress introducing a limit of 3000 delegates was passed. For the law on elections see Zhao Xiaoli, *On The Composition of The Deputies in The National People's Congress of China*, *Tsinghua China Law Review*, www.tsinghuachinalawreview.org.

including legislative functions. Moreover, it has a number of its own functions: appointments, supervision, etc.[45] Theoretically, the NPC may change the decisions of the SC NPC during its annual session, but this has never happened in the history of the PRC.

The NPC and its Standing Committee does not have a monopoly on legislative initiative: in recent years, most of the PRC's legislation has been developed by the State Council[46]. Delegates have the right to petition the bodies of the State Council (to which the administration is obliged to respond), but they cannot modify the proposals submitted. In the dimension of law-making, then, the NPC plays a confirmatory, not an innovative role.

The multi-level electoral system of People's Congresses[47]

The NPC is formally chosen in a multi-stage process of electoral choices, in which the system of People's Congresses plays the role of consecutive, vertically-aligned electoral colleges. This is consistent with the principle of so-called democratic centralism written into the Constitution of the PRC[48], and leaves the CCP's leadership with full control of the whole electoral process. Only the People's Congresses at the municipal and county level are elected by universal suffrage, although even here the CCP's local cells supervise the whole voting procedure and the selection of candidates[49]. Then the county People's Congresses delegate their representatives to the next-level meeting of prefectural People's Congresses, and partly also to the provincial People's Congress. The majority of the delegates the provincial People's Congress is selected by the delegates from

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[45] Including the conferral of degrees of military and diplomatic ranks. For more on the appointment and dismissal of ministers outside the NPC session and the interpretation of the Constitution and laws, see section 1.2.4.

[46] For the NPC's eleventh term (2008–13), this was 74% of the number of legal acts; for the twelfth (2013–16) the State Council participated in the creation of 58% of the number of legal acts. See G. Chen, M. Stepan, 'Activating the National People's Congress', *MERICS*, March 2017, www.merics.org.

[47] For more on the law regulating elections to the NPC, see *Electoral Law of the NPC and Local People's Congresses*, 11 February 2011, www.china.org.cn.

[48] Art. 3. See *Constitution of the PRC, op. cit.*

[49] Candidates are selected in a process called 'three up, three down' (*san shang san xia*). The electoral committee (which organises the elections in the PRC and is controlled by the CCP) announces a list of candidates ('the first up') and presents it for comment from a representative group of electors ('the first down'). At a meeting between the representatives and the committee, the lists of candidates are reduced ('the second up'), then the new lists are presented to the public opinion ('the second down'). After more public consultations, the electors' representatives refer the assembled opinions to the electoral committee ('the third up'), after which the latter publishes and closes the final electoral list ('the third down'). See B.L. McCormick, *Political Reform in Post-Mao China: Democracy and Bureaucracy in a Leninist State*, Berkeley 1990, p. 141.

the prefectural congresses. It is the provincial congresses which send delegates to the NPC at the central level. In addition to the units of the administrative division, units of the PLA also participate in the whole process, as do state universities, and even large state-owned industrial companies. The whole process involves around 2.7 million delegates at various levels. Only the delegates from the Hong Kong and Macao SARs are sent directly to the NPC by their local legislative authorities.

At every level the delegate's mandate is a dependent mandate. Delegates are bound by the instructions of the bodies which sent them, and may be dismissed by them at any time. Deputies to the NPC have formal immunity, which can be removed from them with the consent of the SC NPC (or by the Presidium of the NPC during a session), as well as material immunity.

Despite these formal prerogatives, in practice the NPC is completely controlled by the CCP, and is a subordinate body to the National Congress of the CCP. This connection is the most important instrument of the Party's control over the state. This subordination results from the organisational structure of the National People's Congress (which imitates the CCP's bodies), its mode for holding meetings (which are synchronised with the NC CCP), as well as its practice for selecting delegates (the lists are created by the CCP). As a result, the role of the NPC is to institutionalise the decisions taken by the Party. The role of the parliament, then, is to formally accept the decisions of the Party and to integrate them into the PRC's legal system, although it does have some limited political importance within the Chinese political system.

The sessions of the NPC Congress are synchronised with those of the CCP (see section 1.1.2), which are also held every five years. The terms of office of all the other organs of state are linked to the term of the NPC. Since the 1980s, the system has operated according to the following scheme: in the autumn the National Congresses of the CCP is held, appointing the Party's key decision-making bodies, the Politburo and its Standing Committee. Then most important decisions regarding the composition of the NPC and its Standing Committee are informally taken by the new Party leadership, and key positions within the state administration (including the Premier or ministers) are assigned. Then the formal elections to the NPC begin, carried out through the system of People's Congresses (see box above). In the March of the following year, the first session of the new National People's Congress is convened, which approves all the state appointments agreed at the NC CCP. The number of delegates who

reject the submitted proposals or abstain from voting very rarely exceeds 3% in the case of personnel decisions. In recent years, however, this number has passed 30% several times in controversial cases, including the adoption of the law on the Three Gorges Dam and the law on the central bank in 1995. However, such lack of unanimity tends to represent a lack of consensus within the Party, and not any real autonomy on the part of the National People's Congress with regard to the CCP.

Despite this lack of autonomy, the NPC does play a role of some importance in the political process. The legislative proceedings in the NPC allow the Party leadership to balance out the conflicting interests within the state administration, including by blocking or harmonising conflicting legislation submitted to parliament by individual ministries and agencies. Sometimes the NPC's members are also granted the role of mediators; the body is involved in drawing up the laws governing conflicts between citizens and the bureaucracy (at the central and local levels)[50]. In addition, the NPC's approximately ten-day deliberations each year are used to emphasise the (formally) pluralist nature of the Chinese political system to both the Chinese public and abroad. Currently, around 30% of the delegates do not belong to the CCP; these are members of the so-called democratic parties and unaffiliated delegates. The NPC gives a sense of (minimal) participation in state governance to the non-Party groups or to those who are less well represented within it (such as private entrepreneurs). This is emphasised on every occasion in the state media, including by television coverage of delegates from the national minorities, or the Chinese billionaires and celebrities serving in the National People's Congress.

1.2.3. The Chairman of the PRC and the State Council

At the central level, the state is governed by the State Council, which includes 20 sectoral ministries and 13 agencies with ministerial status. Its key body is the Standing Committee of the State Council, chaired by the Premier of the PRC, who also traditionally sits in the highest organs of the CCP. Formally, the Chairman of the PRC is the head of state, but he has limited prerogatives; it is a representative position assigned to the General Secretary of the CCP. After 1978 the State Council became a technocratic body, whose delegates were cadres with extensive experience in the management of the state, and who often had education in the natural sciences. The Council received broad competence in the day-to-day management of the state administration and the economy,

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[50]   G. Chen, M. Stepan, 'Activating The National People's Congress', *op. cit.*

although the most important decisions guiding state policy are still made in the highest bodies of the CCP.

The Chairman of the PRC (sometimes also known as the President[51]; in Mandarin Chinese *zhuxi*) fulfils the role of head of state in the PRC. He is elected for a five-year period by the NPC. Formally, the Chairman appoints the key members of the State Council, including the Premier and the ministers, announces the new laws and declares states of emergency. He confers orders and decorations. In the PRC's constitutional system, the Chairman is of limited and largely symbolic significance, and all the president's decisions require a countersignature from the parliament. The importance of this position is associated mainly with its link, a practice implemented since 1993, to the function of General Secretary of the CCP, which is the most important position in the Party structures (see section 1.1.2). Combining the two functions facilitates diplomatic contacts for the General Secretary; he pays or receives foreign visits as the Chairman of the PRC (which is an affiliation of the state, not the Party). The Chairman of the PRC also appoints the vice-president of the PRC, whose real power depends on his participation in other informal bodies within the CCP. Among others, he traditionally serves as Chairman of the Leading Small Group for Foreign Affairs (now functioning as the Central Foreign Affairs Commission).

The Premier (*zongli*) chairs the State Council of the PRC, and like the Chairman is elected by the NPC for a five-year term. As the highest-ranking government official, the Premier serves as head of government, and formally exercises control and supervision over the ministries and agencies subordinate to the State Council. Since the 1990s, the main area of the premier's authority has been issues of administrative reform and economic governance. However, the premier's real power depends primarily on his legitimacy within the CCP and his ability to enforce his decisions on his subordinates. Traditionally, his position is taken by one of the members of the Standing Committee of the CC's Politburo, the Party's most important decision-making body.

The State Council (also known as the **Central People's Government**) is the supreme governing body of the state under the Chinese constitution. This body is the highest authority for the entire Chinese government, including ministries, the key institutions of economic governance (including the central bank),

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51 The Chinese title is officially translated into English as 'president', and so the chairman of the PRC is often also referred to incorrectly as 'president' in foreign discourse. China does this on purpose to equate the status of Chairman of the PRC with other presidents, especially the President of the United States.

specialised institutions and services, as well as the largest state-owned enterprises. Like the Chinese parliament, the State Council is strictly subordinate to the CCP in the areas of decision-making and personnel. Since the start of the economic reforms in 1978, however, the State Council has received a significant mandate to run the day-to-day administration of the state and promote economic development, including by influencing the creation of new laws.

The State Council meets in plenary session every six months. Between these meetings the role of the main decision-making body is taken by the Permanent Session of the State Council, which meets weekly. In addition to the Premier, who convenes and chairs the Permanent Session, it is made up of Vice-Premiers and state advisers (*guowu weiyuan*), who are assigned specific responsibilities. In practice, nominations accrue to persons who have secured important positions in the CCP, usually the Politburo of the CC CCP.

The State Council currently (2019) includes 20 sectoral ministries and 13 government agencies of ministerial status which are directly subordinate to it. The ministries are responsible for dozens more specialised agencies. In addition, the State Council includes six so-called administrative offices, which deal with matters including Hong Kong and Macao, Taiwan and the Chinese diaspora (the so-called *huaqiao*). It also controls the largest Chinese research institutions, such as the Chinese Academy of Social Sciences. The State Council is also in charge of the hierarchical structures of the people's governments, as ministries and agencies also have divisions at the provincial and local levels (see section 1.3.2).

Central institutions of economic management

The People's Bank of China, China's central bank, has no formal independence, and is a body of the State Council with ministerial rank. Traditionally, its Party secretaries (who perform the decision-making and supervisory functions) and governors (involved in day-to-day management) are also members of the CC CCP; they thus implement the decisions of the higher Party bodies. The central bank is a technocratic institution, composed of CCP cadres of relatively low political importance. They are usually educated in economics-related fields and have experience in the area of financial markets. Their political role rises in importance only in times of economic instability and high inflation.

The National Development and Reform Commission (NDRC) is the main planning authority in China, responsible for formulating and implementing economic development strategies, monitoring and supervising macroeconomic policy, co-ordinating structural changes in the economy, and regulating investment. Since 1978 the role of this institution has been limited, although it remains one of the main tools of economic control in the hands of the CCP.

The State-owned Assets Supervision and Administration Commission (SASAC) was established in 2003. This institution supervises around 100 of the largest state-owned conglomerates which are still under the central government's control. It is responsible for appointing managers and operating the assets of companies under its supervision, and also draws up regulations for the state sector. The Central Commission has its counterparts at the provincial level; these manage around 150,000 state-owned companies belonging to the local governments.

The institutional structure of the central bureaucracy, as centred in the State Council, is flexible in nature. Over the past 30 years it has experienced about eight big waves of restructuring, the last of which was carried out during the session of the NPC in 2018 (see section 2.3.2). The aim of these waves of restructuring has been to adapt the Chinese bureaucracy to the dynamic changes in the Chinese socio-economic system, and to the state's ongoing transformation from a planned to a market economy. The institutional overhauls mostly involve liquidating and creating new institutions or transferring of their responsibilities, combining ministries, creating organising committees, and changing the status of various bodies in relation to other institutions. These bureaucratic transformations are also influenced by changes within the CCP. The state structures are changed to correspond to the current composition of the CCP's structures, as well as the personal configurations within the Party's decision-making bodies. The informal institutions, such as the small leading groups (see section 1.1.4), also influence the government's relationships within the administration; they allow coordination, reinforce some institutions against others, and resolve conflicts of interest.

The personal connections between Party and state mean that the central administration is the political base for a substantial part of the CCP's members. After the start of the reform period in 1978, the political importance of the State Council increased greatly. It controls China's vast bureaucracy; it was entrusted

with the task of supervising and supporting China's economic growth. The involvement of the central bureaucracy is therefore essential in order to introduce legislation, implement reforms in the country and resolve crisis situations (such as instability on the financial markets)[52]. Despite the state's relative abdication from the socialist planned economy (i.e. giving up detailed planning, relaxing most price controls) and its slimming down of the bureaucracy, the central state administration still retains extensive regulatory authority and controls around 100 of the largest public companies. For this reason, the factions and interest groups derived from the central administration and the state companies traditionally hold strong positions within the CCP, although their representatives generally do not reach the highest levels of the Party[53].

1.2.4. The judicial system

The judiciary in the PRC is fundamentally dependent on the Party-state. The courts have a four-tier structure, and the Supreme People's Court performs the functions of a national supreme court[54].

According to the principle of the unity of state authority, the People's Congresses – starting from the township level – appoint judges to the people's courts at the appropriate level. The CCP is ensured additional control over the courts thanks to the institution of lay judges, who are selected from among people who have the full confidence of the local Party structures[55].

The Supreme People's Court (SPC) is made up of judges selected by the SC NPC[56], and combines the functions of the supreme court[57] with the organisational functions which are usually the responsibility of the Ministry of Justice in other countries. The SPC has a right of supervision over the legal verdicts of the lower courts, and can theoretically interfere with their discretion in each

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[52] V. Shih, *Factions and Finance in China: Elite Conflict and Inflation*, Cambridge 2007.

[53] There are some important exceptions to this rule, including the assumption of the position of General Secretary of the CCP by Jiang Zemin (who was formerly associated with the state-owned companies sector and the Ministry of Industry) and Premier Zhu Rongji (who had worked in the central economic bureaucracy).

[54] For more about the PRC's judicial system, see Chang Wang, N. Madson, *Inside China's Legal System*, Cambridge 2013; A. Chen, *An introduction to the legal system of the People's Republic of China*, New York 2011; P. Potter, *China's Legal System*, Cambridge 2013.

[55] The only time when lay judges do not sit is during appeals and when minor criminal or civil cases are being considered.

[56] The SC NPC also selects prosecutors for the Supreme People's Prosecution Office.

[57] The role of interpreting the law is split between the SPC, which provides linguistic interpretation, and the Standing Committee of the NPC, which provides legal interpretation.

case. The SPC also approves the death sentences issued by lower courts, which are automatically suspended for two years pending approval by the SPC[58].

The Chairman of the SPC (currently Zhou Qiang) is appointed by the NPC, and his term expires along with the term of the NPC. The same applies to the chairmen of the lower courts, who are appointed by People's Congresses at the appropriate level. The legislation does not specify term limits for the rank-and-file judges in the SPC (appointed by the SC NPC) or the lower courts (appointed by the relevant People's Congress), and so they exercise their office until they retire or are dismissed by the appointing authority, which acts with no restrictions in this regard.

The PRC has a four-tier judicial system, but it proceeds compulsorily at two instances – each case is examined automatically in two instances, and an appeal is not required[59]. County courts deal with minor criminal cases and civil cases, and for them the prefectural courts are the appeal instance. More serious criminal and economic cases go first to the prefectural courts, for which the provincial courts are the appeal instance.

1.3. The relationship between the centre and the provinces

One of the fundamental challenges facing the PRC's political system is maintaining the unity of the state in the light of its significant socio-economic regional diversity. The significant decentralisation of the state governance drives the centrifugal forces which the CCP's hierarchical structure is intended to counteract.

The PRC is made up of 33 provincial-level administrative units, which is the first of five *de facto* tiers of local government (for more on the administrative division of the PRC see Annex 1). There are profound differences among China's provinces in terms of population, levels of economic and social development[60], as well as in terms of culture and language. In all regions of China, residents have strong local identities, and speak either local dialects of the Chinese language or languages belonging to other linguistic groups. The PRC has five autonomous regions (including Tibet and Xinjiang) inhabited by compact

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[58] In practice, some provinces ignore this solution, and carry out public executions immediately after the verdict is announced.
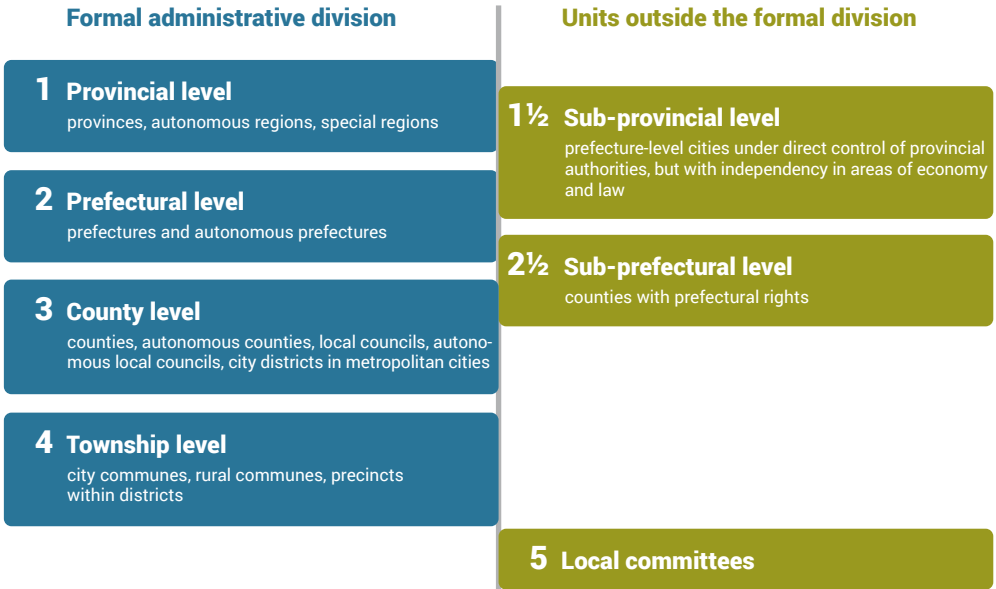
[59] An exception is those cases where the SPC is the first instance by force of law.

[60] For example, the GDP *per capita* (PPP) of the coastal province of Jiangsu is c. US$32,000 (comparable to Poland and Slovakia); and in the poorest province of Gansu it is c. US$8,000 (comparable to Ukraine). Data: World Bank.

communities of ethnic minorities, as well as the Special Administrative Regions of Hong Kong and Macau. In the past, internal differences stimulated regional particularism and centrifugal forces, many times leading to the political break-up of China and civil wars[61]. Hence, one of the fundamental aims of the CCP's rule of China is to ensure political control over the local authorities.

The local authorities in China have considerable budgetary autonomy, as well as high competence to devise economic and social policies, adapting Beijing's guidelines to local conditions. This is a consequence of the reforms China began in 1978, basing the programme of socio-political modernisation on selective decentralisation, local experiments with reforms, and the use of local particularism and competition between the provinces in order to revive economic growth. However, the reforms have been carried out under the tutelage of Beijing, which sets out the general directions of change, leaving their implementation to local authorities. Although this philosophy underpinned the Chinese 'economic miracle', decentralisation increases the risk of strengthening local particularities, and the setting of local interests above the general objectives set by Beijing. In recent years this has led to several waves of centralisation, the latest of which has been implemented by Xi Jinping since 2012 (see section 2.3.1).

Chart 3. Structure of administrative divisions in the PRC

Formal administrative division

1 Provincial level
provinces, autonomous regions, special regions

2 Prefectural level
prefectures and autonomous prefectures

3 County level
counties, autonomous counties, local councils, autonomous local councils, city districts in metropolitan cities

4 Township level
city communes, rural communes, precincts within districts

Units outside the formal division

1½ Sub-provincial level
prefecture-level cities under direct control of provincial authorities, but with independency in areas of economy and law

2½ Sub-prefectural level
counties with prefectural rights

5 Local committees

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[61]   The documented history of China dates back to c. 1600 BC, which gives a continuity of 3619 years of Chinese civilisation, during which China was united for only 1646 years at best (just under half of the total time). On average the periods of unity lasted c. 150 years.

In the face of the centrifugal forces associated with regional autonomy, the political cohesion of China is primarily based on the hierarchical and centralised structure of the CCP. Like the PRC state structures, the Party structures extend down through the four levels of government, from the provincial level, through the prefectures and counties, down to the local municipal committees. In addition, the Party structures penetrate society deeper than those of the state, creating a network of local Party committees which manage the population by means of residents' assemblies. The vast majority of the c. 10 million local officials belong to the CCP. This allows for direct Party control over the local representative and executive bodies, whose members are subordinate to the higher levels of the Party hierarchy. Centrifugal forces and regional particularisms within the Party itself are countered by organisational solutions and personnel policies of the CCP's Central Committee, intended to control the local cadres. This system allowed the CCP to maintain cohesion during political crises, and maintain unity during the significant decentralisation period of 'reform and opening-up'. It did not, however, completely eliminate the tensions between the centre and the provinces within the Party.

1.3.1. The extent of the local authorities' autonomy

The local authorities in China have considerable autonomy in terms of law-making, budgetary expenditures, and managing the state-owned enterprises sector. These 'systemic flexibility' in the political system became the foundation of China's post-1978 reforms, ensuring high rates of growth and flexibility in adapting reforms to local conditions.

One of the foundations of the so-called 'reform and opening-up' period (*gaige kaifang*), initiated in the late 1970s by Deng Xiaoping, was a progressive move away from central planning and the transfer of responsibility for economic and social development to the level of the local authorities. Of the four tiers of government, the authorities at the level of the provinces and major cities have the greatest competence[62]; they have a great deal of flexibility in adapting the laws created in Beijing to local conditions, including the development of their own regulations (unless they are contrary to the constitution and the laws passed in Beijing). As a rule, the content of the regulations devised in Beijing, including significant reforms, is formulated through a set of general objectives: the methods for implementing them and the detailed regulations are

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[62] These powers are wielded by provinces, autonomous regions, cities with provincial rights, provincial capitals, and other cities selected by the State Council.

developed by the provincial People's Congresses. The provincial governments and prefectures also formulate their own plans for economic development, and have the right to overturn decisions taken by the People's Congresses at the level below them.

China's local governments provide most of the public services in China, and their expenses make up around 85% of all public expenditure in China. Authorities at all administrative levels adopt their own budgets, which are supplied from local taxes, transfers from Beijing, and other sources[63]. In 2017 the local authorities' total expenditure amounted to around 16.4 trillion yuan (around US$2.3 trillion), while the central government's spending amounted to only around 3 trillion yuan (15% of total public expenditure)[64]. Local authorities are responsible, among other things, for establishing and financing the education system, health and social care, the construction of infrastructure, housing, transportation, public safety, and the development of agriculture and planning. Due to provincial autonomy and local adaptation practices, regional differences in the systemic solutions in many public policy sectors are discernible. For example, the type and amount of contributions to social insurance, the types of taxes collected and the amount of tax benefits granted, as well as detailed regulations concerning education, may vary significantly among the provinces.

The broad influence that the local CCP cadres have over the economy stems from their control over the powerful state-owned enterprises sector, which formally belongs to the local provincial or municipal structures. Through formal and informal ties, they influence the banking sector (local banks, which belong to local authorities or cooperatives, are responsible for around 50% of Chinese bank assets). They also control land sales, which in China belongs to the state and is only leased to its users. Local authorities (at the provincial, prefectural, county or township levels) own around 100,000 state-owned enterprises, the scope of which goes far beyond providing public services. The local authorities are commercially involved, among others, in manufacturing, the mining sector, entertainment, construction, services, etc.[65] In addition, they directly

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[63]   These include sales of land (which, depending on the province makes up between 30% and even 50% of the local governments' revenues), and income from the monopoly on salt production. See Yinqu Lu, Tao Sun, 'Local Government Financing Platforms in China: A Fortune or Misfortune?', IMF Working Paper, October 2013, www.imf.org.

[64]   *Zhongguo tongji nianjian 2017*, www.stats.gov.cn.

[65]   The entire state sector (including c. 100 businesses controlled by the central government, which manage c. 50,000 companies) is responsible for c. 20% of Chinese industrial production. See N. Lardy, *Markets Over Mao: The Rise of Private Business in China*, PIIE 2014.

or indirectly control the extensive financial institutions sector, mobilising private resources to provide extra-budgetary financing for the development of the infrastructure[66]. Local authorities have been able to use these vast resources in order to stimulate the investment boom which has been ongoing since the early 1980s, and has been the foundation of China's economic growth in the 'reform and opening-up' period.

The partial re-centralisation of economic policy after 1989

At the end of the 1970s, Deng Xiaoping, the chief architect of China's reforms, sought allies against the left-wing hardliners within the CCP who were hostile towards market changes. To this end, Deng appealed to local Party cadres in China's traditionally more liberal southern provinces by offering them the tools to stimulate local economic growth, including in special economic zones. In the 1980s, local Party cells in the Chinese provinces also gained *de facto* control over not just the allocation of loans from state banks, but also the possibility to put pressure on the local branches of the People's Bank of China (the central bank), and influence the local issuance of currency. This uncontrolled expansion of credit over the next decade led to several periods of rapidly rising inflation, which were most frequently halted by short-term interventions by the more conservative central bureaucracy (which was then run by Deng's chief rival Chen Yun)[67], and by Beijing taking direct control over the allocation of loans.

Beijing's lack of control over monetary policy contributed to one of the most serious crises of the CCP's rule in China: the Tiananmen Square protests in Beijing and a number of smaller demonstrations in Chinese cities in spring 1989. One of the main demands of the protesting workers and urban residents who supported the student protests was to halt inflation, which by mid-1989 had reached 28% *per annum*, and to fight corruption, which was directly related to the control of loans by local cadres[68].

[66]   These institutions, called Local Government Financing Vehicles (LGFV), played a particularly important role in the programme to stimulate the economy after the crisis of 2009, by allowing local governments to bypass budgetary constraints. This sector is gradually being dismantled by the Chinese central government, which is concerned about the solvency of local authorities.
[67]   For more about China's monetary policy during this period see V. Shih, *Factions and Finance in China…, op. cit.*
[68]   Ibid.

After the brutal suppression of the protests in June 1989 and changes in the top management of the CCP, a selective centralisation of economic policy was implemented by Premier Zhu Rongji, a member of the central bureaucracy who was responsible for economic affairs from 1993[69]. Among other moves, he introduced reforms centralising the issuance of currency; redirected a significant portion of the tax revenue to the central government; strengthened the Beijing-managed state-owned banks' control over their local representatives; and also arranged the *de facto* privatisation of a large part of the state-owned enterprises run by local authorities.

The basic dilemma facing the CCP is a choice between strengthening local autonomy, which stimulates economic growth, and the political and social costs of ceding control to local cadres. Decentralisation provides a certain freedom in the management of the state at the local level, allowing for experimentation and the adjustment of development strategies to local conditions. This enabled the implementation of the method promoted by Deng Xiaoping of 'crossing the river, sensing the stones with one's feet' (*mo zhe shitou guohe*), allowing local experiments, with the most successful reforming solutions to be deployed by Beijing across the country. Another effect of decentralisation was the revival (desired by Beijing) of strong economic competition between the provinces, driven by the ambitions of local CCP cadres who expected promotion as a reward for their good economic results. On the other hand, the transfer of powers to local authorities raises problems with the implementation of reforms to which local cadres regularly object (i.e. in terms of central control over local budgets), corruption resulting from the control of economic resources, or the unsustainable use of resources for political purposes (the construction of patron-client networks, or stimulating GDP to achieve promotions) and rapidly rising debt. As Chinese society's contact with the Party primarily comes via the local cadres, this causes political problems and local protests.

1.3.2. Party control over local administration

The CCP exercises control over local state apparatus in a similar manner to the central level. Party structures operate at every level of the Chinese territorial division, controlling the local People's Congresses, local administration,

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[69]   Vice-Premier in 1993–8 and Premier in 1998–2003.

the courts, state-owned companies, etc. A CCP cell operates in every organisation, and real power rests in the hands of the Party secretary.

At the local level, formal authority in the state is exercised by a system of local elective bodies, the local People's Congresses. These operate at all levels of administrative division (provincial, prefectural, county and municipal), and operate similarly to the NPC[70]. Formally, their membership is selected by a system of sending delegates from lower to higher levels, giving an appearance of democratic procedures (see section 1.2.2). These congresses also elect heads of administration at the respective levels (e.g. governors for provinces, mayors for cities, etc.), as well as chairmen of local courts and prosecutors' offices. The core competencies of People's Congresses involve drawing up and implementing local plans for development, adopting budgets and creating local regulations (for details see section 1.3.2).

However, the real power rests in the CCP's local structures, which exist at every administrative level. Just as at the central level, the mechanisms for bottom-up selection and exercising power in the local People's Congresses are therefore merely facades. All the important political decisions in the local congresses are *de facto* taken by CCP Committees at the appropriate levels. This includes the composition of lists for the election of the People's Congresses, the acceptance of draft budgets, and the filling of office posts and the boards of companies controlled by local governments[71].

As a result, at every level of local government, real power is exercised by the first secretary of the CCP's Party structures at the given level, to whom the corresponding state official is subordinate: for the province, the governor; for the city, the mayor etc. In practice, the governor is usually someone who also belongs to the CCP; their role is to oversee the activities of the secretary. Sometimes the governor is a person tipped to assume the post of provincial secretary, with the position intended to give him a chance to learn about the *arcana* of power[72]. That is why a person holding an administrative position in the state structures often has no executive power, which belongs to someone at a lower level, or perhaps even completely outside the formal structure of the

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[70] Local assemblies (from township level upwards) appoint their own standing committees and work in five-year terms of office linked to the terms of the NPC.

[71] In recent years, the CCP has experimented with the use of democratic procedures at the lowest local level, but the authorities have now given up this idea. See Annex 1.

[72] The exceptions are the autonomous regions, where the secretary is always Han Chinese and a native becomes governor, but only acts as a figurehead.

institution – but who is placed higher in the Party hierarchy. The situation in the institutions and state-owned companies controlled by the local administration is similar, as they always contain CCP cells directed by the secretary. In some cases, an executive state position is combined with the position of Party secretary.

Chart 4. The CCP's institutional structure – local level
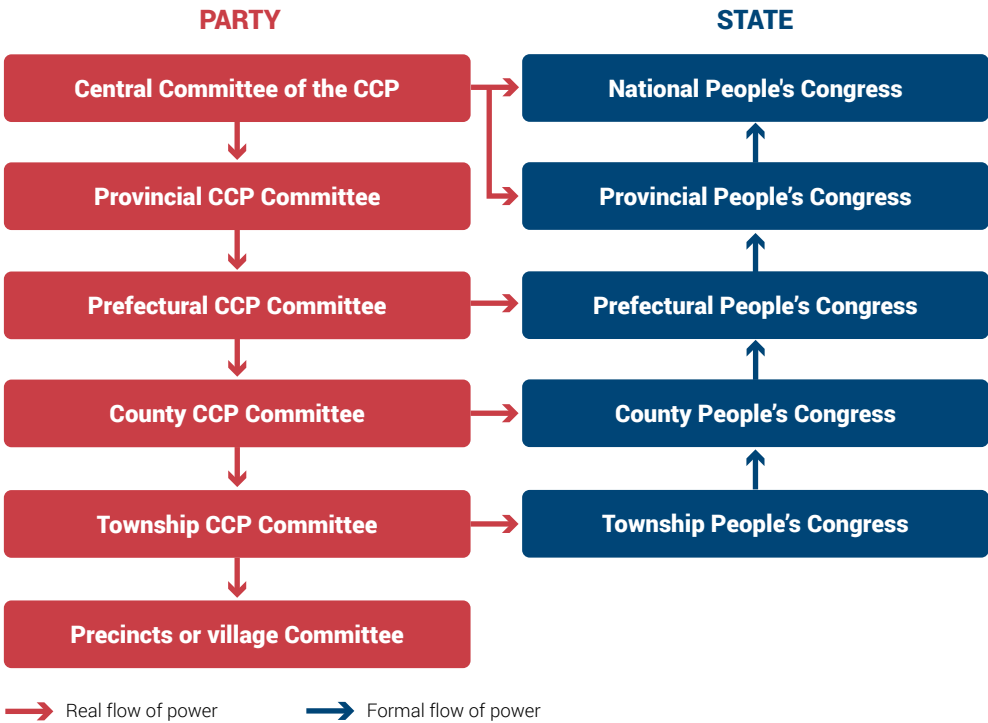
The supervisory role of the local CCP cells over the state structures at any given level means that the CCP's centre is able to indirectly control local personnel policy, the preparation of regulations, and the day-to-day management of the state at the local level, from the provincial level to rural and urban areas. Thus the real power in local state structures runs from top to bottom, in contrast to the formal state of affairs; this gives Beijing a tool for social control at the local level, and also prevents politically dangerous local vested interests from developing. At the same time, transferring political decisions and control over local resources to the structures of the CCP means that it is they – and not the state authorities – which are the main arena of tension between the centre and the provinces in China.

1.3.3. Relations between the centre and the provinces within the CCP

Beijing's influence on how the local authorities operate is ambiguous, and depends on the internal dynamics within the CCP. The ability of the Beijing leadership to control local cadres stems directly from the actual political power of the supreme leadership within the Party. Although formally the central Party authorities do not exercise sovereignty over local structures, they have a broad range of tools to exercise both direct and indirect influence, including the system of personnel evaluation, ideological discipline, and anti-corruption drives. The key tool for control is the system of rotating cadres between different parts of the country, which prevents local cadres from building up permanent political bases in the regions. Thus the tensions between Beijing and local governments frequently relate to administrative competences and the distribution of resources, without any struggle for the autonomy of individual provinces.

Similar to the state structures, power in the CCP also formally flows from bottom to top, based on a system for selecting delegates via local level Party congresses, starting from the local level (villages or *shequ*), through the township, county and prefectural Congresses, up to the provincial assemblies, which then send delegates to the central National Congress of the CCP. In fact, however, before the CCP local congresses convene, the list of delegates is set by senior Party cells[73].

The main tool of the Party centre's day-to-day control of the local members is the system of cadre management and evaluation. This includes complex rules for periodic assessments of CCP members, which among other things affect recommendations for appointments and salary levels. Within the framework of the 'one-level-down management' (*xiaguan yiji*) principle adopted in the 1980s, the Beijing-based Organisational Department of the Central Committee formally controls the management of human resources at the provincial level only (secretaries, governors, their deputies). Cadres at other levels are managed by higher-level CCP committees: the provincial level for prefectures, the prefectural level for counties, etc. The Party bureaucracy in Beijing is therefore not directly involved in determining the composition of the state and Party

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[73] Over the past 20 years, some elements of competition have been introduced to voting in the CCP, by placing c. 10–15% more candidates than there are seats on the lists. This theoretically allows some of the least popular candidates to be removed during the electoral process. In practice, however, this rule is broken by political interventions from influential CCP members. See T. Wright, *Party and State in Post-Mao China*, Cambridge 2015.

representative bodies below the provincial level, leaving a great deal of authority to the CCP's structures at the provincial level.

Beijing has great informal control over the CCP structures below the provincial level, including the prefectures and municipalities. The Organisational Department of the Central Committee has a long-term influence on policy in the regions, through the formulation of the official guidelines for the evaluation of personnel, their training and monitoring, which its local counterparts are obliged to implement. A further role in the control of local personnel is played by the Beijing-controlled process of ideological indoctrination (see section 1.1.5), which is carried out through the regular training of local cadres. In sectoral policy, the tool for controlling local structures is the systems (*xitong*, see section 1.1.4) which vertically integrate the local bodies (e.g. taxation, customs, environmental protection) with their central counterparts, which decide the main objectives.

The CCP's centre also has tools for emergency intervention in local personnel policy; for example, by alleging mismanagement as a result of an audit by the centre, which discredits local cadres. One of the instruments most commonly used to discipline them is accusations of corruption and demotion or arrest by the Central Commission for Discipline Inspection of the CC CCP. Such mechanisms mean that Beijing has the ability to impose its own decisions in situations of conflict, if there is the political will.

Staff rotation and preventing the growth of regional vested interests

The senior cadres at the provincial level (secretaries, governors and their deputies) are rotated between the Chinese provinces, a process carried out by the Organisational Department of the CC CCP. This practice also applies to lower-level cadres; for example, in the years 1995–2002 around 96% of prefectural secretaries were shifted to other regions[74]. This is done to limit the powers of local secretaries, as well as to prevent them from building up local support bases. Rotation is the main mechanism for reducing the political importance of the local particularities existing in China, which could potentially be reinforced if local authorities are permitted large amounts of autonomy.

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[74] Chae-ho Chong, *Centrifugal Empire: Central-Local Relations in China*, Columbia University Press 2016, p. 27.

The traditional path of promotion for CCP members assigned to work in the provinces (as distinct, for example, from the technocrats advancing within the central government agencies) involves taking state positions (such as mayor or governor), then becoming a CCP secretary at successive levels of local government (cities, prefectures, provinces) – each in different regions of China. Terms of office in a given place do not last longer than five (occasionally a maximum of ten) years; exceptions to this rule mainly occur in the autonomous regions, where a 'non-local' Han Chinese would be unable to build a political base for himself anyway.

Beijing's control over local cadres is limited by the latter's own political position within the Party's central structures, as well as their influence on the day-to-day running of the state. As a result, they are themselves able to influence the political process in Beijing. Among the cadres at all administrative levels, the provincial Party secretaries hold a particularly strong position. They have both very broad competences in managing the regions (they can appoint secretaries at the prefectural level), and much influence over current policy within the CCP's central structures. Their formal position (bureaucratic rank) is equal to that of ministers in the central government[75]. Secretaries of the most important (i.e. the richest) provincial level administrative units, and sometimes also those in towns with prefectural rights (see Annex 1), usually also sit in the Politburo of the Central Committee, the Party's highest decision--making body. The importance of patron-client networks focused around the provincial secretaries in the CCP's factional struggles (see section 1.1.3) means that obtaining their support is crucial in factional struggles in Beijing, especially during the key decision-making moments within the CCP (including personnel changes at the top, and the implementation of key reforms).

Cadres at the lower administrative levels do not have direct influence on Beijing, but they play a very important role in the day-to-day management of the state and the economy. The effectiveness of sectoral policies, the speed and the exact form of the reforms implemented, and the quality of public services all depend on the involvement of local officials. These same people also have knowledge of local conditions and the economic situation – facts which are often inaccessible to Beijing.

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[75]   This means, among other things, that ministers cannot issue binding orders to them.

The political strength of local CCP cadres stems from the autonomy transferred to the local state structures they control, which gives them the possibility of implementing their own regulations, supervising local financial institutions and state enterprises, as well as exercising sovereignty over the local executive government, the courts, government agencies, security and law and order structures, etc. (see section 1.1.7)[76]. Access to local resources allows local cadres to build up their position in the CCP, by expanding their own patron-client networks, and to make personal financial gains. It is therefore in their interest to maintain both broad local autonomy as well as a high degree of state intervention in the economy. One phenomenon noted over the last few decades is that many provincial cadres choose to avoid any promotion to the centre, to Beijing, where they believe they will have fewer opportunities to accumulate their own assets, and where at the same time they will be subject to more thorough supervision.

The main reasons for the tension between the centre and local cadres, then, are Beijing's centralising efforts and its attempts to impose solutions which are unfavourable to the local authorities. The power of the CCP's cadres in Beijing is often based on their patron-client networks and support in the provinces, which allows the local cadres – especially at the provincial level – to lobby against or block unfavourable policies. Lower-level executives have ample opportunities for obstruction, to falsify statistics, or devise local regulations which are inconsistent with the spirit of Beijing's instructions. For example, a chronic problem for the Chinese Ministry of Finance is its attempts to assess the true scale of the debts run up by local authorities, who regularly avoid sharing reliable data. Another example is energy policy, where the problem lies in preventing the provinces from building new coal power blocks, which stimulates local GDP[77].

Changes to the *status quo* between Beijing and the provinces – as expressed in the cycles of centralisation and decentralisation – are thus primarily dependent on the political dynamics within the Party, the power of the leaders in Beijing, and the political power of the local cadres. In the case of relatively weak leadership at the top of the CCP, as was the case during the term of General Secretary Hu Jintao (2002–2012), factions and interest groups present in the CCP's

[76] This particularly strengthens the position of cadres in those administrative units at the provincial level which have the biggest economies, such as Guangdong, Zhejiang, Jiangsu, Shanghai and Shandong.

[77] For more see Jakub Jakóbowski, 'Green economy or coal 'counter-revolution'? Challenges to China's economic reform process', *OSW Commentary*, no. 220, 29 July 2016, www.osw.waw.pl.

Central Committee (based on alliances of local cadres) were able to effectively block any reforms which were unfavourable for themselves. On the other hand, a strong leadership – as currently visible in the second term of Xi Jinping's government – opens the way to both changes in the competence and degree of autonomy enjoyed by the local authorities, and to the greater subordination of the local cadres to the central Party structures.

2. XI JINPING'S CONSERVATIVE TURN

The choice of Xi Jinping as General Secretary of the CCP during the 18th National Congress of the CCP in 2012 took place against the backdrop of an apparent political crisis in China, and became the most important turning point in the history of CCP rule in China since 1989. Upon taking power, Xi Jinping – a strong personality, and also the son of one of the most distinguished Party veterans – presented the Party with a vision of a conservative turn within the PRC, aimed at renewing the foundations of the CCP's absolute rule in China. The circumstances of Xi Jinping's selection, and then the internal revolution in the Party which he conducted, should be seen as part of a deep consensus at the top of the CCP. The Party's top elite placed its power in the hands of one individual in order to secure CCP's continued rule in China. However, that same mandate also puts a fundamental limit to Xi Jinping's absolute rule in the long run, as he is dependent on the Party elders and the most influential groups in the Party who brought him to power.

At the dawn of the twenty-first century, the Chinese Communist Party faced a number of political challenges, including severe factional conflict among the supreme leadership, rising social unrest, and fraud and corruption among local cadres, which all undermined the Party's social legitimacy. China also faced an urgent need for fundamental change towards a more sustainable and environmentally friendly model of economic growth, something which had already been evident during the reign of Hu Jintao and Wen Jiabao (2002–2012), but which was torpedoed by bureaucratic inertia and the opposition of internal interest groups. Moreover, the conviction began to grow among the CCP elites that the 'window of strategic opportunities' in which China could grow, taking advantage of the stable international environment without antagonising the developed countries, was now closing. From the CCP's point of view, implementing changes became an essential means of achieving the Party's fundamental, overriding and absolute goal – maintaining power in China.

The essence of Xi Jinping's conservative turn is to bring about the inner renewal of the Party and to affirm its sovereignty over the state institutions, while simultaneously restoring the importance of the Party's ideology, increasing control over society, and conducting an internal 'revolutionary' purge of the cadres. In this respect, the programme does have a conservative character: Xi's policy explicitly refers to the foundations of the PRC, which was created in 1949 according to the Leninist-Stalinist model of the Party-state. In the field of socio-political management, Xi has openly drawn upon Stalinist concepts,

although in a somewhat selective way which does not include mass country-wide terror or the central planning of the economy[78]. Xi's governments have been characterised by the reinforcement of the so-called core leadership, i.e. the narrow Party elite, joined by the security apparatus and a bureaucracy disciplined in a military fashion. Important elements of the Stalinist model of social management are: (a) the permanent indoctrination and control of society through manipulation and coercion; (b) the strive for uniformity among the population despite ethnic and religious differences, implemented by administrative methods and with the use of repression; (c) bureaucratic centralisation; (d) control and shaping of intellectual and cultural life; (e) the cult of personality. All these elements are to be found on the political agenda of the CCP's current leadership[79].

Xi Jinping's programme is neoconservative by nature: the implementation of the classic Stalinist concepts is achieved by means of modern tools of social control, and the CCP's leadership is also attempting to adapt it to the modern globalised economy. The fundamental difference of Xi's programme with respect to the Stalinist model is the limitation of direct repression to relatively narrow groups (including religious minorities). Instead, the CCP's leadership is trying to increase control over society by using modern information technologies, including the use of artificial intelligence and big data to shape the individual behaviour of the PRC's inhabitants and the Party cadres (see section 3.3.1). The second significant departure from the Stalinist model is the maintenance of the economic model developed in China after 1978, in which the Party moved away from autarky and central planning of the economy in favour of competition, market mechanisms and a partial opening-up to the wider world. Since coming to power, Xi has presented the Party with an ambitious agenda of economic reforms based on deepening the use of market

[78] In the Soviet Union at the end of the 1940s, the so-called seven principles of government were developed; these came to underlie the construction of the PRC in the fifties. They were: (1) the primacy of the Party and Marxism-Leninism; (2) the Party's right to control; (3) one-man rule strengthens the authority of the Party; (4) democratic centralism; (5) the involvement of employees and citizens through trade unions and youth organisations; (6) the territorial division of production; (7) the cost accounting. See D.A. Kaple, *Dream of A Red Factory. The Legacy of High Stalinism in China*, Oxford 1994, p. 44. With some modifications, these seven principles have formed the basis of Xi Jinping's neoconservative turn. The biggest differences can be found in relation to the last two rules: the territorial division of production is understood in today's China as a monopoly of state companies in specific sectors of the economy; and the cost accounting has been expanded to include market mechanisms ensuring greater business efficiency.

[79] See S. Fitzpatrick, *Everyday Stalinism Ordinary Life in Extraordinary Times: Soviet Russia in the 1930s*, Oxford 2000; D. Priestland, *Stalinism and The Politics of Mobilization. Ideas, Power, and Terror in Inter-war Russia*, Oxford 2007; S. Fitzpatrick (ed.), *Stalinism. New Directions*, London 2000; M. Edele, *Stalinist Society 1928–1953*, Oxford 2011; J. Fürst (ed.), *Late Stalinist Russia. Society between reconstruction and reinvention*, London 2006.

mechanisms, which is designed to ensure continued modernisation and the development of innovation. The contradiction between the progressive increase of political control over society and the desire to develop a globalised economy based on market mechanisms is one of the most important challenges facing Xi Jinping's rule.

The basic tool of the conservative turn taken by Xi Jinping has been the concentration of power in the hands of the General Secretary and his circle, within both Party and state structures, as well as the centralisation of power in Beijing at the expense of the provinces, in a manner not seen for decades. Since taking power, Xi has marginalised or broken up competing Party factions, by means including the largest anti-corruption campaign in the history of the PRC. By formal and informal means he has been able to transfer part of the current management of the state and the reform process to specialised cells located in the Party's decision-making centre, reducing the powers of the government bureaucracy and the local authorities. As has happened many times in the history of the PRC, the state structures have been restructured and adapted to the new dynamics of power in the PRC, including through the liquidation of some ministries, the vertical integration of territorial administration, as well as the transfer to the Party bureaucracy of new competences which had hitherto belonged to the state. The changes in the functioning of the Party and state structures which have been implemented since 2012 have led to the partial revision of the post-1978 political system, although they have still been taking place within the broad and flexible framework of the Leninist state created in 1949.

2.1. Challenges for the Party and the selection of Xi Jinping

2.1.1. Economic reforms and the new growth model

As the sources of the growth which drove the Chinese economy for nearly 40 years started to run dry, the fundamental task which the Party demanded of Xi was to change the PRC's economic model. However, the implementation of the prescription he presented in 2013, which initially assumed a reduced role for the state in the economy, opened up a political conflict within the CCP's cadres' vested interests groups. This lay at the basis of the Xi Jinping's thought on reform, and became one of the driving forces of the 'conservative turn'. However, his early thought on economic reform, with the attempt to reduce the state's burden on the economy, is in direct contradiction with the increasingly evident desire to strengthen the CCP's position. This, together with the

power of the vested interests, led to the stagnation of economic reforms in recent years.

China's economic growth after 1978 was based on two parallel major processes supervised by the CCP: the introduction of export- and investment-led growth model, similar to the experience of other East Asian countries; and the gradual strengthening of market mechanisms and private property while maintaining the state's dominant role in the economy. Despite the spectacular success of both approaches, which led to China's transformation from an agricultural country to the world's largest industrial power in less than 30 years, at the beginning of the twenty-first century this model began to exhaust itself. A broad consensus on the need for a thorough transformation and the search for new sources of growth was expressed in 2007 by the then Premier Wen Jiabao. When submitting his report on the government's activity to the NPC[80], he described the Chinese growth model as "unstable, unbalanced, uncoordinated and unsustainable". The scale of the growing economic challenges is still so large that it poses a serious threat to China's further economic growth and the enrichment of the Chinese people, essential elements of the unspoken social contract between the CCP and Chinese society.

Following the example of the so-called 'Asian tigers' and the experiences of post-war Japan, after 1978 China based its economic growth on ramping up a massive investment boom. The essence of the model was the suppression of wages and domestic consumption (which for many years had risen more slowly than GDP), institutionally forcing Chinese citizens to store their savings in the national banking system, and then using the capital thus accumulated to invest in infrastructure, the production capacity of industry, and the housing market and urban development. The Chinese state-owned enterprises sector and a privileged part of the private sector received access to cheap, almost unlimited capital, as well as the possibility of employing hundreds of millions of low-paid workers migrating from the countryside to the cities. In addition, for years the Chinese government pegged the yuan to the dollar at an undervalued rate. This created room for growth in the export sector (the second pillar alongside investment growth), which was dominated by private Chinese companies and foreign investors.

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[80] 'Wen confident in maintaining economic growth', *Xinhua*, 16 March 2007, www.chinadaily.com.cn.

Private companies in the PRC: the case of Huawei

According to the annual report on the state of the company in 2018[81], Huawei Investment and Holding Co., Ltd. is an employee-owned company, in which the employees (96,768 as of 31 December 2018) are shareholders, not individually but collectively through a trade union. The company's general assembly consists of two entities: the CCP-controlled trade union[82] and the Chairman Ren Zhengfei, who holds 1.4% of the shares. Ren himself is a former officer in the PLA who worked in a military communications research institute and moved over to civilian work in 1982 or 1983, before the restoration of ranks in the PLA in 1984; thus it cannot be stated what rank he held when he retired from the military. It is also unclear when Ren joined the CCP. In 1987 he founded the Huawei company, which immediately began importing, and then producing telephone and communication equipment for military and civilian use.

The Chinese economic miracle of the past three decades, based on investments and exports, has been carried out on the basis of deep state intervention in the economy. Despite the move away from the central planning of the Mao era – including the relaxation of almost all price controls, the phasing out of specific production plans, and the opening-up of many sectors to private entrepreneurs – the CCP, through the structures of the state, has retained control over the allocation of goods and the distribution of the fruits of China's growth. In addition to its powers resulting from the regulation of the economy (licenses and permits, taxes, planning), the CCP dominates the economy through the expanded state-owned enterprises (SOEs) sector, and above all through the financial system, which belongs entirely to the state. With it, the CCP is able to control the allocation of capital and determine the directions of economic development, thus retaining this unusually powerful tool for controlling society during the ongoing market transformation.

Although the model of export and investment growth was visibly running dry at the start of this century, its negative consequences manifested most strongly after the global crisis of 2008. In 2009–11, China introduced a huge economic stimulus package (around US$590 billion) and used the state banking sector

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[81] *Huawei Investment and Holding Co., Ltd. 2018 Annual Report*.
[82] Trade unions are controlled by the CCP through the All-China Federation of Trade Unions, which is administered by staff members of the CCP and is subordinate to the Works Division of the United Front of the CCP's Central Committee.

to expand credit (the value of loans was increased by 30% year on year). In the face of weakening demand for Chinese products abroad, together with the prospect of recession, the CCP decided to expend vast resources using the old investment-led economic growth model. Directed mainly at developing infrastructure and housing, these measures were supplemented by investments in other sectors of the economy, including heavy industry.

However, although this move successfully brought about a short-term stimulation, it was also accompanied by a number of negative consequences. The imperfect mechanisms for capital allocation, as well as the low rate of return on these intensive investments, led to a sharp increase in debt in the Chinese economy. This in turn raised the pressure on the financial system and brought about an accumulation of so-called non-performing loans. The end of the stimulus package, as well as the saturation of many regions of China with infrastructure and housing construction projects, led to a significant amount of production surpluses, especially in heavy industry (steel, cement, chemicals, glass etc.). A side effect of this industrial development was the progressive degradation of the environment, including air pollution in north-eastern China which has been extremely burdensome for the public. While all of these events had occurred in China before, they culminated at the turn of the 2010s during the succession of power in the PRC. The challenges facing the country's macroeconomic policy were exacerbated by another fundamental process occurring in the Chinese economy: in 2013, for the first time since records began, the active labour force in China's society began to shrink.

The CCP's response to the growing economic challenges was expressed in the vision presented at the Third Plenum of the 18th National Congress of the CCP's Central Committee in November 2013. Soon after taking office, Xi Jinping – who was personally responsible for preparing the document – delivered an ambitious agenda of economic reform intended to ensure new sources of growth for China. The common factor in the dozens of detailed sector reforms presented was the commitment to allow the market a 'decisive' role in resource allocation, the state's withdrawal from regulation over many industries, and the opening-up of previously closed sectors of the economy to the private sector (above all service sectors). The Third Plenum (as well as the five-year plan for 2016–20) also saw the announcement of an adjustment to the philosophy of creating economic growth: the growth of GDP, which had hitherto had top priority, is to be replaced by a more balanced, environmentally and societally friendly growth model. It will primarily be based on the partial dismantling of the investment and export model of growth, which directs the wealth to the business sector,

and the stimulation of Chinese domestic consumption. High incomes should be guaranteed by a transition to high-tech industries and services. The agenda of the Third Plenum, which resulted from a broad debate within the Chinese elites, was the CCP's response to the economy's increasing problems, and is intended to give new impetus to economic growth and provide the Party with legitimacy among the population.

The path of economic reforms initially laid out by Xi Jinping contains a certain paradox which was highlighted during the first years of his rule. The agenda of the Third Plenum assumes the gradual withdrawal of the state from the economy and the strengthening of the private sector. This concept, however, is at odds with the vision of a renewed, enhanced CCP which has even more control over society. Implementing these reforms would mean a partial dismantling of the economic system in which the Party apparatus – at the local and central levels – largely controls the allocation of resources, thus reinforcing its political position within society. Strengthening the market will inevitably entail the possibility that strong social actors independent of the CCP could arise. Moreover, by implementing the agenda of the Third Plenum, the CCP would deprive itself of its most important tools for intervening in the economy and stabilising the economic situation, with the consequent effect on the public legitimacy of the Party. The need to further stimulate the economy and maintain growth through investment seems to be prevalent among the Beijing elite; however, this will deepen the problems of debt and slow the country's economic transformation. In a period of economic instability and an uncertain international situation, Xi Jinping is faced with the choice between securing the short-term stability of the CCP's rule and implementing his long-term vision of reform. As a result, the first years of Xi Jinping's rule did not produce any visible breakthroughs in implementing the Third Plenum's agenda, and China's reform programme plunged into stagnation[83].

The implementation of the Third Plenum's ambitious agenda of economic reforms would also mean the *de facto* handover of sources of personal wealth, previously controlled by the local and central level Party cadres, into the hands of the public, which would result in a deep political conflict within the Party.

[83]   This has led to the postponement or limitation of key reforms, and the economic policy during Xi's first term focused on *ad hoc* measures, including debt relief for state-owned enterprises and stabilising financial markets (with the use of state-owned financial institutions), as well as on structural policy (reducing surplus production and developing of modern branches of industry through subsidies). Jakub Jakóbowski, *The drifting of China's reforms. Economic policy during Xi Jinping's first term*, OSW, Warsaw 2017, www.osw.waw.pl.

The need to break the deadlock over the reforms and implement the new economic model – as contained in the narrative of the struggle among interest groups which has been ongoing since 2013 – has become one of the main arguments used by Xi Jinping to strengthen his power, and one of the driving forces of his 'conservative turn' in the PRC. In Xi's own words, the period of easy reforms has ended, and China has entered the period of 'navigating deep waters' (*shen shui qu*). After the so-called lost decade under Hu Jintao and Wen Jiabao, Xi's policy was intended to suppress the resistance to the reforms located in the Party apparatus, the country's bureaucracy and the state-owned companies. This vision sanctioned the concentration of power in Xi's hands, as well as the centralisation of activities to implement the economic policy, reform the powerful state companies sector, and make changes at the local government level. In the face of the reforms' stagnation over the last few years, the question is inevitably raised of whether the widely propagated reforms of the Third Plenum have not been treated instrumentally by Xi Jinping, in order to build up support among public opinion and some of the Party apparatus for political recentralisation and the expansion of the writ of his own rule.

2.1.2. The crisis of the political system

In the perception of the CCP's elite, at the turn of the twenty-first century the Party was faced with a serious crisis of the political system, associated with internal tensions within the Party apparatus and the ongoing erosion of the Party's social legitimacy. Upon taking power, Xi Jinping presented the Party with a vision of internal 'moral renewal', based on disciplining the Party cadres and ensuring ideological purity. Thanks to this programme, he was given a broad mandate to centralise power in the CCP, in particular from the Party elders, who feared for their own position.

The fierce competition among Party factions – fighting for power and resources, their strength deriving from the resources coming from the state's control of the economy – unleashed powerful centrifugal forces within the CCP, threatening its cohesion at both central and local levels. At the same time, the spread of corruption and abuses of power at the local level had begun to significantly undermine the CCP's social legitimacy[84]. One of the most spectacular examples of this trend was the case of Bo Xilai (see box 'The Bo Xilai case'), which shook Chinese politics during the 18th National Congress of the CCP in 2012 and

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[84] See Tun-Jen Cheng, D.A. Brown, J. deLisle (ed.), *China Under Hu Jintao: Opportunities, Dangers, and Dilemmas*, Singapore 2006.

could potentially have jeopardised the handover of power to Xi. This scandal embodied all the major political challenges facing the CCP: attempts to rise to power on the basis of local cadres' independence, the large-scale corruption and ostentatiously lavish lifestyles of CCP members, as well as the powerful influence of state-owned companies and secret services not controlled by the Party leadership. This event, followed by the ostentatious punishment of the people involved in it, became one of the foundations legitimising Xi Jinping's internal revolution in the CCP.

The Bo Xilai case[85]

This was a multi-threaded and multi-level corruption scandal that came to light in February 2012, at a critical moment in the succession of power at the top of the CCP. Bo Xilai, the influential secretary of the CCP in Chongqing, attempted to change the fixed generational handover in the leadership of the CCP and bring about his own selection in the place of Xi Jinping. His main ally was Zhou Yongkang, then the special services' 'tsar' on behalf of the Standing Committee of the Politburo of the CCP's Central Committee, but who was also closely linked to the state oil sector, where he had worked for many years. Apart from the elements of crime, corruption and immorality, the essence of the scandal concerned the CCP's relationship with the security services and the process of selecting the new leadership. It is hard to say how real the plan to interfere with the succession was, and how much it served as a pretext for the new leadership to carry out personnel changes and restructure the security apparatus (see section 3.2.1). The fact that a factional alliance had formed which was based on the security apparatus and local cadre, and was aimed at disrupting the succession of power as determined by the Party's elders, shows the scale of the challenges facing the CCP at that time. The show trial of those involved in the case stimulated Xi to initiate the largest anti-corruption campaign in the history of the CCP, which was one of the new General Secretary's most important instruments in consolidating his power.

The sense of a political turning point revived the concerns, present in the CCP since the 1990s, that it might share the fate of the Communist Party of the Soviet Union (CPSU). The Party elites in Beijing ascribe the collapse of the CPSU

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[85] See Pin Ho, Wenguang Huang, *A Death in the Lucky Holiday Hotel: Murder, Money, and an Epic Power Struggle in China*, Public Affairs, 2013.

(and thus the USSR) to the Soviet Party's inability to effectively reform and evolve, in tandem with the collapse of the integrity of the Party apparatus and the one-Party system. The problem of the personal integrity of the members of the Party apparatus goes far beyond the issue of corruption, which is seen rather as a symptom of the lack of proper control from the centre. It is rather a question of the conviction, present at many levels of the CCP and the executive bodies in Beijing, that the Party needs to be purged of its bad elements, while simultaneously increasing its professionalization and internal cohesion.

It seems that Xi Jinping has correctly grasped this trend in the thinking of the Party elders; he has proposed a vision of the 'moral renewal' and 'cleansing' of the Chinese Communist Party. This conceals a programme to purge the Party cadres of their most corrupt elements, recentralise economic policy, strengthen Beijing's control over the provinces, renew the ideological indoctrination of society, and generally to reinforce the CCP's power and control over all aspects of the PRC's functioning. The 'moral renewal' of the CCP is pictured as a remedy for Party's internal disorder and the decline in the Party elders' authority, as well as a way to safeguard the personal safety of retired cadres, linked to the rule that the outgoing cadres appoint their successors. The situation in 2012, an attempt to violate this rule (see box 'The Bo Xilai case'), marked a turning point in the post-1989 history of the CCP. The Party elders decided that they had to entrust Xi Jinping with a broad mandate, so that he could reverse this trend which posed a threat to them personally.

In the last two decades, the Party has faced a significant challenge in the form of social protests connected with corruption and abuses by local CCP cadres. One of the biggest sources for the protests has been abuses by local cadres, mainly the practice of confiscating land from peasants without compensation, or for just token amounts, as well as local environmental contamination scandals related to the lack of supervision over the quality of food or health care, etc. Beijing, realising that these social tensions need to find an outlet, has adopted a strategy of directing discontent at the local structures, emphasising that the regional abuses are the source of the unrest. At the local level, a mixture of repression against the cadres and small concessions towards local communities results in the pacification of hot spots, and the protesters often come to perceive the central authorities as their defenders. This method has so far been successful and is being continued by Xi Jinping. However, the policy makers in Beijing know that this strategy may soon exhaust its possibilities, and fear that the scattered protests may find a common denominator in the

form of political demands. In the Hu–Wen era (2002–2012), experiments were undertaken which involved various forms of social participation aimed at the supervision of local personnel[86], permitting a certain freedom of action for NGOs, greater involvement by internet users in highlighting abuses, and above all, the idea of the rule of law – something which would mean that the CCP itself would have to obey the law which it had itself created[87].

Social protests in the PRC

From year to year the number of so-called mass incidents, as the authorities define public protests, has been rising. In the period from 1993 to 2005 the number of protests rose tenfold, from 8,700 to 87,000. In 2010 the figure reached more than 180,000[88]; at that time, protests in the countryside against the expropriation of land predominated. After Xi Jinping came to power, the authorities ceased publishing official figures, but independent estimates say that the number of protests currently fluctuates between 230,000 and 250,000 annually. According to the independent China Labour Bulletin[89] from Hong Kong, the nature of the protests is also changing. The number of strikes by workers in the cities is rising, and since 2013 the strikes have gone beyond the production sector, and are increasingly taking place in the services and trade. Wage demands are rising, and the protests are also driven by rising costs of living and the average worker's lack of prospects of buying their own homes. Another dissatisfied group are property owners, who cannot rent their apartments (at least 65 million housing units remain unoccupied) and fear a drop in property values[90].

In response to these concerns, Xi Jinping has proposed another solution to the CCP: the maintenance and restoration of the Party's primacy over the state structures, and a return to increased social control, this time with

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[86] The most advanced concept assumed controlled, but relatively free political participation for citizens of the PRC through internet forums ('netizens'); this would allow the CCP to receive feedback from the public, and also to achieve a new form of legitimacy.

[87] See T. Wright, *Popular Protest in China*, Cambridge 2018; Xi Chen, *Social Protest and Contentious Authoritarianism in China*, Cambridge 2012; K.J. O'Brien (ed.), *Popular Protest in China*, Cambridge 2008.

[88] C. Göbel, L.H. Ong, *Social Unrest in China*, Europe China Research and Advice Network, London 2012, www.chathamhouse.com.

[89] China Labour Bulletin, www.clb.org.hk.

[90] The speculative bubble in the property market is the result of programmes to stimulate the economy which were introduced in response to the 2008 crisis.

the use of modern technology. Xi's rule has been accompanied by a significant tightening of internet censorship, a restriction of freedom of expression (in the Hu–Wen period there was quite considerable room for public debate in China), and repression against social activists and academics who criticise the Party. This is partly due to the current diagnosis among the CCP's leaders that the experiments during Hu Jintao and Wen Jiabao's rule (2002–2012) favoured social disarray and undermined the Party's position in society.

In the long term, the essence of Xi's ambitious plan is to change the methods of how both the Party and society as a whole are to be managed. The heart of this plan is the Social Credit System (SCS), expanded with additional features allowing for control over the Party apparatus (see section 3.3.1). This is intended to allow effective control over individuals, but also to react quickly to threats on the micro-social scale before they metastasise into elements of destabilisation. It is also intended as the CCP's response to the lack of reliable information about what is happening in the country, which results from the tendency of local cadres to give false reports[91]. Finally, the new system of government is intended to be part of the construction of the PRC's own model of socio-political development serving as an alternative to the Western model of liberal democracy.

2.1.3. The end of the 'period of strategic opportunities' in international politics

Xi's rule has seen the unprecedented (since the time of Mao Zedong[92]) involvement of China in the global arena and its assumption of a more assertive foreign policy. This has created new tensions and conflicts with both China's neighbours in Asia and global actors like the US and the EU. Xi's policy is a response to the growing belief among decision-makers in Beijing that the so-called 'period of strategic opportunities', during which China could expand without coming into confrontation with the West, is coming to an end. Beijing's more assertive policy is also a method for consolidating society around the Party, for playing the nationalism card, and for the further concentration of power in the hands of Xi Jinping.

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[91] This in itself due to the design of the system, but because it is a necessary element, it cannot be changed without threatening the CCP's power as such.

[92] See J. Gittings, *The world and China 1922–1972*, London 1974.

'The period of strategic opportunities'

At the end of Hu Jintao's term as General Secretary of the CCP, a conviction arose among Party analysts that the international 'window of strategic opportunity' for the PRC was closing[93]. This was a description of the period that started with the end of the Cold War, when the PRC was able to build up its economic power and international position without much resistance from the West, while at the same time benefiting from a stable international environment. At the same time, a traditional belief remained within the CCP that in the future the PRC would have to challenge the very international order of which it had been the beneficiary. Beijing's narration of 'peaceful growth' was intended to reassure the West, which at the same time was firmly convinced that China could be successively democratised through economic cooperation. The attention of the US, which China saw as its main opponent, was focused on the Middle East and the so-called war on terrorism. The situation changed due to China's relatively good performance during the financial crisis of 2008. As a result of its fairly short-sighted policy of stimulation, the country came through that period relatively smoothly, thus strengthening its relative economic power. At the same time Beijing realised that the West was experiencing a serious internal crisis and would be unable to react to a change in the PRC's *modus operandi*. The post-2008 period was also perceived as a good moment to end the policy of keeping the low a profile, taking full advantage of the opportunities now open to PRC, which would be unlikely to last long.

Shortly after taking office as the Chairman of the PRC in 2013, Xi Jinping outlined his ambitious goals for strengthening China's position, using the formula of 'Two Centenary Goals' (*liangge yibainian*), i.e. the hundredth anniversary of the founding of the CCP in 2021 and of the PRC in 2049. In the first period, until 2021, the socio-economic transformation that will build a 'middle-income society' (*xiaokang shehui*) is to be completed[94]. This is intended to be the prelude to implementing the second goal: to make China a superpower on a global scale by 2049. When starting his second term as General Secretary of the CCP

[93] See Song Yan, 'Renmin ribao pinglun yuan: Zhengque renshe woguo fazhan de zhongyao zhanlue jiyu qi – san lun guanche luoshi zhongyang jingji gongzuo huiyi jingshn', 24 December 2018, www.gov.cn/xinwen; E.S. Medeiros, 'China Reacts: Assessing Beijing's Response to Trump's New China Strategy', *China Leadership Monitor*, Spring 2019, no. 59.

[94] Originally this term refers to Confucianism, but it was used by Deng Xiaoping in 1979 as the goal of the economic reforms and programme of modernisation. See N. Visocnik, J.S. Rosker, *Contemporary East Asia and the Confucian Revival* (*Black Cats*), Cambridge 2015, p. 153.

in October 2017, Xi said that "China is moving closer to the centre of the [world] stage and making a greater contribution to [the development of] humanity"[95]. This was seen as a sign of Beijing's superpower ambitions, and a departure from the principle formulated by Deng Xiaoping of 'hide your strength, await the right moment'[96].

The Taiwan question

Since 1949, after the CCP's victory in the civil war and the Chinese Nationalist Party (*Kuomintang*) government's escape to the island of Taiwan, there have been *de facto* two Chinese states: the PRC on the mainland, and the Republic of China on Taiwan. Both formally recognise the principle of one indivisible China (the so-called 1992 consensus): their dispute is over which of them is the legitimate representative. The One China principle is also widely accepted by the international community, the overwhelming majority of which considers the PRC as the representative of China. The matter is further complicated by the presence of strong pro-independence trends on Taiwan, which does not acknowledge that it belongs to China. The CCP treats Taiwan's 'reunification' with the mainland, an element of the reunification of China after the period of colonial division, as an issue of fundamental political importance. China is formally committed to 'peaceful reunification', but under a law passed by the NPC in 2005, it assumes the right to use force, for example in case Taiwan issues a formal declaration of independence, or if any prospect of reunification is deemed permanently lost[97]. Neither Taiwan's aspirations to independence nor the threat of use of force by the CCP are desired by the great majority of the international community; the United States is at the forefront of this approach; although while rejecting calls for the independence of the island, Washington has at the same time declared that it will defend Taiwan against aggression from the mainland. The Republic of China on Taiwan, in a state of diplomatic suspension, has a democratic political system, but is significantly divided by concerns over its relations with the mainland. Taiwan also has a developed market economy; it is a key global provider of semiconductors and one of the most important direct investors in the PRC, and it also possesses a relatively modern army.

[95]   Xi Jinping, 'Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era', delivered at the 19th National Congress of the Communist Party of China, 18 October 2017, www.xinhuanet.com.

[96]   *Taoguangyanghui*; see R.C. Keith, *Deng Xiaoping and China's Foreign Policy*, New York 2018, p. 19.

[97]   'Fan fenlie Guojia fa', 14 March 2005, www.npc.gov.cn.

Although Xi's rise to power was associated with a significant change in rhetoric, in fact he is continuing many of the political programmes initiated by his predecessors. This is particularly true of the security sphere: Xi has thoroughly reformed the army, including the expansion of the navy and the expeditionary forces, as preparation to protect the PRC's global interests. The development of the army is primarily intended to protect mainland China against the possibility of its sea routes being blocked. This is also linked to the concept of dominating the 'first line of islands' (*diyi dao lian*), i.e. the body of water between the PRC's maritime border and the sequence of the Kuril Islands, the Japanese archipelago, the Ryukyu islands, Taiwan, the Philippines, Borneo, the Malay Peninsula and the Malacca Straits. This has re-inflamed territorial disputes with its neighbours in the South China and East China Seas, and provoked the United States during the Obama presidency to the so-called 'Pivot to Asia'[98], thus exposing China's relative international isolation. This policy as formulated by Beijing has been one of the main areas of conflict with the US and Asian countries during Xi's rule.

The ambition to change the current international order, and at the same time to counter Western influence on the internal politics of non-democratic countries, has pushed Beijing towards closer relations with revisionist countries which are working to undermine the existing international order, primarily Russia. Both countries have found common ground, not only in their opposition to the dominant role of the West, but also in their shared fear of regime changes 'inspired from outside' and so-called 'colour revolutions'. However, China's rapprochement with Moscow has widened its divergence of interests with Washington, something which became apparent at the beginning of the Trump presidency in the economic field, but has since also rapidly expanded to other areas.

Under Xi Jinping, China has also for the first time presented its own vision of the global economic order, creating international economic initiatives such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank (AIIB). These new initiatives are mainly aimed at developing countries, whose trade and investment with China has expanded very rapidly since 2000. As a continuation of the current Chinese involvement, the new initiatives are focused on the distribution of trade surpluses and stimulating foreign demand for Chinese heavy and construction industry, which are struggling with structural problems. The infrastructure projects are intended to be a prelude to

[98]   Chi Wang, *Obama's Challenge to China: The Pivot to Asia*, Farnham 2015.

attracting direct Chinese investment, the creation of special economic zones, the promotion of trade, and consequently enhanced cultural and political relations between China and the selected countries. The Belt and Road Initiative, which was initially regional in nature, has since emerged as the main platform promoting a China-centric vision of globalisation, a forum to negotiate economic agreements, as well as a symbol of China's aspirations to become a global advocate of free trade. For this reason, it is facing growing opposition from the United States, and some members of the EU have also expressed their concern about the increase in Chinese influence in Eurasia, Africa and Latin America.

The fundamentals of the PRC's industrial policy also have significant repercussions for Chinese foreign policy. These are based, among other things, on developing China's capabilities in high-tech sectors, as well as on acquiring technology from developed countries. This means China is entering a stage of open economic competition with developed countries, something which is causing tensions with the US and the EU. The foreign expansion of Chinese companies is backed by the state, including Chinese state entities financing the acquisitions of foreign companies, and the state's involvement in stealing technologies. This took on unprecedented dimensions at the turn of the twenty-first century: the influx of Chinese investment in the EU rose from around €2.1 billion per year in 2010 to over €37 billion per year in 2016[99]. The EU and the US are among the most affected economic entities, resulting in policy responses that have been negative from China's point of view. The markets of developed countries are being increasingly closed (including limitations on Chinese investment), and diplomatic pressure on China from developed countries has risen, including demands for the Chinese market to be 'symmetrically' opened up further to Western corporations. However, Xi's initial announcements on the liberalisation of foreign trade (including the full convertibility of the yuan, opening up investment and capital flows) are being implemented only slowly, and in some areas state control is even increasing. This is due to concerns among elements of the CCP's leadership related to the instability of the Chinese financial sector and tensions in trade with foreign countries, which could cause sudden capital outflows from China, fluctuations in the yuan's exchange rate, etc. A rise in protectionism has been clearly observed in high-tech branches, whereas in other specific sectors of the economy (such as consumer goods) China is trying to stick to the course of liberalising foreign trade, a move intended to reinforce its image as a defender of globalisation and economic openness.

[99]   T. Hanemann, M. Huotari, A. Kratz, 'Chinese FDI in Europe: 2018 trends and impact of new screening policies', *MERICS*, March 2019, www.merics.org.

China's increased involvement on the regional and global stages, a hallmark of Xi Jinping's rule, has confronted the PRC with a completely new category of challenges related to the opening of the long-running conflict with the West, primarily the United States. The resulting shift in US policy, initiated by US President Donald Trump, involves putting pressure on China in many fields simultaneously: from bilateral trade, through security (in which the Obama and George W. Bush administrations were also active) and the competition between large technology companies, through to ideology. The US has also increased pressure on China via its allies, in both developed and developing countries. The EU is seeking to adopt a 'wait and see position' in the US-China conflict, although it too has raised the diplomatic pressure on Beijing because of the still unresolved problem of the imbalance in market access, as well as European concerns about China's activity in Eurasia within the Belt and Road Initiative.

Increasing pressure from the West and the need to respond to such a complex catalogue of challenges has created the opportunity for Xi Jinping to further consolidate power, further fuelling his 'conservative turn'. In order to respond to those conflicts, the foreign policy decision-making process has been concentrated in the hands of Xi Jinping and his closest associates, thus transferring responsibility for any failure directly to the General Secretary of the CCP. However, the first months of the diplomatic conflict between China and the US revealed several problems which could potentially undermine Xi's position in the CCP. The negotiations with Washington in 2018, which were marked by Trump's sudden *volte-face* and the unfavourable (for China) escalation of the conflict, have according to some reports brought a wave of criticism upon Xi from the Party elders. Some Party elements have also criticised his sudden – and perhaps premature – break with the previous strategy of 'hiding your potential'.

At the same time, it seems that China's diplomats were unable to warn the decision-makers against the negative consequences of such an abrupt change in foreign policy. This results from the authoritarian nature of the system, in which raising concerns or a dissenting viewpoint is unacceptable because doing so is tantamount to criticising the Party leadership. This is reinforced by the fact that compared to the rest of the bureaucracy (that of both the CCP and the state), China's diplomatic service is relatively weak, both in terms of personnel and institutionally. Therefore, in contrast to other departments whose officials are actively trying to shape policy (usually in their own particular interests), the diplomatic corps remains passive, and is focused on trying to guess the expectations of the decision-makers in the CCP's Central Committee.

2.2. The conservative turn in the CCP: the end of the collective leadership?

2.2.1. A new leader for a new era

Upon taking power, Xi Jinping received a mandate to conduct an internal revolution in the CCP through the unprecedented consolidation of power in the hands of one person, changing the *status quo* of the political system which had been developed in the 1990s. The number of offices held directly by Xi Jinping, as well as the range of influence his faction wields in the key organs of the CCP, represents a partial departure from the idea of 'collective leadership' and an abandonment of the principle of maintaining factional balance within the highest bodies of the Party. However, Xi does not have absolute power in the Party, and he is still dependent on the Party elders and the key clans. In an institution as pluralistic as the CCP, the Party's support for Xi's series of centralising activities since 2012 should be seen as a symptom of profound compromise, a search within the Party for a strong hand to preserve the CCP's rule.

From an institutional point of view, Xi's government is not very different from that of his predecessors. The only significant change was a new amendment, formally introduced in March 2018 by the NPC, abolishing the term limit on how long a given person can serve as Chairman of the PRC[100]. Despite its formal insignificance (state positions do not in themselves bear any real power), this move was the symbolic culmination of the process of Xi's consolidation of power to which he dedicated his first term of office (2012–16). A large part of the Party apparatus and the public took this as Xi's assumption of power for life. Many foreign observers saw the move as evidence that Xi had taken absolute power in the Party. Yet despite the symbolic dimension of the change, Xi's position in the CCP is not so clear-cut (see section 2.2.2). The removal of restrictions on how many terms the PRC's Chairman can rule is rather a signal to society that Xi has the Party's consent to complete his programme, but this should not be read as unconditional agreement to his rule for life[101].

During his rule Xi Jinping has concentrated a number of Party functions in his hands[102], giving him a dominant position in the Party bureaucracy, and thus

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[100]   The official justification is that similar restrictions do not exist regarding the implementation of Party duties, and that this requires uniformity.

[101]   As demonstrated by the example of Deng Xiaoping, it is not essential to hold any official positions.

[102]   General Secretary of the CCP (which guarantees him a place on the Standing Committee of the Politburo of the CC CCP); chairman of the Central Military Commission of the CC CCP; and chairman

extremely wide-ranging powers in the PRC. This position also stems from the strategic deployment of members of his faction within the central bureaucracy, particularly the Secretariat of the Central Committee, as well as his skilful neutralisation of the influence of other factions (section 2.2.2). The foundation of Xi's power lies in his gaining control of the important informal leading groups (see section 1.1.3), either personally or through trusted people (see Annex 3); skilfully breaking the resistance of Party factions at the local and middle levels through the anti-corruption campaign (see section 2.2.5); gaining the support of the PLA's mid-level officer corps (see section 2.2.4); and creating a new image of a leader whose ideas have been included in the statute of the CCP (see section 2.2.6). Due to the scope of the powers accumulated by Xi and the influence of his faction in the CCP, he is clearly a much stronger leader than Hu Jintao (2002–12), and to a degree even more than Jiang Zemin (1989–2002), and his position does not currently seem to be under any threat.

Xi's authority in the PRC also has its roots in the leader's personal popularity. An ability to articulate the collective expectations and hopes of Chinese people is essential to the mastery of the CCP. Over the years, Xi's career has confirmed his intuitive ability to read the public mood, which has allowed him to have a personal influence on society, and thus to strengthen his position within the CCP itself. The emphasis on the fight against corruption and environmental pollution is the realisation of society's expectations. Xi Jinping has proved able to skilfully unite the CCP's sense of mission and the public's expectations in the slogan of 'the Chinese dream'. This ability to personify the expectations of society and the Party in himself is the contemporary version of the 'mandate of heaven', and is of enormous importance in Xi's hold over power over the CCP itself.

However, Xi's strength mainly derives from the fact that the 'collective leadership' has given over its own authority into his hands. The aim of concentrating power is to overcome the system's deficiencies at a time when the CCP and the PRC have been facing serious domestic and international challenges. Xi has received a mandate from the Party elders to carry out a major reconstruction of the Party apparatus and to change the model of socio-economic development. These two projects are interdependent, and will be impossible to implement without breaking the resistance of local interest groups, which in

of at least eight small management groups on the CC CCP (see Annex 5). The position of president of the PRC, the formal head of state, is symbolic, but it maintains diplomatic protocol in dealing with foreign countries.

itself is a revolutionary act. This is important because Xi's position within the power apparatus will remain unchallenged only as long as the Party elders are sure he is carrying out the long-term plan for the CCP's recovery and changing the paradigm of the PRC's development. Naturally, concentrating power in Xi's hands runs the risk that he may violate this agreement with the Party and assume full independence for himself. However, considering the still high degree of pluralism in the Party, as well as the living memory among the elders of the consequences of unfettered 'rule by one man', one would expect to see more or less visible signs of conflict at the top of the CCP in such a case, as well as criticism of Xi's position from the most influential members of the CCP's establishment.

Although the current General Secretary holds such a strong position, then, it cannot be said that he holds absolute power and that pluralism within the CCP has come to an end. Xi Jinping's position still depends on the position of the groups who brought him to power. Their position is demonstrated by the fact that the anti-corruption campaign – the main tool of the Party's 'purge' Xi has used – has so far not touched anyone associated with the Party clans that supported him, led by the influential clan of Deng Xiaoping's family, and by Hu Jintao (who seems to have abandoned the so-called Youth League Faction for good, and has focused on building up his own clan, sending his son Hu Haifeng to do Party work)[103]. Although the official narrative created by the Publicity Department of the CCP's Central Committee portrays Xi Jinping as a strong leader, from time to time there are signs that a fierce struggle for power may still be ongoing behind the curtain of unity, and Xi himself has sometimes been subjected to criticism by the most influential elements in the Party[104]. Therefore, at present it can be argued that the power and position of Xi Jinping, despite the attractiveness for the media of such a comparison, is nothing like that possessed by Mao Zedong during the Cultural Revolution.

2.2.2. The expansion of Xi's base and the erosion of Party factions

With regard to Xi's accumulation influence by his personnel policy, in his first five years he focused on marginalising competing factions within the CCP, and on strengthening his personal power through informal channels. At the same

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[103] In March 2019 he became the first secretary of the CCP in Xi'an, the largest city in north-western China, which will open up great opportunities to him.

[104] According to media reports, in December 2018, some members of the CC's Politburo had to make self-criticisms. This would confirm the speculation that Xi's activity has met with resistance, but it also means that he successfully managed to pacify his opponents.

time, the scale and intensity of the political struggle Xi has waged have accelerated the process (ongoing for decades) of the disintegration of the traditional factions within the CCP, and the emergence of a new formula for the stratification of the CCP's elites based on family clans and sectoral interest groups.

Xi's consolidation of power can be divided into two major stages, which derive directly from the nature of the Chinese political system, functioning as it does in five-year cycles. In his first term Xi Jinping was forced to act within the framework (established in 2012) of the highest organs of the CCP and the state structures, in which representatives of competing factions within the Party still had strong representation. By informal means, including the anti-corruption campaign and the small leading groups, Xi was able to expand his base and marginalise the competing factions. It was not until 2017, with the new personnel appointments during the 19th National Congress of the CCP, that the influence he had built up within the CCP allowed him to introduce his trusted people into the key bodies of the Party and build up a position of relative predominance on the Standing Committee of the Politburo, and in the Politburo itself (see section 2.2.3).

How Xi Jinping built up his position in the Party

During his 40-year career in the CCP, Xi Jinping (b. 1953) has gained the necessary skills, knowledge and experience to skilfully build up his personal position in the CCP. Like many of his peers, he experienced the Cultural Revolution and exile to the provinces to 'learn from the people'. In 1974 he joined the CCP, but he was only admitted after 10 attempts, due to resistance from political opponents of his father, who had been repressed during the Cultural Revolution. However, after 1978 and Deng Xiaoping's rise to power, his start was made easier by the connections of his father Xi Zhongxun (a hero of the civil war, who in 1949–65 held important positions in the central authorities and was connected to Deng). Xi became the natural leader of the 'princelings', the descendants of the founders of the PRC. In 1979–82 he served as secretary to Gen. Geng Biao, the then Vice-Chairman of the CMC CC CCP and a former subordinate to his father, which allowed him to build up a very early base in the PLA. His present position, however, comes thanks to his own efforts, based on both alliances with several factions and his own circle of close associates, to whom he can delegate many tasks and whose personal careers are tied to his. Xi has also systematically developed his own patron-client

network, moving through all the Party ranks in his career, and slowly rising up within the CCP's structures in the provinces of Hebei (1982–5), Fujian (1985–2002), Zhejiang (2002–7) and Shanghai (2007), from where he was brought to Beijing by Jiang Zemin and Zeng Qinghong. Their support meant that in 2007 he became a member of the Standing Committee of the Politburo of the CC CCP, and in 2008 Vice-Chairman of the PRC, and *de facto* successor to Hu Jintao.

Xi Jinping's personal popularity also depends on other factors. One should not underestimate his marriage to Peng Liyuan, a singer from the PLA's artistic ensemble who is popular among certain segments of society. Before Xi Jinping became Vice-Chairman of the PRC, he was known primarily as Peng's husband.

One characteristic of Xi's first term was his positioning of political allies in key places in the decision-making process; this was done both to bolster his own political position, and in order to take the wheel in managing both Party and state. In China – in contrast to other countries, where (at least theoretically) when the leader takes office he has bureaucratic structures at his disposal which are ready to carry out his orders, to the extent permitted by law – the leaders must first bring their own factions into the central structures which enable them to control the CCP, and through the Party, the state[105]. The scope of their power thus depends largely on the ability to position loyal people in key positions within the Party apparatus. Importantly, this does not take place during the nomination process, but during a complicated intra-party game when the posts are filled by collective bodies. While building up his position in Beijing, Xi started to bring people he trusted into Beijing, individuals with whom he had worked during his career in local politics, especially in Zhejiang province (see Annex 3).

In the first years of Xi's rule he also won the support of some of the factions operating in Beijing, while destroying others or removing them from important positions. Xi's natural political base was the so-called 'princelings', cadres who like Xi were children of influential Party elders, as well as the 'Jiang Zemin group', referring to the General Secretary of the 1990s who retained widespread influence and supported Xi's move for power in the CCP. Xi also skilfully

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[105] See K.G. Lieberthal, D.M. Lampton (ed.), *Bureaucracy, Politics, and Decision Making in Post-Mao China*, 1992.

incorporated many ideas from the 'new left' into his programme[106], but did so in such a way as to not alienate sectoral interest groups. Xi also won the support of the PLA by putting forward a proposal for the radical modernisation of the army, and also adopting many 'hawks' to his military programme (see section 2.1.3). The collapse of the opposition was also helpful. *Tuanpai,* a faction built around the Communist Youth League, had a representative on the Standing Committee of the Politburo in the person of Premier Li Keqiang. But after the 'wasted decade'[107] of Hu Jintao and Wen Jiabao, the other factions acknowledged that the *Tuanpai* people should step aside: this is also a reason why Premier Li is today a rather isolated figure. The supporters of Bo Xilai and those who were behind the coup attempt in 2012 – the 'populist' and the 'oil group' factions – have been completely broken up, and their actions, which were deemed to have set a dangerous precedent, finally united the CCP's elite around Xi Jinping.

An important tool in Xi's factional policy was the anti-corruption campaign, which struck at several high-ranking cadres in the competing factions, as well as their support bases at the local level. After completing the transfer of power in 2013, Xi used the anti-corruption campaign (see section 2.2.5) not only to severely punish the 'populists' and the 'oil group', but also to gain independence from the support of the 'princelings' and the 'Jiang Zemin group'. Xi skilfully weakened the other forces in the CCP by putting people from different factions in the same institutions, thus causing their internal paralysis; and as a result he and his people, who had come to dominate the small leading groups (see section 1.1.4) became the *de facto* decision-makers. At the same time he drew new people into his political base, bringing over many people from other factions. None of these activities were in any way different from his predecessors' practices.

The start of Xi's rule coincided with the ongoing disintegration of the traditional factional structures within the CCP[108] and the emergence of an internal political landscape based on family and clan relationships (see section 1.1.3).

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[106] The term 'new left' represents a popular trend among intellectuals calling on the CCP to minimise economic differences and pursue an active social policy, including increasing transfers to less privileged social groups.

[107] The thesis about the 'lost decade' (2002–12), during which the favourable economic and international situation was not used to make the necessary changes to the developmental model of the PRC, can be found even among economists close to the regime, such as Justin Yifu Lin. See Justin Yifu Lin, *Demystifying the Chinese Economy,* Cambridge 2011.

[108] For more on the current internal politics of the CCP, see D.L. Shambaugh, *China's Communist Party: Atrophy and Adaptation,* Washington 2008.

During the twilight of Hu Jintao's rule, in the struggle to seize power, the political lines of division within the central apparatus ceased to be shaped by the various outlooks on the direction of the PRC's development, and began to follow the lines of the interests of the most powerful clans within the CCP. It is difficult to say how much Xi deliberately accelerated the whole process, and how much he took advantage of the disruption to gain a level of power and influence beyond those held by his predecessors.

Xi is therefore neither the main driver nor the initiator of the transformations within the Party elite. He recognised, and skilfully exploited, the new dynamic in order to obtain a strong mandate from the Party elders to govern the CCP itself and build up a very broad base for himself. The Party, and with it also the state, finds itself in a period where the *status quo* based on the traditional Party factions is disintegrating. The new internal structure, based on family clans, is only taking shape right now, and needs time to create a new model of political competition. Xi's strong position and his network of personal influence are largely due precisely to the resulting power vacuum, but it is debatable as to how long this situation will continue to favour him.

2.2.3. Consolidation of power at the top of the CCP

Xi's victory in the factional struggle of his first term opened up the way for the formal consolidation of his position during the 19th National Congress of the CCP in 2017. At that time people affiliated with Xi came to form majorities in most of the major groupings of the CCP: the CC's Politburo and its Standing Committee, as well as key bodies in the Party bureaucracy. In this way the faction centred around Xi Jinping assumed a dominant position.

The process of consolidating power intensified after the start of Xi's second term as General Secretary of the CCP. The position he had built up over several years within the Party allowed him to fill key positions with people loyal to him during the CCP's 19th Congress in October 2017. Xi won a strong position in the Standing Committee of the Politburo of the CCP's Central Committee at the 19th Party Congress (2017–22), although it cannot be said that he has achieved complete dominance here. However, people from Xi's circle have achieved clear dominance in the Politburo of the CCP's Central Committee: they currently hold 16 of the 25 seats.

Of the seven members of the Standing Committee of the Politburo of the CCP's Central Committee, two may be counted as Xi's people (aside from himself):

Li Zhanshu and Wang Huning. Two other members have their roots in the *Tuanpai* group, Li Keqiang and Wang Yang; they were previously linked to the CCP's former General Secretary Hu Jintao. One member of the Standing Committee, Han Zheng, is a confidant of Jiang Zemin, and was also a former deputy to Xi Jinping in Shanghai. The most enigmatic member of the top management is the new head of the Central Commission for Discipline Inspection, Zhao Leji, a representative of the 'princelings'; there is no information as to which if any of the factions he has ties to. Since 2012, like most of the 'princelings', he has supported Xi Jinping[109], but he has an independent position in the Party, and so he is not fully dependent on the General Secretary.

Of the 25 members of the Politburo of the CCP's Central Committee itself, apart from Xi himself 15 people are affiliated with him, but the level of their dependency on the General Secretary varies widely, and he cannot be sure whether they will remain loyal in the event of a major political crisis. As of today, the people upon whose vote he can count are Li Zhanghu, Zhao Leji, Cai Qi, Chen Min'er, Chen Xi, Ding Xuexiang, Huang Kunming, Li Hongzhong, Li Qiang, Li Xi, Liu He, Wang Chen, Yang Jiechi, Yang Xiaodu and Zhang Youxia.

The key body that allows Xi Jinping control of the CCP, and through it the PRC, is the Secretariat of the Central Committee. The secretariat is expected to serve the CCP's Central Committee, but in reality it shapes the agenda of the whole CC's work, controlling the flow of information. The importance of the Secretariat of the Central Committee was confirmed by the fact that it was one of the first institutions liquidated by Mao Zedong at the beginning of the Cultural Revolution in 1966, because Mao realised that it would be able to block his action. The Secretariat of the Central Committee was restored in 1980. Since 1997 it has been made up of seven secretaries, but the main role is played by its First Secretary, who is always one of the members of the Standing Committee of the Politburo. He acts as a kind of chief of staff for the Secretariat of the Central Committee and the General Secretary. At present this post is held by Wang Huning, a Xi loyalist. The other secretaries are: Ding Xuexiang, another confidant of Xi Jinping, who heads the General Office of the CCP's Central

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[109] The fathers of Xi Jinping and Zhao Leji were allegedly friends, but it is not known how this may be reflected in the relationship between the sons. Nevertheless, Zhao Leji supported Xi Jinping during his first term of office, when, as head of the Organisational Department of the Central Committee he helped Xi to fill many positions with his people. However, Zhao's occupation of the leadership of the Central Commission for Discipline Inspection after Wang Qishan, a Xi loyalist, could also mean that a further purge of corrupt activists in the CCP will proceed, but it will not be so easy for Xi to use it to build up his own political base. This would be implied by the fact that representatives of other factions have been given positions as vice-chairmen of the Commission.

Committee, the bureaucratic base of the Central Committee, and is a member of the CC Politburo; Yang Xiaodu, a member of the CC Politburo, head of the National Council of Supervision (see section 2.2.5); Chen Xi, a member of the Politburo and Chairman of the CC's Organisational Department; Guo Shengkun, a member of the CC Politburo and the head of the CC's Political and Legal Affairs Commission; Huang Kunming, a member of the Politburo and the head of the CC's Publicity Department; and You Quan, a member of the CC and the head of the United Front Work Department of the CC CCP. Together these seven people shape the agenda and the work of the Central Committee. They are all connected personally with the General Secretary Xi Jinping or his circle – a situation which has not existed since the creation of the Secretariat of the Central Committee.

Xi's apparent dominance in the highest bodies of the CCP has disturbed the factional balance of power which was visible during the reign of the CCP's previous General Secretary. Nevertheless, a relative pluralism is still visible at the highest levels of the Party leadership. While Hu Jintao's weak position was due to the overall political dynamics within the Party (see section 2.1.2), at this time it is necessary to seek other explanations for the current apparent pluralism. On the one hand, Xi Jinping may be trying to incorporate other groups within the Party into the decision-making process – thus making them jointly responsible for its consequences, and spreading the political responsibility for any possible mistakes. At the same time, the presence of people not directly associated with Xi Jinping in the CCP's key collective bodies may indicate that, despite receiving a strong mandate from the Party elders, Xi has not been granted permission to wield total domination over the CCP's centre. Pluralism at the highest levels of government influences the state's policy, and the consolidation of power in Xi's hands and the degree to which decisions are centralised varies in the various sectors governing the state (see part 3).

2.2.4. Re-politicising the army

Winning the support of the PLA was essential to the reinforcement of Xi Jinping's power, as the army sends the largest and most consolidated group of delegates to both the National Congress of the CCP and the NPC. Xi's position was further strengthened by his announcement that the army would undergo fundamental reforms. The price for the PLA's support of Xi, however, was the repoliticisation of the army, a guarantee of continued rises in the military budget, as well as the army maintaining its influence on national security policy.

After Deng Xiaoping took power, the PLA's role in domestic politics steadily declined, and the army was transformed from being the main prop of the CCP's power to just another interest group within the Party. This process was largely due to the emergence and rapid growth of other sectoral groups, mainly state-owned enterprises. Service in the army also ceased to be the only career path open to the ambitious. The events of 1989, when the PLA brutally suppressed the student protests in Tiananmen Square, did not change this trend. The army struggled with a number of problems, such as underfunding, corruption, an outdated structure, and the fact that political training still superseded military training in importance[110]. However, the military did retain one trump card: it still played a large role in shaping China's national security policy[111], thanks to which it was granted a systematic increase in spending on the army in the late 1990s (see section 1.1.6). Over time the PLA also obtained relative internal autonomy, which resulted largely from the fact that the Party had no idea what to do with the army, and in the decade of Hu Jintao's rule (2002–2012) the centre was too weak to interfere in the military's interests.

The situation changed in the period leading up to Xi's ascent to power. He received a broad mandate from the Party elders to carry out deep changes in the army, while also securing support for these changes among the officer corps, who had then lobbied the Party elders for his candidacy. Xi was able to skilfully exploit the synergy of those two trends to gain power: a need to carry out a major reconfiguration of the system among the Party elders; and a wish to reform the army that was widespread among some of the more influential figures in the military (see section 3.2.2).

After coming to power, Xi took a series of steps to increase the importance of the army, thus gaining the PLA's further support. The fundamental reform of the army since 2014 (see section 3.2.2), as well as the fight against high-level corruption[112], initiated changes in areas critical for the military. Those included the PLA's outdated command structure, its tactical principles based on Soviet patterns, insufficient R&D facilities and so on. Also, Xi's adoption of a more assertive foreign policy favours the PLA's special interests; it seems that the

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[110] See J.S. Bajwa, *Modernization of the Chinese PLA: From Massed Militia to Force Projection*, Atlanta 2013.

[111] See M. Gurtov, Byong-Moo Hwang, *China's Security: The New Roles of the Military*, London 1998.

[112] Despite the removal of several high-level commanders (including Generals Guo Boxiong, the Vice-Chairman of the CMC, and his successor Xu Caihou, both of whom were linked to Hu Jintao's *Tuanpai* faction) this move has met with support from the officer corps at the middle and lower levels, who did not themselves participate in corrupt schemes (at least, not at the multi-million dollar level), and who considered the corrupt generals' activities to have been detrimental to the army's modernisation.

assertive shift itself has been partially fuelled by the army (see section 2.1.3). The modern army has also become one of the key elements in the ideological campaign for the 'great renewal of the Chinese nation', aimed at strengthening the CCP's nationalist legitimacy. A strong army, capable of resisting the great powers (meaning the United States), also plays an important role as the basis of a modernised (as understood by the CCP) society and a strong, economically prosperous state. This is leading to the repoliticisation of the army, which is now no longer just a tool of the Party, but has become the justification for Xi's strong rule. This is not a new phenomenon in post-1949 China, but no CCP leader since Mao Zedong has exploited it to such a degree: this is another manifestation of Xi's neo-conservative turn.

The repoliticisation of the army, along with the stimulation of nationalism among Chinese society, are short-term actions, resulting from the CCP's search for new sources of legitimacy for its authoritarian rule. As in the past, this binds the army to the Communist Party, but also builds up the authority of the army and high expectations of it among the Chinese public. However, this approach bears two main risks. First, the nationalist sentiments thus aroused may force the Party and the PLA to undertake aggressive acts whose consequences the CCP may not be able to predict. Secondly, should the rule of the CCP collapse, the army – despite its close ties with the Party – will become a natural force that could be tempted to assume power. However, from today's perspective, this scenario is unlikely.

2.2.5. The anti-corruption campaign

The anti-corruption campaign started by Xi Jinping, on a scale without precedent in the history of the PRC, has become the foundation of his personal power, as well as a national spectacle aimed at restoring the Party's political legitimacy. Around 2.7 million CCP members have been subjected to arrests and disciplinary measures. The campaign has helped Xi both to eliminate his major political opponents and to create mechanisms for disciplining CCP cadres at central and local levels. In Xi's second term these actions have been institutionalised in the form of the National Supervisory Commission (NSC), and are permanently inscribed in the political system of the PRC.

In the period immediately after Xi's succession, the CCP's anti-corruption campaign served to consolidate the power of the new General Secretary, isolate his political opponents and accelerate cadre rotation. The fuse that lit the campaign was the case of Bo Xilai (see box in section 2.1.2), the major high-ranking

players in which were made examples of by being charged with corruption. In this dimension, Xi's actions can be compared to the tactics of two previous CCP General Secretaries, Jiang Zemin and Hu Jintao, who also used the same political instrument and began their own anti-corruption campaigns. However, their anti-corruption drives ran out of steam after about a year. In Xi's case, the anti-corruption campaign has proved to be a project of incomparably greater intensity and length, which has reached a scale unprecedented within the CCP since the death of Mao. Furthermore, during its course Xi has been able to completely rebuild the system for fighting corruption, striking at the source of its inefficiency, while at the same time creating a permanent mechanism to politically subordinate the local Party structures to Beijing. The campaign has also gained huge media coverage, with the names of successive waves of detainees being broadly publicised, at both the local and central levels. The aim was to strengthen the CCP's social legitimacy, and to increase Xi Jinping's personal popularity.

The anti-corruption campaign in numbers

During Xi's first term, the anti-corruption campaign – which covered a wide range of problems consuming the CCP, from over-conspicuous consumption to multi-million dollar bribes – hit around 2.7 million CCP members, of which around 1.5 million were subjected to disciplinary punishment[113]. Of this number, around 60,000 people were criminally charged. In accordance with Xi's statement that he would fight both 'tigers' and 'flies', figures from the highest circles of the Party were also punished: convictions were handed down to Zhou Yongkang, a former member of the Politburo's Standing Committee, and Xu Caihou, a Vice-Chairman of the Central Military Commission, among others. It is estimated that around 100 CCP members of ministerial or vice-ministerial rank and around 1000 managerial cadres at the municipal level have been sentenced. The campaign has also reached beyond the borders of China: in 2014–17 around 2500 former officials residing in 90 countries were extradited to China.

Since taking power in 2012, Xi Jinping has also significantly reorganised the system for fighting corruption within the framework of the CCP. This had previously consisted of a network of disciplinary committees subordinate to

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[113]   G. Shih, 'In China, investigations and purges become the new normal', *Washington Post*, 22 October 2018, www.washingtonpost.com.

the CCP's local structures, as well as the Central Commission for Discipline Inspection. As part of the anti-corruption procedures, the committee members first conducted an internal investigation within the CCP (they had broad prerogatives, including the detention of suspects), which in cases where irregularities were discovered were forwarded to the prosecutor's office. In the old system, both the local disciplinary committee and the local prosecutor's office were subject (in the personnel and financial dimensions) to the Party cells at the appropriate level (provincial, prefectural, municipal, etc.). The Central Commission for Discipline Inspection had the exclusive right to carry out investigations (with the consent of the Politburo of the CCP's Central Committee) into the institutions of central government and the central state-owned companies. This system's inherent flaw was the obvious conflict of interest: the institutions fighting corruption were politically and financially dependent on the local Party cadres they were supposed to supervise. This situation, which resulted from the trend towards decentralisation after 1978, lay at the source of the system's inefficiency, and contributed to the flourishing of corruption at the local and central levels.

Initially, Xi carried out the campaign within the old system for fighting corruption. The Central Commission for Discipline Inspection in 2012 was led by one of Xi's most trusted men, Wang Qishan (see Annex 3), who at that time was a member of the Standing Committee of the Politburo. Wang, enjoying the highest political support, at first created several 'flying' inspection groups, which were sent for several weeks to the provinces, the largest central institutions or the biggest state-owned enterprises during the campaign's first months. The aim of their activities was to detect and dismantle the extensive political and business networks, often made up of local Party cadres, their patron-client networks, and the local businessmen who cooperated with them. From 2013, however, Wang began to alter the institutional structure of the disciplinary committees, gradually subordinating the local committees to the higher levels in financial and personnel terms, and creating a hierarchical structure which was subordinate to the Central Commission for Discipline Inspection[114]. Similar operations were carried out at the level of the prosecutor's offices and the courts dealing with corruption[115]. In the institutional dimension, the anti-corruption structures' dependency on the local cadre was broken, which

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[114] Jinting Deng, 'The National Supervision Commission: A New Model Anticorruption in China', *International Journal of Law, Crime and Justice* 2017.
[115] According to the principle of 'one organisation, two nameplates' (*yi ge jigou, liang kuai paizi*), the National Supervisory Commission shares its legal personality with the Central Commission for Discipline Inspection, having a common management, personnel, finance, and even website.

made the network of disciplinary committees one of the most powerful tools for subordinating the local elites to Beijing.

These centralising activities in the fight against corruption culminated in the creation of the National Supervisory Commission during the NPC's session in March 2018. The NSC, as the main body fighting corruption, was inscribed into the Chinese Constitution as a state body equal in importance to the State Council, the prosecutor's office and the courts. The National Supervisory Commission also absorbed all the branches of the public prosecutor's office responsible for fighting corruption; it has thus become the only institution permitted to conduct anti-corruption investigations in the PRC. Despite formally being embedded in the structures of the state, it has *de facto* become an internal structure of the CCP[116]. According to the new law, the NSC has branches at the local level which are hierarchically completely subordinate to Beijing[117]. In creating the National Supervisory Commission, Xi has managed to institutionalise the basic tool for control over the Party, both at the level of the central bureaucracy and the powerful state-owned companies, and at the level of the local cadres.

2.2.6. The ideological offensive and the cult of personality

Xi's rule has clearly redefined the role which ideology plays in the structures of the CCP, as well as among Chinese society. According to Party strategists, actions on the ideological front are intended to enter into synergy with the anti-corruption campaign, linking the legitimacy of the political system to non-economic elements. The cult of personality[118] surrounding Xi Jinping gained a special place in the new ideological offensive, even though it is relatively limited in scope, and differs from the image of the leader prevalent during Mao Zedong's time.

The Party acknowledged that it was a mistake to abandon the large-scale ideological campaigns aimed at shaping the mass consciousness of the Chinese people[119]. This led to an ideological emptiness in society and the Party appara-

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[116] *Zhonggong zhongyang jilu jiancha weiyuanhui*.
[117] Formally their membership is elected by the local People's Congress (the state apparatus), which would suggest a horizontal structure. In reality, however, they are subordinate to the Central Commission for Discipline Inspection.
[118] Understood as a process of seeking, through a massive propaganda campaign, to create the form of the leader as the 'providential man', who is idealised and presented as an infallible, extremely talented individual.
[119] The last great ideological campaign took place in 1983, when under the slogan of 'the purification of spiritual pollution' (*qingchu jingshen wuran*), an attempt was made to fight the liberal ideas that were spreading within the PRC in connection with economic reforms.

tus, with the void filled by both Western ideas like individualism and consumerism, as well as reborn traditional beliefs and practices of magic[120]. The Party then decided to fill or block this space with an ideologically updated version of Marxism[121]. In practice, this has meant the systematic intensification of purely propaganda activity and the restoration of mass ideological training in schools, universities and workplaces. To this have been added strict control of the mass media, which is now intended to serve as a tool of mass social indoctrination, and the use of new forms of communication (see box below).

'Study the powerful country!'[122]

'Study strong country!' (*Xuexi qiangguo*) is an application for mobile devices equipped with several features such as a chat window and the ability to send money transfers, a calendar and a news aggregator from Party media, as well as access to films about the Party and the revolutionary struggle. The basic function of this application, however, is to study the thought of the General Secretary of the CCP. The user has access to digital versions of the speeches and most important publications made by Xi Jinping. One can also pass a test of knowledge about Xi Jinping thought and share good results with friends. Frequency of use and results from regular tests translate into points gained. All CCP members are required to install the application, and some employers already require their employees to obtain adequate scores. People who avoid installing the application or who get poor results are publicly shamed and lose their bonuses.

This ideological offensive also has an internal Party dimension. It is a tool for checking the loyalty and involvement of cadres, or for unmasking those 'hostile elements' who do not share the Marxist vision of the world. However, these are secondary objectives. The Party leadership realises that the problems affecting Chinese society as a whole are also present in the CCP in multiple forms. For the CCP today, the bigger problem is not one of secret democrats hiding in the ranks, but rather the fact that it is getting hard to find true Communists

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[120]   In 2017 it was revealed that some local CCP cadres had been practising witchcraft. 'Senior China Minister says some officials practice sorcery', *Reuters*, 16 November 2017, www.reuters.com.

[121]   In his first speech on ideology after his election as General Secretary, Xi pointed out: "We must have the strong strategic determination to firmly oppose the various false claims that [we are] giving up socialism, and to consciously correct misconceptions about the [current] stage of transition." (author's translation). 'Guanyu jianchi he fazhan zhongguo tese shehui zhuyi de ji ge wenti', *Qiushi*, no. 7, 2019, www.qstheory.cn.

[122]   *Xuexi qiangguo*, www.xuexi.cn.

there; the ranks are filled with corrupt, idea-free careerists[123]. In good times such individuals can be good enough administrators, but in a crisis they are the first to abandon the CCP. Therefore, it is necessary to attract a new generation of idealists to the Party, although the problem may be that their ideals differ from the expectations of today's leaders[124]; hence the attempt to shape this new generation at an early stage of its development.

The ideological offensive has been accompanied by the creation of a cult of Xi Jinping, but in a version which has been adapted to contemporary cultural patterns. Whereas Mao Zedong was a distant, unknowable leader, Xi Jinping has to be someone more worldly, who likes steamed dumplings, who 'knows the ills of the people' because he 'used to work in a poor region of the country', etc. In this sense, the cult of Xi is very different from the cult of Mao, and it seems that it will never have a similar force of impact; this results not only from the profile Xi has adopted, but primarily from the changes in culture and consciousness which have taken place in the PRC since 1976. It is also unlikely that Xi and his inner circle have even set such goals. One suspects that it is more a question of maintaining Xi's personal popularity, which is useful in internal Party politics.

2.3. Reconstruction of the state apparatus

2.3.1. The concept of 'top-down design'

The reconstruction of the PRC as implemented by Xi Jinping includes an important alteration to the structure of the state, the philosophy of its actions, and its relationship with the CCP. The most important elements of this alteration are the centralisation of power, both in the central administration and in the relationship between Beijing and the provinces, as well as the transfer of some powers from the structures of the state directly to those of the CCP.

The logic of these changes, as in the case of the changes within the Party, is based on concentrating power in Xi Jinping's hands by increasing his circle's direct control over the political process and the day-to-day activities of the state. These changes in the management of the state are also aimed at implementing the reforms more efficiently. Xi is using and developing methods and tools which were used by previous generations of leaders, such as the creation

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[123] See *The Chinese Communist Party's Capacity to Rule: Ideology, Legitimacy and Party Cohesion*, 2016.
[124] This was proved by the purge carried out in universities during 2018 among the Marxist student associations that had supported the social and wage demands of striking workers.

of small leading groups and reorganisations of the administration. In the relationship between Party and state, the institutional structures reinforce the domination of the CCP's bureaucracy, which takes over the core competencies from the state institutions.

The most revolutionary action is the implementation of the concept of 'top-down design' (*dingceng sheji*), a methodology for designing and implementing reforms which Xi presented at the beginning of his rule in 2012. In practice, it means the need to order the state to undertake long-term, multidimensional (*quanmian*) and comprehensive (*zhengti*) plans combining many sectoral policies. To implement these plans, it is essential to create a strong decision-making centre which is able to coordinate, initiate, monitor and prioritise the changes, and also to seek synergies in various areas. In the context of the model for managing the state developed in China since 1978 (see section 1.3.1), this means an unprecedented centralisation of decision-making. This is conducted primarily at the expense of the autonomy of local authorities, as well as the central bureaucracy which is responsible for the day-to-day management of the state.

What is particularly important, this 'brain of the state' is located within the Party structures directly subordinated to Xi Jinping and his inner circle. In order to implement this 'top-down design', in 2013 Xi appointed the Small Leading Group for the Comprehensive Deepening of Reform, a special steering group with a particularly complex structure, which has powers to assume direct control over all the reforms and legislative changes relevant from the point of view of how the state functions. In 2018 this structure was raised to the rank of a Commission, which indicates a desire to further institutionalise the 'top-down design' and inscribe it permanently into the Chinese political system. In recent years the role of other, pre-existing networks of small leading groups (see section 1.1.4), which have been expanded and institutionally strengthened, has also greatly increased.

2.3.2. Centralisation of reforms and management of the state

The most important consequence of this 'top-down design' is the ongoing centralisation of the management of the state and the concentration of power in the hands of Xi Jinping, at the expense of the rest of the CCP's leadership and the members of the central bureaucracy[125]. These changes have primarily been

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[125] This 'top-down design' also has very important consequences for the relationship between the centre and the provinces; for more see section 2.3.4.

implemented by turning the small leading groups (see section 1.1.4) into the key link in the 'pipeline' of the decision-making process.

The concentration of power has been carried out by expanding the network of small leading groups (see section 1.1.4), as well as the creation by Xi of several parent supergroups with particularly complex structures and competences. Xi's actions are thus part of the standard practice of using leading groups to carry out internal coordination and strengthen power at the expense of political opponents (see section 1.1.3). Xi's innovation lies in expanding them, making them more formal, and in creating these groups in the key sections of the decision-making chain. From the point of view of the legislative process, this means transforming selected leading groups from acting as bodies which take decisions and set the general direction of reforms into institutions aimed at planning objectives and targets, delegating tasks to the respective bureaucratic organs, and setting the day-to-day pace of the changes and monitoring their effects.

A central place in the new decision-making structure is held by the Central Comprehensive Deepening of Reform Commission (established in 2018; known from 2013 as the Small Leading Group for the Comprehensive Deepening of Reform), which operates within the CCP's Central Committee. Its structure reflects the multifaceted nature of the 'top-down design' which searches for synergies in the management of many areas of the state. It is the only group which does not have a particular specialisation, but instead has subgroups responsible for economy and ecology; democracy and 'rule by law'; culture; social issues; and the development of the CCP. Importantly, it has local structures which are hierarchically subordinate to it. Similar leading groups for deepening reforms have been established in the CCP structures at the provincial level and in selected cities, as well as in some state-owned enterprises. Since 2013 the main group has met around 40 times and published over 300 papers, most initiating the new political process in selected areas of the state. The Chairman of the group is Xi Jinping, and its deputy is the Premier Li Keqiang.

At the beginning of Xi's second term, some of the most important leading groups on the CCP's Central Committee were transformed into so-called Commissions (*weiyuanhui*). As a result of these changes, apart from the above-mentioned Central Comprehensive Deepening of Reform Commission, the existing small leading groups were also transformed into the Central Cyberspace Affairs Commission, the Central Foreign Affairs Commission and the Central Financial and Economic Affairs Commission. Their rise in rank from

leading group to Commission probably means an increase in their staff and a further extension of their competences. This indicates that the model of managing the state through leading groups was not just a way for Xi to consolidate power in his first term, but part of a wider vision of inscribing the institutes for the day-to-day running of the state which were located in the Party structures into the permanent structure of the PRC.

Strengthening the leading groups' role allowed Xi to place trusted people at key points in the decision-making process, thereby increasing the scope of his power at the expense of other members of the Standing Committee of the Politburo of the CCP's Central Committee. This was particularly important during his first term of office (2012–16), when he was not yet able to exert great influence on who would fill the key posts[126]. Xi himself became chairman of eight leading groups on the CCP's Central Committee (see Annex 5): in other key groups, members of Xi's faction took the posts of vice-presidents or secretaries (who organise the committees' work). On the personnel level, this primarily meant the marginalisation of Premier Li Keqiang and the strengthening of the General Secretary Xi Jinping (who was acting simultaneously as Chairman of the PRC).

The changes Xi introduced have increased the influence of the CCP's bodies on the day-to-day running of the state, at the expense of the State Council and the Premier (see section 2.3.2). Although hitherto the Politburo of the CCP's Central Committee had control of the personnel and the management of the government, the influence of the CCP's leadership on the day-to-day running of the state was often limited to setting the general direction of the reforms. The central bureaucracy thus held a relatively high degree of power, resulting from its role in designing and implementing the reforms. Under the 'division of duties' in the Standing Committee of the Politburo of the CCP's Central Committee, the Premier had broad powers in the management of the administration. The expansion of the network of leading groups thus increased the Party bureaucracy's competence, and therefore the influence wielded by the Secretariat of the CCP's Central Committee. This was conducted at the expense of the central state administration, whose role in many areas has been limited to implementing the changes initiated, planned and supervised by the Party leading groups.

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[126] The personnel policy of the NPC at that time (2013–18) resulted from the resolutions at the CCP congress of 2012, when Xi Jinping did not yet hold such a strong position in the Party.

Although the leading groups have allowed Xi to consolidate power, the new decision-making structure has limitations as a tool for implementing reforms. This is mainly due to the informal structure of the leading groups and the fairly modest bureaucratic resources they possess as a result. Due to staff shortages and their relatively small secretariats, the most heavily burdened leading groups have had problems with processing the necessary documents, which has caused delays and led to problems in giving the appropriate priority to individual projects. This has opened up room for the bureaucratic apparatus to sabotage the reform projects or replace them with ones more favourable to itself, as the state bureaucracy enjoys much broader facilities and more access to information[127]. The institutionalisation and transformation of some of small leading groups into committees in 2018 is intended to resolve these problems by increasing staff numbers. The expansion of the network of leading groups affects not only the key bodies described above: the total number of these groups (at least those whose existence has been made public) rose from around 40 in 2015 to over 83 at the end of 2017.

The fundamental change during the Xi tenure has been the use of key Party leading groups and commissions to initiate, plan and supervise the changes, which has turned the State Council and the specialised groups into executive, not decision-making bodies. Of the more than 80 known bodies of this type, 26 are now part of the CCP's Central Committee, and 57 are on the State Council. The Party manages most of the groups responsible for security (internal and external), foreign and domestic policy. These include groups dealing with army reform, cyber-security, Tibet, Hong Kong and Macau, propaganda, and anti-corruption operations. The State Council includes groups dealing with economic and social issues, most of which are specialised task groups (such as the group for reforming state-owned enterprises, the group for advanced industry, and the group for organising the Winter Olympics in 2022)[128]. This division between Party and state has existed in the PRC for years; the qualitative change associated with the 'top-down planning' concept primarily concerns the transfer of coordination, the delegation of tasks and the supervision of the State Council to new commissions and groups on the CC.

[127] J. Jakóbowski, *The drifting of China's reforms…, op. cit.*
[128] The main role in the management of economic reforms, however, is played by two commissions on the CCP's Central Committee: the Central Comprehensive Deepening of Reform Commission and the Central Financial and Economic Affairs Commission.

Chart 5. The proportion of small leading groups on the Central Committee of the CCP and on the State Council
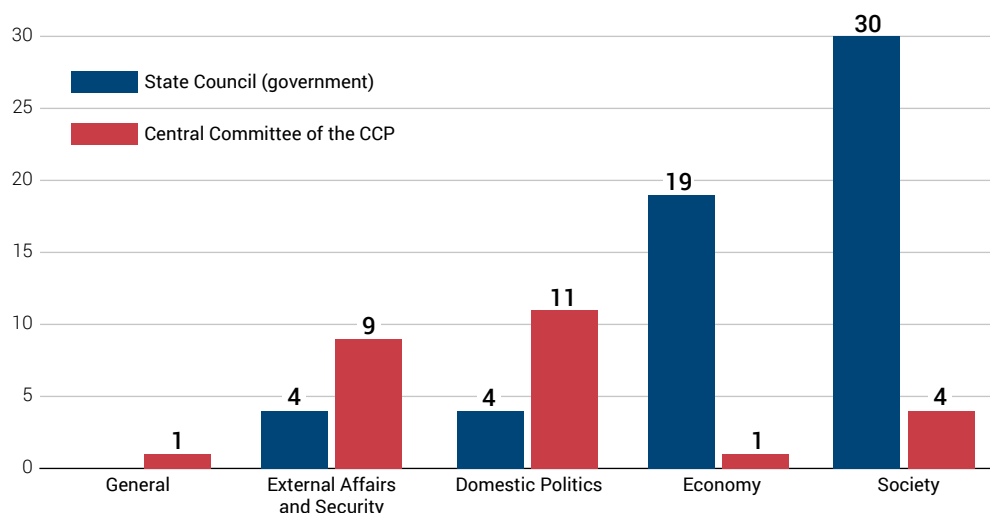
Source: CSIS[129].

2.3.3. The restructuring of the central bureaucracy and the strengthening of the CCP's structures

One element of Xi's reform of the state apparatus was the restructuring of the central administration which he carried out at the beginning of his second term. Most of these moves were in line with the long-used practice of adapting the structure of the bureaucracy to the challenges facing the PRC and the changes in political dynamics within the CCP. The restructuring involves the strengthening of Party structures at the expense of the state's competences, something which has been a characteristic of Xi's rule.

During Xi Jinping's first term (2012–17), the centralisation of government and the changes in Party-state relations were mainly limited to informal activities, one example of which was the development of the networks of small leading groups. After the final consolidation of his power in the Party during the November 2017 CCP congress, the start of the NPC's new term in March 2018 gave Xi the opportunity to implement institutional changes. In addition to institutionalising the anti-corruption campaign (see section 2.2.5) and the essential small leading groups, as well as abolishing the term limit on the office

[129] C. Johnson, S. Kennedy, *Xi's Signature Governance Innovation: The Rise of Leading Small Groups*, *CSIS*, 17 October 2017, www.csis.org.

of Chairman of the PRC (see section 2.2.1), the central bureaucracy was also reorganised, in order to streamline the reforms and increase the importance of the Party structures.

In 2018 a thorough restructuring of the State Council was carried out. This was part of the overall logic of the previous major reorganisations of this type, which were intended to streamline the government's operations and adapt the ministries' structures to the main challenges facing China. The number of ministries was reduced from 36 to 20; some of the central institutions subordinated to the State Council were abolished, and a number of transfers of powers between institutions were carried out. These changes were designed to eliminate conflicts of jurisdiction, improve coordination between the institutions, and limit competition within the bureaucracy.

The new structure is intended to strengthen those institutional bodies within the central bureaucracy which are responsible for resolving the key challenges facing the PRC. Selected government ministries and agencies have been reinforced, including those responsible for environmental protection, the stability of the financial markets, and rural affairs. One example of this is the creation in March 2018 of a new super-ministry, the Ministry of Ecology and the Environment. The appointment in 2008 of this institution's predecessor, the Ministry of Environmental Protection, was intended to create a strong bureaucratic actor which could promote and implement environmentally friendly policies in the government. However, its weak institutional grounding and its ministries' overlapping portfolios meant that the reforms and solutions it proposed were usually blocked by other government bodies[130]. In 2018, the new ministry was granted broad powers to reduce emissions and regulate pollution and the use of chemical fertilisers in production. The key to the new ministry's power lay in the appointment of Xi's trusted subordinate Li Ganjie, the youngest person in the history of the PRC (b. 1964) to head a ministry.

During the NPC's session in March 2018, changes were also made to the relationship between Party and state, conveying the day-to-day management of sensitive political issues directly to the CCP's bureaucratic structures. The most significant change of this type was the creation of the National Bureau of Supervision; this body institutionalised the anti-corruption campaign which

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[130]   As the former of Environmental Protection Minister Zhou Shengxian described it in 2013, this position was one of the most 'humiliating' in the Chinese government, due to the intervention of other ministries and government agencies in environmental policy. See 'Huanbao buzhang: ting shuo si da ganga bumen han zhongguo huanbao bu', *Beijing Daily*, 10 July 2013, news.sohu.com.

had hitherto been conducted within the Party (see section 2.2.5). In addition to reinforcing the institutional anti-corruption bodies, it linked the state bodies responsible for the fight against corruption (such as the relevant departments of the prosecutor's office) directly to the structures of the CCP. During the NPC's session in March 2018, other politically important areas were subordinated to the cells of the CCP's Central Committee along similar lines[131], such as control of the media, censorship, cyber-security and religious affairs (see Table 1). During this reorganisation process, various models of state institutions' subordination were introduced (retaining their separate names and offices, or full absorption); in practice the state institutions for these areas are directly controlled by their Party counterparts, with whom they share management, finance, secretariats and staff[132]. Although the CCP already held full political control over these areas, the changes shorten the decision-making chain and give the Party leaders direct influence on day-to-day activities in these areas.

Table 1. Areas of the state managed directly by the CCP in 2018

Area	State institution	Party cell
Media and censorship	State Administration of Press, Publication, Radio, Film and Television	Publicity Department of the CC CCP
Religion	State Administration for Religious Affairs	United Front Work Department of the CC CCP
Chinese diaspora	Overseas Chinese Affairs Office	Department of the United Front of the CC CCP
Cyber-security	Cyberspace Administration of China	Security Committee of the CC CCP
Taiwan affairs	Taiwan Affairs Office	Group for Taiwan Affairs of the CC CCP
Government information policy	State Council Information Office	Publicity Department of the CC CCP

[131] The situation reflects the official Chinese description: 'one organisation, two nameplates' (*yi ge jigou, liang kuai paizi*).

[132] See Yang Xiaojun, 'Zhuanjia jiedu dang zhongyang yu zhengfu xuangua jigou mingpai tedian', 20 June 2013, www.people.com.cn.

Area	State institution	Party cell
Training of officials	Chinese Academy of Management Science	Party School of the CC CCP
Civil service management	State Administration of Civil Service	Organisation Department of the CC CCP
Management of information flow and archives	National Administration for the Protection of State Secrets and State Cryptography Administration	Main Department of the CC CCP

2.3.4. Strengthening control over local authorities

An important element in the process of Xi Jinping's reconstruction of the PRC is the increase in the central control and supervision of local authorities. This represents a partial change of the *status quo* in the relationship between the centre and the provinces as devised after 1978. The centralising measures in the implementation of reforms, as well as the formal subordination of local structures to the central bureaucracy, were aimed at breaking local opposition to the revision of the PRC's economic model. At the same time, Beijing is trying to remodel its system of incentives for local cadres and limit their discretionary power, with the aims of minimising abuses and helping implement the reforms. Xi's ultimate objective is to increase the CCP's social legitimacy and strengthen its power.

One of the most important dimensions of Xi's centralisation plans relates to the process of initiating and conducting reform. As part of the 'top-down design' philosophy (see section 2.3.1), it is the political centre in Beijing which should now demarcate the precise direction of sectoral policies, as well as the regulatory changes. This is a partial departure from the model applied since the beginning of the 'reform and opening-up' period, of encouraging local grass-roots initiatives and experiments in order to develop innovative solutions for reform. Although Beijing set the general trends, their precise nature remained in the hands of the local authorities. In the model Xi is implementing, Beijing is responsible for setting more detailed guidelines for the changes, and it continuously supervises their local implementation. For this purpose, among others, the Central Comprehensive Deepening of Reform Commission

(see section 2.3.1) has been created; this body has its own local structures at the provincial and city levels[133].

Another tool for expanding Beijing's control over key areas of state governance is changing the system's interdependencies from a horizontal (*kuai*) to a vertical (*tiao*) plane. In many areas of state management, the local institutions (such as the bodies responsible for environmental protection) are subordinate to both Beijing and local cadres, which makes Beijing's real impact on their performance dependent on the current political system. Xi used his strong position in the CCP to subordinate the local state structures to the central administration in selected spheres. The vertical integration of state structures has primarily taken place in sectors of particular importance for the CCP's present leadership. Apart from the anti-corruption efforts, the most important measures include reform of the judiciary, which is aimed at breaking the ties between the local political-economic structures and the courts which are supposed to monitor them[134]. Another important area is environmental policy, which is currently being implemented at the local level by means including a centralised system for monitoring emissions, and a system of binding targets for reducing them which the local authorities must observe. Beijing has also increased control in the field of local government finance; local authorities are now required to report more information on the state of local budgets, as well as on the size of their debts and how they were incurred.

The local governments' behaviour is also affected by personnel policy within the CCP, related to the anti-corruption campaign and the changes in the mechanisms for promotion within the Party. Xi's anti-corruption campaign has allowed Beijing to conduct a mass replacement of personnel below the provincial level. This exerts a strong psychological effect, which allows the centre to influence the behaviour of the local cadres and subordinate them to guidelines from Beijing (see section 1.3.2)[135]. One dimension of Xi's ideological campaign

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[133] The decrease in the number of pilot projects: from 500 annually (2010) to less than 100 annually (2016). See S. Heilmann, 'Leninism Upgraded: Xi Jinping's Authoritarian Innovations', *China Economic Quarterly*, no. 20 (4), December 2016, www.merics.org; L. Wedell, 'Xi Jinping tackles center-provincial relations', *Basilinna*, 7 November 2017, www.basilinna.com.

[134] The essence of judicial reform in 2015–17 was the change in funding. Hitherto the courts of any given level had been funded by local authorities at the appropriate level; now they are to receive funds from the provincial government under the supervision of two regional (inter-provincial) chambers subject to the Supreme People's Court. Additionally, the Central Commission for Discipline Inspection has declared that even its local counterparts have no right to interfere in the procedures and jurisprudence of the courts, and such activities have been considered as a serious breach of Party discipline.

[135] One of the major side effects of this policy, however, was to limit the activity and initiative of local cadres, afraid of attracting suspicions of corrupt activity.

(see section 2.2.6) was the replacement of the established rules for promoting personnel, which had previously been based primarily on their performance in stimulating economic growth. In the new vision for the Party promoted by Xi, promotions are to be more dependent on taking action for sustainable growth, environmental protection and care for the local community.

Another tool for the increased supervision of local cadres is the idea implemented by Xi Jinping of 'rule by law'[136]. Activities in this area focus on the creation and enforcement of a legal environment that would allow the supervision of officials at every level of the state, limit their power, and thus aid the fight against the corruption and fraud which undermines the political legitimacy of the CCP. One element of Xi's programme involves improving the operation of the courts; this involves replacing personnel, raising the level of education, and above all improving judicial processes. The programme's essence is to retain the CCP's total power over the judiciary, while at the same time making it more efficient and more competent. The intention is for the legal system to create certain, limited opportunities for citizens to sue officials and seek justice in the courts, particularly at the local level.

In addition to the centralisation measures and increased supervision by Beijing, measures have also been carried out during Xi's rule to reduce the discretionary power of local officials, including by increasing the transparency of the rulemaking process and the operation of the local bureaucracy. The reforms involve eliminating regulatory barriers to businesses, including the reduction of licenses, permits and regulations for entrepreneurs[137]. Since 2013 more than 40% of the permits necessary to conduct business and around 70% of the professional certificates have been abolished. The list of sectors that do not require consent when making investments has also been expanded. The authorities at local and central level are also required to ensure greater transparency, including the publication of applicable administrative fees and the list of obligatory permits. Governments at the provincial and lower levels are also required to regularly present simplifications to existing regulations (which often vary between territorial units).

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[136] This is based on the instrumental use of the law to improve the management of the state and increase the control of local officials. In contrast to 'rule of law' in the Western sense, 'rule by law' does not mean that the law is able to limit the rule of the CCP in China.

[137] The deregulation of the administration (limiting the number of permits, licenses, etc.) is one of the flagship projects of Premier Li Keqiang, which has been conducted since 2013. In the spirit of deregulation, the so-called supply-side reform (*gonggei ce gaige*), initiated by Xi Jinping in 2015 in response to the economic slowdown, has also been set in motion.

3. CONTROL AND MANAGEMENT OF SECTORAL POLICIES

The centralisation of competences and the consolidation of power, visible in the structures of both Party and state, have become the foundation of Xi Jinping's 'conservative turn'. However, these processes have affected the individual sectoral policies to unequal degrees. One of the main premises of these activities was to regain control over the decision-making structures, as well as to achieve greater internal coordination, resulting in a more effective response to the economic, political and international challenges facing China. However, the efforts at centralisation have not affected all areas of state governance evenly. Despite Xi's extremely strong position, the CCP has retained its pluralistic nature, as is visible in the staffing of the Party and the state, both at the level of the central structures and in the relationship between Beijing and the provinces. At the same time, considering the size and complexity of the PRC, as well as the scale of the challenges, centralisation has proved exceptionally difficult from the institutional and procedural points of view. As a result, the impact of Xi's 'conservative turn' on the control and management of various sectors of the state has been varied, as is evident in three key areas regarding the challenges facing the PRC: economic policy, security and foreign policy, and control of society and the Party.

The changes in the PRC's decision-making structures have also meant that China's foreign partners have found themselves in a new situation. First, there has been a reduction in the role of some of the institutions and posts which were traditionally responsible for specific sectoral policies, such as is evident from the marginalisation of the Premier's position in the field of the economy. At the same time, the decision-making process has been moved to informal groups, most frequently embedded within the structures of the CCP. The importance of persons directly linked to Xi has also increased, often despite their relatively low position in the hierarchies of the state or the Party. This has altered the nature of China's international relations, for example, by forcing a change in the channels of dialogue.

3.1. Economic policy

3.1.1. Macroeconomic policy and financial stability

Despite the concentration of power in the hands of Xi Jinping, the decision-making process in shaping macroeconomic policy in China is still characterised by a relatively large degree of pluralism; this has been a source of tension

at the top of the CCP in recent years. The Party's response to the instability of the economy has come in the form of significant changes to the regulation of the financial markets, which have been concentrated in new, highly integrated institutions.

Monetary and fiscal policy has traditionally been of particular importance in the Chinese political system, because it determines the distribution of wealth among the different factions of the CCP and the Chinese regions[138]. On the other hand, the political controversy surrounding the macroeconomic policies has increased significantly in the face of the Chinese financial sector's instability and rapidly rising internal debt, as well as the uncertain fate of those sectors of the economy which were dependent on investment stimulus after the 2008 crisis (see section 2.1.1). For this reason, decisions in this field are taken at the highest level, during meetings of the Politburo and its Standing Committee. The central bank – which in China holds ministerial rank – carries out the instructions of the CCP and requires the authorisation of the State Council on key issues (such as changes in interest rates and minimum reserve requirements), although it does play an important advisory and technical role. Xi's government has not changed this logic of the decision-making process, although the changes in political dynamics at the top of the CCP connected with Xi's activities do have an important influence on how macroeconomic policy is set.

Despite Xi's actions centralising power over economic policy, in recent years macroeconomic policy has been the object of visible disputes at the top of the CCP, especially during Xi's first term – a situation relatively rare in the Chinese political system. This lack of consensus is indicated by the presence of this kind of debate in the state media, which are used to mobilise public opinion and gain an advantage over competing factions within the CCP. According to some of the speculation, there has been a personal conflict between Premier Li Keqiang, who supports stimulation, and Liu He, a supporter of austerity who is Xi's closest economic adviser[139]. In Xi's second term, he and his circle have increased their influence on macroeconomic policies by nominating two Vice--Premiers for economic affairs: Han Zheng (who has a strong political position in relation to his membership of the Standing Committee of the Politburo of the CC CCP) is responsible for macroeconomic planning; and Liu He has been

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[138]   See V. Shih, *Factions and Finance in China…*, op. cit.

[139]   In 2016 the *People's Daily* (*Renmin Ribao*) published an article which focused on the need to tighten monetary policy due to the increase in debt, which was signed by an anonymous 'authoritative personage' (according to most commentators this was Xi's advisor Liu He). 'Kaiju shou ji wen dashi – quanwei renshi tan dangqian zhongguo jingji', *Renmin Ribao*, 9 May 2016, www.people.com.cn.

charged, among other things, with tasks related to deleveraging the economy and stabilising the financial system. In the institutional dimension, the position of Xi's circle has also been strengthened by the creation of the CC's Central Financial and Economic Affairs Commission, as well as the parent Central Comprehensive Deepening of Reform Commission of the CC CCP[140].

Xi's rule has also brought about significant centralisation regarding the regulation of financial markets. As a result of the chaos which reigned on Chinese financial markets in the years 2015–16, administrations regulating bond markets, insurance and banking underwent a thorough reconstruction during the National People's Congress in 2018. The previously separate agencies regulating the banking and insurance markets were merged into one body, the China Banking and Insurance Regulatory Commission (CBIRC). The People's Bank of China was also granted more power to regulate the banking sector (including reducing the sector's systemic risks). The changes are aimed at curtailing many of the pathologies of Chinese financial markets, such as the phenomenon of inside trading, widespread fraud, and Ponzi schemes associated with the existence of an extensive informal banking sector (a.k.a. shadow banking). The plans to combat this include increasing monitoring, looking for synergies in the regulations, and improving communication among regulators.

The centralisation of the management of financial markets at the level of state institutions was accompanied by a significant centralisation of powers in the Party bureaucracy. In the area of financial market regulation, a central position is held by Guo Shuqing. He currently serves as the secretary of the Party cells in both the CBIRC (where he is also a director) and the People's Bank of China[141] (where he is a vice-director), thereby exercising real power in both institutions. Yi Gang, director of the central bank in the state structure, is primarily responsible for operational matters. Political control of the entire sector on Xi's behalf is exercised by Liu He, who heads the coordinating financial agencies of the Central Financial Stability and Development Commission in the State Council.

The concentration of power in the management of the financial markets during Xi's rule has helped to resolve of a number of short-term problems related to

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[140] In both cases, it meant the transformation and reinforcement with personnel from the former small working groups with similar names: the Small Leading Group for Financial and Economic Affairs, and the CC's Small Leading Group for Comprehensive Deepening of Reform.

[141] In the last few years of the long rule of Zhou Xiaochuan (2002–18), who held the positions of both the incumbent Governer and the Party Secretary of the central bank, he was one of the main promoters of economic liberalisation in China. The recent appointment of one of Zhou's close associates, Yi Gang, as the bank's new Governor indicates the continuation of the reformist course.

the turmoil on the financial markets, trade conflicts, and the outflow of capital. The use of disciplinary action and the increased supervision has limited the abuses in the financial sector and also temporarily increased its stability, by sheltering it from the direct factional struggle and subjecting the processes of possible bankruptcies and debt reduction to political control. At the same time the reform of the state's regulatory institutions, as well as the nominations in the Party structures, led to the creation of a new framework for managing the financial markets in a dual formula by the now closely-coordinated CBIRC and the People's Bank of China.

However, Xi's consolidation of power did not eliminate the tensions over the optimal course of macroeconomic policy, especially regarding the policy of stimulation in the face of rising debt. Although the media has rarely reported signs of tension at the top of the Party in Xi's second term, they are still visible within individual institutions and levels of the bureaucracy[142]. The discussion of the merits of continuing stimulation has been joined by influential retired Party members, such as the long-serving former head of the central bank Zhou Xiaochuan. Although the dispute is partly technical in nature, the outcome is of fundamental importance for the CCP. The macroeconomic policy in the coming years, which will be critical for a Chinese economy which is heavily indebted and involved in a trade war, will be responsible not only for the allocation of capital between the different regional and sectoral groups in the Party, but also for the long-term economic stability of the PRC.

The top of the Party most likely believes that a decline in GDP growth below a certain arbitrary point (probably around 6% per annum) carries the risk of serious social unrest: such a situation will require monetary or fiscal stimulation, although this may deepen the structural problems of the Chinese economy (including the debts of companies and local authorities). On the other hand, some of the CCP's more economically conservative members have suggested such a policy would be short-sighted, citing instead a need to reduce growth and the accompanying painful structural adjustments. The intense media debate – although it was limited in 2018[143] – should be treated as an effect of the lack of consensus within the CCP's leadership regarding the course of macroeconomic policy.

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[142] In 2018 – i.e. in Xi's second term – the Chinese financial media hosted a further debate on the formula of how to continue stimulating the economy, between the Ministry of Finance, which suggested easing monetary policy, and officials associated with the central bank, who were in favour of fiscal expansion.

[143] In the second half of 2018, in response to the market volatility associated with China's falling GDP growth rate and the trade war with the United States, the Chinese government decided to restrict the freedom of discussion in the financial media.

3.1.2. Structural and industrial policy

Changing the PRC's economic structure is a key item of Xi Jinping's agenda, because the decision-making process in this area has been moved to the new 'brain of the state', located in the Central Comprehensive Deepening of Reform Commission of the CC CCP. The new centralised framework for implementing structural reforms have expanded the range of tools available to influence local authorities; however, they have revealed the institutional defects and problems in the coordination of the central bureaucracy. Industrial policy, including the fields of technological development and modernising production methods, is treated as a technical matter, and is carried out by the State Council, although it is overseen by individuals linked to Xi Jinping.

The government's focus on implementing structural reforms is based on the premise that there is a need to combat the 'vested interests' nested within the CCP which are allegedly opposed to the changes (see section 2.1.1). Thus, the issue of structural reforms – including the reform of state-owned enterprises, restructuring heavy industry, supporting the services and consumption sectors – has been introduced by Xi's flagship centralisation venture, the Central Comprehensive Deepening of Reform Commission of the CC CCP. In principle it is aimed at centralising and coordinating the implementation of reforms, while limiting the roles of the central bureaucracy and the local authorities, which have hitherto enjoyed great freedom (see section 1.3.1). Under the leadership of Xi Jinping, with key roles for Vice-Chairmen Wang Huning and Han Zheng (close associates of Xi), the Commission has been formed as a body which can initiate, coordinate and monitor the implementation of the sectoral reforms.

The power to affect structural and sectoral policy was also made possible by the campaign of personnel rotation, which since 2012 has mainly been conducted on the basis of the anti-corruption campaign. Thus, in 2013–14 new people were appointed to key positions, including the National Development and Reform Commission (NDRC), the office supervising the state-owned companies (SASAC), as well as the offices regulating markets in various sectors. The crowning achievement of the changes which led to the concentration of power in Xi's hands was the 19th National Congress of the CCP (2017), together with the NPC at the turn of 2018. It introduced the formalisation of the previous reorganisations of the administration, as well as additional personnel moves. An important aspect of the changes was the increase in the role of the Party structures – which had hitherto performed the decision-making role – in overseeing the day-to-day implementation of the current policy, including by

increasing the Party cells' role in state businesses, as well as in some private companies.

The development of industry and new technologies has clearly moved down the political agenda, and everyday management in this area has been given over to the central bureaucracy in the State Council. However, political oversight over the process still rests with the members of the Politburo associated with Xi Jinping. Technological and industrial policy is supervised by the National Science and Technology Leading Group within the State Council, chaired by Premier Li Keqiang and his deputy Liu He. In the structures of the State Council, there are also several other special-task small leading groups, which deal with matters such as developing capacity in the field of semiconductors and new materials, as well as the Leading Group on Advanced Manufacturing, which is responsible for the controversial 'Made in China 2025' programme (see box below). The leaders of these groups are the Politburo members Han Zheng and Liu He, who exercise political supervision over the process on behalf of Xi Jinping; the groups dealing with lower-priority areas are led by the heads of the relevant sectoral ministries (see Annex 5). The National Development and Reform Commission (NDRC) maintains its traditionally strong role in industrial policy, although its powers of direct intervention in the economy were limited by the NPC in 2018.

'Made in China 2025'

This is the PRC's flagship industrial policy strategy, promulgated in 2015 by Premier Li Keqiang. It aims to achieve a leading position for the PRC in high-tech sectors (such as renewable energy, modern transportation, robotics), as well as import substitution for the most advanced components: the participation of Chinese companies in the production of key components is expected to rise to 70% (from the current 40%). The programme includes mechanisms for acquiring foreign technology (including through company takeovers); hence it has raised much controversy in developed countries (especially the EU and the US).

However, the new architecture for implementing the structural reforms has revealed several problems with the coordination and supervision of the central bureaucracy. These problems are related to limited information about the everyday operation of the state and a lack of human resources for the new institutions, things which were particularly evident during Xi's first term.

The Central Comprehensive Deepening of Reform Commission (which was then a Party cell with limited resources, operating as a small leading group), started implementing hundreds of reforms and legislative proposals, which led to blockages arising within the system. Because the small leading groups lacked the appropriate powers, the process of devising detailed solutions was handed over to the institutions of the central bureaucracy, which were more often interested in maintaining the *status quo* or enlarging the scope of their own authority. This led to 'the capture of the reforms' by internal interest groups, and as a result they were either implemented in different forms, or even blocked altogether. These defects were partially solved in Xi's second term and during the NPC of 2018, when the group was raised to the rank of a Commission (which expanded its human resources), and the key positions in the bureaucracy were assigned to people linked to Xi.

In addition to some contradictions between Xi's political and economic agendas (see section 2.1.1), the above-mentioned institutional constraints are one of the most significant reasons for the stagnation of China's economic reforms. So far, the new centralised structure has primarily been used to undertake short-term activities and interventions in the economy, which have been given priority over longer-term solutions. The ambitious agenda of the pro-market structural reforms passed during the Third Plenum of the Central Committee's 18th National Congress of the CCP has been implemented to only a small extent. Xi's flagship project is now the so-called supply-side reform, which includes a number of changes aimed at restructuring the economy (these include reducing debt and excess production, and reducing costs for businesses), most often with the interventionist participation of the administration. The supply-side reform included, among others, new vertical channels for implementing reforms to reduce the excess capacity in heavy industry and housing construction. Despite its efforts to transform the economy, the Chinese leadership is continuing to apply an expansionary economic policy based on the old investment stimulation model, looking for temporary growth in GDP at the cost of restructuring the inefficient sectors of the economy. These activities are merely postponing deeper and more difficult reforms, which will increase the political and social cost of implementing them in future.

Despite the concentration of authority over structural and industrial policy in the hands of Xi Jinping and his circle, its implementation remains decentralised in many areas, and is still the responsibility of local governments. This is illustrated by the implementation of the most important structural policy of Xi's first term, the so-called supply-side reform, which was initiated

in the Central Comprehensive Deepening of Reform Commission and carried out by the provincial governments. Its main points were established in the Central Comprehensive Deepening of Reform Commission of the CC CCP (see section 2.3.1). The Commission's sub-units created in provincial Party bodies were used as the conveyor belt for the changes and the tool to mobilise human resources. The final shape of the reform (including the degree to which excess production would be reduced, the list of the companies to undergo restructuring, the new regulations) was determined by the local governments. A similar pattern can be observed in industrial policy: the governments at the provincial level have been given relatively broad freedom to support the modern sectors of the economy, including by the use of locally managed investment funds.

3.1.3. Foreign economic policy

In the field of foreign economic policy, the coordinating and centralising activities under Xi Jinping's government have primarily been carried out through personnel policy – namely, by focusing all the relevant prerogatives in the hands of Vice-Premier Liu He. In the institutional dimension, an important innovation was the establishment of the Small Leading Group for Advancing the Development of the One Belt One Road, a body whose function was to coordinate the actors involved in the project within the PRC, who had hitherto been very widely dispersed in their activity.

The formal decision-making structure in the field of foreign economic policy is now highly concentrated. Xi Jinping's closest economic adviser Liu He exercises direct supervision over a number of internal sectoral policies in China, including the regulation of financial markets, industrial policy, as well as macroeconomic and structural policies. Focusing so many powers in the hands of one person predestines Liu for the role of chief negotiator on international trade issues. This is particularly relevant in negotiations with foreign partners from developed countries, the US and the EU, which cover a range of issues related to China's internal policies (such as China's industrial policy, opening up Chinese financial markets, and intellectual property issues). However, it must be noted that Liu's position is primarily a consequence of internal political motives, above all the need to stabilise the economy and implement the industrial policy[144], with China's foreign economic policy subordinated to those internal conditions.

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[144] For example, after 2017 Chinese direct investment abroad was limited, as part of the plan to stabilise the financial markets and combat capital outflows which was run by the leading groups for finance.

As for the Belt and Road Initiative, which is principally targeted at developing states, the government in Beijing appears to be implementing a model which adheres to Xi's 'top-down design' concept, with a key role for the Small Leading Group for Advancing the Development of the One Belt One Road (located in the State Council and headed by Hang Zheng). With the help of this group, the leadership sets out the general plans for operation during regular meetings in Beijing. The exact form and implementation of these plans are devised by individual state institutions and local governments, which try to implement the general guidelines. Next, Beijing, with the aid of the Small Leading Group for Advancing the Development of the One Belt One Road, which brings the key stakeholders together, coordinates the existing initiatives, tries to mould them and sets the new courses of activity. This was evident in the case of the flagship project for rail links between China and EU, which is being carried out as part of the Belt and Road Initiative[145]. After the initiation of general framework outlined by Xi Jinping in 2013, the process of implementation fell to the Chinese provincial and municipal authorities, who initiated dialogue with foreign partners and started business operations through state-owned transport companies. After about two years the central government, through the Small Leading Group for Advancing the Development of the One Belt One Road, appointed a central coordinating institution (China Railway), and with its support proceeded to the coordination, regulation and control of the local authorities' work.

The Chairman of the Small Leading Group for Advancing the Development of the One Belt One Road is Han Zheng, a member of the Standing Committee of the Politburo of the CC CCP, who is associated with Xi Jinping. His deputies are: the main person responsible for diplomacy in the Politburo, Yang Jiechi, together with Hu Chunhua, who is also responsible for regional development. From the operational side, the group is managed by the NDRC's director (see section 1.2.3) He Lifeng (Xi's longtime associate since they worked together in Xiamen city) acting director of the group's bureau, as well as his deputy (to both positions) Zhu Jizhe.

During Xi Jinping's rule, China has implemented two models for coordinating its foreign economic policy, one personal and one institutional. Concentrating economic affairs in the hands of one person (Vice-Premier Liu He) has

On the other hand, the list of sectors preferred for foreign takeovers by Chinese companies was created on the basis of industrial policies developed by the specialised leading groups and the NDRC who were dealing with them.

[145] For more information see J. Jakóbowski, K. Popławski, M. Kaczmarski, *The Silk Railroad. The EU-China rail connections: background, actors, interests*, OSW, Warsaw 2018, www.osw.waw.pl.

facilitated comprehensive negotiations involving issues of trade, investment and industrial policy. The 'top-down design' model which has been used in the case of the Belt and Road Initiative, in which the CCP acts as the coordinator for the activities of numerous internal Chinese actors who can take the initiative themselves, assumes a certain flexibility and ability to adapt to the local conditions encountered during the implementation of China's global economic agenda. However, even though both approaches have increased the effectiveness of China's foreign economic policy, the challenges which are specific to all Xi Jinping's centralisation activities – the inefficiency of centralised decision-making, as well as the insubordination of numerous internal actors in China – must be reckoned with.

3.2. Foreign and security policy

3.2.1. Managing the security services

Xi's rule has seen a major change in the management of the security services. The methods by which the senior leadership supervises the services have been reformed, giving Xi an opportunity to gain full personal control over the security apparatus. The new law on the intelligence services also institutionalised many of the existing intelligence practices, without limiting their activities.

When Xi took charge of the CCP, the Party moved away from the system in which a selected member of the Politburo's Standing Committee oversaw the security services. His powers were transferred to the new National Security Commission of the CC CCP, established in 2013. Currently, the Commission's task is to concentrate the supervision of all services responsible for China's security in the hands of the General Secretary of the CCP. The committee's range of interests includes foreign affairs, intelligence, internal and external security, the fight against terrorism, cyberspace, etc. It is thus responsible for security in the wider sense, and not just on the domestic level. These changes are most likely temporary in nature, and were introduced pro tem in response to the threat posed by Zhou Yongkang and Bo Xilai (see section 2.1.2), when a member of the Standing Committee supervising the intelligence services tried to use them to gain influence over the succession of the Party leadership. The creation of the new Commission, which treats security issues as a whole, has also become part of a wider strategy for facing China's internal and external challenges and the complex nature of non-traditional security threats. In 2014, one year after the Commission's creation, Xi proposed a 'comprehensive national security concept' (*zongti guojia anquan guan*). This involves the integration of

the services' activities and increasing their controllability in the face of growing external threats and the complexity of domestic problems, through both the use of traditional and non-traditional methods of social control[146]. The new concept has been implemented in the form of three laws: the law on the PRC's National Security Law[147] from 2015, the PRC Cybersecurity Law[148] from 2016, and the National Intelligence Law[149] from 2017.

The National Security Commission of the CC CCP concentrates power regarding security in the broad sense in the hands of Xi Jinping. The executive director of the committee responsible for its day-to-day operation and setting its agenda was Ding Xuexiang, a close associate of Xi Jinping. In his second term, Xi's position has been strengthened through new appointments at ministerial level. Within the services themselves, at the central level Xi Jinping can rely on Wang Xiaohong, Vice-Minister of the MPS, who is responsible for the daily work of the Ministry and is at the same time the head of the Municipal Public Security Bureau in Beijing; in 2017 he was also accepted onto the Central Committee. The head of the ministry is another person trusted by the General Secretary, Zhao Kezhi, who replaced Jiang Zemin's man Guo Shengkun. Meanwhile, the work of the MSS is directed by Chen Wenqing, who spent the previous twenty years climbing the ladder of the security apparatus in his native province of Sichuan; for two years he also served as a trusted deputy to Wang Qishan when the latter headed the Central Commission for Discipline Inspection in the key phase of Xi's anti-corruption campaign.

The relationship between the CC's National Security Commission and the regional security bodies is still problematic, as the latter are still reporting to the local Party structures. The Commission regularly assesses their work and puts forward recommendations. However, its ability to influence their actions is still dependent on the political relationship between the centre and the regions.

The new National Intelligence Law sanctioned the practice of encouraging citizens and institutions, including public and private companies, to cooperate with security services. Article 14 obliges every Chinese citizen to provide the services with the "necessary support, assistance and cooperation". Article 16

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[146] It should be remembered that, in accordance with the accepted practice in the PRC, the ideological underpinning often appears after specific practices are established, and only at the last stage are they granted legal sanction.
[147] *Zhonghua renmin gongheguo guojia anquan fa*.
[148] *Zhonghua renmin gongheguo wangluo anquan fa*.
[149] *Zhonghua renmin gongheguo guojia qingbao fa*.

also guarantees the services access to all databases, libraries, archives, etc., no matter who is responsible for them. In conjunction with the PRC Cybersecurity Law, which requires companies operating in the PRC to physically locate their databases on Chinese territory, the operational possibilities open to the intelligence services have been significantly expanded.

PLA Unit 61 398

The existence of this unit of the PLA was revealed in 2014 when the US Department of Justice accused its officers of industrial espionage and theft of intellectual property, and of installing malware on the computers of US companies. 61 398 is one of the most important PLA units dedicated to invasive electronic intelligence and IT warfare, but is far from being the only one. According to media reports, the branch has at its disposal around 1000 servers deployed in Shanghai; its headquarters is located in a 12-storey building in the city, and employs around 2000 officer-hackers. Cautious estimates say that around a thousand organisations worldwide have fallen victim to it, losing sensitive data, especially economic and technical, which can already be counted in thousands of terabytes[150].

3.2.2. Reform of the army command

During his first term Xi Jinping undertook the deepest reform of the PLA since the 1980s, including changes to the command structure and the size of individual components of the armed forces. The reform effectively increased the PLA's operational capabilities; and was also the second – after the changes to the CMC – instrument by which Xi increased his personal influence on the army. At the same time, it deepened the army's impact on making security policy, as the military 'hawks' found themselves in the immediate vicinity of the General Secretary.

The PLA entered the twenty-first century as a highly politicised structure whose combat abilities had been called into question[151]. Blighted by corruption,

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[150] For more on Unit 61 398 and the techniques it uses, see S. Jajodia, P. Shakarian, V.S. Subrahmanian, V. Swarup, C. Wang (ed.), *Cyber Warfare. Building the Scientific Foundation*, Cham 2015. See also 'U.S. Charges Five Chinese Military Hackers for Cyber Espionage Against U.S. Corporations and a Labor Organization for Commercial Advantage', U.S. Department of Justice, 19 May 2014, www.justice.gov.

[151] See D. Shambaugh, *Modernizing China's Military: Progress, Problems, and Prospects*, Berkeley 2002; RAND Report: M.S. Chase, J. Engstrom, Tai Ming Cheung, K.A. Gunness, S.W. Harold, S. Puska,

including the practice of buying positions, the PLA was unable to undertake the operations in East Asia, or on the global scale which the CCP had assigned it responding to the growing importance of the PRC[152]. For this reason, Xi's programme of thoroughly reforming the army and eliminating corruption has gained popularity among much of the officer corps. At the same time the fight against corruption in the army allowed Xi to promote officers linked to him, to break the resistance of some of the generals[153], and to win personal popularity among the lower ranks of the officer corps. In all, the anti-corruption campaign has targeted 13,000 officers.

Reform of the PLA under Xi Jinping[154]

The reforms started by setting the ratios of military training: one-fifth 'political education', the other four-fifths purely military training. The objectives of military training were also changed, emphasising interaction between different types of troops. In January 2019, Xi issued an order which, for the first time in the PLA's history, set out military training standards as well as ways of monitoring their implementation in individual units. Various types of large-scale joint-operation military drills are regularly carried out. The system of military education has been reconstructed, focusing on the education of officers who will be able to act with a degree of independence in various conditions. A broad programme for modernising equipment has been initiated, from soldiers' personal equipment to being able to destroy enemy satellites.

The reforms have also visibly improved the PLA's operational capabilities. Its command structure has been reorganised, with the creation of a Joint Staff Department of the CMC (the equivalent to the Chairman of the Joint Chiefs of Staff in the United States), headed by Gen. Li Zuocheng, the only PLA commander with combat experience (gained during the war with Vietnam in 1978). The four-tier territorial division[155] has been replaced by

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S.K. Berkowitz, *China's Incomplete Military Transformation: Assessing the Weaknesses of the People's Liberation Army* (*PLA*), Santa Monica 2015; You Ji, *The Armed Forces of China*, New York 1999.

[152] See A. Scobell, A.S. Ding, P.C. Saunders, S.W. Harold (ed.), *The People's Liberation Army and Contingency Planning in China*, Washington 2015.

[153] One manifestation of this friction was the absence of the traditional nominations of generals during the PLA's annual commemorations in August 2018.

[154] See R.A. Bitzinger, J. Char (ed.), *Reshaping the Chinese Military: The PLA's Roles and Missions in the Xi Jinping Era*, Oxon 2019.

[155] i.e. (1) five theatres of operations, (2) seven regions, (3) sub-regions roughly corresponding to the provinces, and (4) military corps.

a three-tier system: five theatres of activity, regions corresponding to the provinces, and 84 military corps. Moreover, the army's numbers have been cut by about 300,000 soldiers.

Under Xi Jinping, the desire to modernise the military was confirmed in 2015 with the creation of a new kind of armed forces with a separate command: the Strategic Support Force. These new troops' theatres of operation are to be space, cyberspace and electronic warfare, but it can be assumed that they will also take part in information warfare. The Strategic Support Force's commander was named as Gen. Gao Jin, who had previously served in the Second Artillery Corps; responsible for the use of nuclear weapons by the PLA, which shows how seriously the Party takes the Strategic Support Force.

Upon assuming the posts of General Secretary of the CCP and Chairman of the CC's CMC, Xi Jinping introduced changes to the CMC's structure. He reduced the number of its members from 11 to 7. In addition, no civilian Vice-Chairman was appointed: this was usually someone who would be nominated as successor to the General Secretary. In this way, Xi Jinping became the only civilian member of the CMC. In 2016, a new Equipment Development Department was created, which allowed Xi to add his trusted man, Gen. Zhang Youxia, to the CMC. Zhang is also Vice-Chairman of the Small Leading Group for National Defence and Troop Reform of the CC CCP, which was created in 2014 and is chaired by Xi Jinping. The group has become a major driver of change in the PLA. The group's second Vice-Chairman is Gen. Xu Qiliang, who has also been second Vice-Chairman of the CMC since 2012. Of the current leadership, Xu has been on the Party's Central Committee the longest, having served continuously since 1992[156]. Since the 18th National Congress of the CCP he has been a member of the Politburo of the CC CCP. It can be concluded that he represents the interests of the PLA establishment in the leadership, but his presence also points to the conviction that there is a community of interests between the great majority of the military elite and Xi Jinping.

Xi's reforms have not eliminated the fundamental subordination of the army directly to the Party, nor have they changed the pattern of the army's direct control by the Party's CMC[157]. The CMC is the main channel of the control over

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[156]   First as an alternate member, and since 2002 as a full member.
[157]   Although one could also speak of it as a re-politicisation (see section 2.2.4).

the army wielded by Xi; he is Chairman of the Commission, and in everyday affairs he is supported by Zhang Youxia, who since the 19th National Congress of the CCP has been Vice-Chairman of the CMC and a member of the Politburo. Gen. Yi Xiaoguang became the commander of the Central Theatre Command of operations, which covers Beijing, and Gen. Yin Fanglong was named the main political officer. Control of air forces, the key branch for the defence of Beijing, was taken by Gen. Ding Laihang, and Gen. Yu Zhongfu became the main political officer. All four rose quickly after Xi took power in the CCP in 2012, when they were fast-tracked past the usual promotion ladder.

The reform of the PLA – alongside Xi Jinping's political alliance with part of the army – has strengthened the army's role in the creation of external security policy (see the box on the Taiwan Strait crisis in section 1.1.6). Military intelligence's traditional role of developing and analysing intelligence data has been supplemented by the close ties between the General Secretary and the influential retired generals. They supported Xi in his struggle for power, but it seems that their relationship with the General Secretary goes beyond internal policy, and there is a community of views on their assessment of the CCP's risks and objectives in the sphere of international security.

Xi's rapprochement with the military could potentially translate into a more aggressive policy in the field of security. Traditionally, the PLA's planners and analysts profess a conservative, nationalist paradigm of thinking on international affairs. They are mainly focused on building up the PRC's capacities by economic and technological development, which are seen in terms of the competitive struggle for resources, characterised by the belief that it is a zero-sum game. Currently Xi's inner circle includes conservative soldiers like retired general Liu Yazhou, formerly the chief political officer of the PLA's Air Forces; retired general Liu Yuan (the son of Liu Shaoqi), a former political commissar of the PLA's Academy of Military Science; and Adm. Luo Yuan, a popular theorist from the Academy of Military Science. The latter two in particular have had a great influence on the attitudes of several generations of graduates from the PRC's main military school.

In such a situation, the inevitable question is to what extent the confrontational perspective presented by the CCP's military leadership really expresses their genuine perception of how the international situation is developing; and to what extent it helps to stimulate a sense of threat in order to raise funds for the millitary.

Xi Jinping is continuing his strategy of carefully, yet methodically testing the boundaries of China's assertive foreign policy. In particular this applies to activities in the South China Sea, where it seems that the PLA has been granted great freedom of action while so far conducting a more restrained policy in other fields. The rapprochement between a clearly nationalist military and Xi is currently manifested primarily in the acceleration of the streamlining of the PLA, its modernisation and the increased emphasis on training. In this way the basic demands of the army's supporters are being met, thus ensuring a slow and consistent build-up of real power for the PLA. At present, the PRC's security policy can be described in terms of continuation, but the situation may change after the modernisation of the army is completed, the deadline for which is the year 2035[158].

3.2.3. Foreign policy

The PRC's increasing international engagement has been accompanied by a major reorganisation, carried out by Xi Jinping, of the decision-making process in the field of foreign policy. The coordination role of the structures of the CC CCP has been greatly strengthened, and Xi's personal influence on foreign policy has also increased. These measures have streamlined the decision-making process and increased the centre's ability to implement the decisions taken; but they have not solved the structural problems facing China's diplomacy – and in some ways have even deepened them[159].

The reorganisation began with the raising of the CC's Small Leading Group for Foreign Affairs to the rank of the CC's Central Foreign Affairs Commission, chaired by Xi Jinping. The institutional strengthening of the group is intended to increase the Central Committee's direct supervision over the state's diplomatic activity and improve internal coordination, but also to shorten the decision-making process. The office of the CC's Small Leading Group for Foreign Affairs was previously located in the building of Ministry of Foreign Affairs of the State Council[160], but now, one may assume, it has been transferred

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[158] Originally the modernisation plan assumed that all its objectives would be achieved by 2049, but Xi Jinping announced the new date in 2017 during the 19th National Congress of the CCP. See Xi Jinping, *Secure and Decisive…*, op. cit.

[159] See I. d'Hooghe, *China's Public Diplomacy*, Leiden 2015.

[160] The locations of the small leading groups' offices are not disclosed, and they are the subject of much speculation. From the available information, it appears that initially the role of the office of the Small Leading Group for Foreign Affairs was played by the Foreign Affairs Office of the State Council, and when the independent office of the Group was founded, it may be assumed that it still functioned within the structures of the state administration, in either the Foreign Ministry or the

to the Central Committee. This seemingly small change has had serious consequences. The ability of this office, which monitors the implementation of the committees' decisions, to act effectively has increased dramatically, because now it functions within the structures of the Party, not the state. For years there has been a significant decentralisation in the conduct of foreign policy; the participating groups within the Party often had contradictory interests, especially the large state companies which conducted their own independent policies, as well as the Chinese provinces[161]. This meant that many of the Ministry of Foreign Affairs' decisions were disregarded. Decisions coming directly from the CC, however, cannot be ignored.

The office of the CC's Central Foreign Affairs Commission, which also prepares expert opinions and orders, is managed by Yang Jiechi, an exceptionally experienced diplomat (he has also served as Foreign Minister and the PRC's ambassador to the US), while also being a close associate of Xi and a member of the Politburo. A special role in the formation of foreign policy is played by Wang Qishan, who after the 19th National Congress of the CCP lost his place in the key organs of the CCP because of his age, but who still remains extremely influential because of his personal relationship with Xi Jinping. As a Vice-Chairman of the PRC, he oversees the entirety of foreign policy on behalf of Xi, with particular emphasis on relations with the US. Foreign Minister Wang Yi, who is a career diplomat, sits on the Central Foreign Affairs Commission of the CC CCP, but his political influence is weak, and his primary task on the committee is to ensure the quick translation of decisions into actions. However, his position in relation to other ministries has been strengthened by his appointment as a state counsellor (*guowu weiyuan*).

The CCP's central control over foreign policy and the work of the Foreign Ministry has also increased, thanks to the appointments of Party cadres who are associated with Xi Jinping, but are not career diplomats. Back in 2012 Xie Hangsheng, a member of the Central Committee and its Commission for Discipline Inspection, was appointed head of the Commission for Discipline Inspection of the Ministry of Foreign Affairs: he belongs to the ministry's senior leadership, and it can be concluded that his appointment allows Xi to exert direct control over the ministry's work. The ministry's independence was also limited

State Council. See D.M. Lampton (ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform, 1978–2000*, Stanford 2001, p. 46.

[161] See Lai Hongyi, *The Domestic Sources of China's Foreign Policy: Regimes, Leadership, priorities and process*, Oxon 2010; Lu Ning, *The Dynamics of Foreign Policy Decisionmaking in China*, Boulder 1997; G. Rozman (ed.), *China's Foreign Policy. Who Makes It, and How Is It Made?*, New York 2013.

in January 2019 by the nomination as first secretary of the CCP's Central Committee in the ministry of Qi Yu, a proven activist and a previous head of the Organisation Department of the Central Committee, but who lacks any diplomatic experience.

Increasing the influence of the CCP's Central Committee and the General Secretary himself on foreign policy has proved to be an effective method of improving the decision-making process in foreign policy. The changes introduced could potentially improve internal coordination among the various internal actors, and improve their implementation at the levels of diplomacy and administration. Importantly, those responsible for diplomacy have received relatively high positions both politically (Yang Jiechi) and within the administration (Wang Qishan, Wang Yi).

However, these changes have not resolved certain restrictions on Chinese diplomacy, which are mainly due to the limited expertise and knowledge of the wider world among the Chinese elite. Another problem is the political constraints in the expert discourse, in which each instance must be consistent with the current line of the CCP's leadership. There is a whole list of issues which Chinese experts cannot discuss freely, but must stick to the guidelines of the CCP, even though privately very lively and open discussions are conducted on the same topics. This leaves serious 'deficiencies' in evaluating the viewpoints and interpreting the motivations of other international actors. This was especially evident during the trade negotiations with the US, which were broken off by Donald Trump, even though the Chinese leadership were apparently informed that there were great chances of success[162].

3.3. Control of society and the Party

China's modernisation, the spread of new means of communication and the migration flows involving hundreds of millions of people, all mean that the CCP's traditional methods of social control are no longer effective. According to the Party elites, this constitutes a major threat to CCP's dominance, given the expected economic problems and growing international conflicts. It also means that the PRC is slowly becoming ungovernable, a trend that is being exacerbated by a slackening of discipline within the Party itself. In response to these concerns, Xi Jinping proposed to the Party elites the construction of

[162] J. Cai, 'Chinese experts 'filtered' trade war advice to Beijing policymakers', *South China Morning Post*, 22 October 2018, www.scmp.com.

a comprehensive system of control and management which combines the opportunities offered by new technologies with state coercion. This should allow the Party elites not only to maintain power within society during the period of essential economic reforms, but also to regain control of the Party apparatus.

3.3.1. New technologies in the service of the Party

The use of technology for the mass surveillance of Chinese society, introduced by Xi Jinping and the CCP's elites, is a way to address the deficit of reliable data concerning the actual functioning of the PRC, resulting from the falsification of data by local authorities at all levels. The universality of the practice is so great that the current Premier Li Keqiang has had to develop an alternative method of estimating the country's GDP[163]. This lack of reliable information has been a serious obstacle to economic planning, and the Party's planners believe that this hinders their ability to counteract economic crises. The universal monitoring of the activity of citizens and businesses by using the latest technology (big data and artificial intelligence) will allow the government to receive an image of society and the economy in real time. This will make it possible for the CCP to conduct dynamic and immediate policy transformations, for which tighter control over the population and the ability to shape the behaviour of individuals on a massive scale will also be necessary[164]. The new system is also intended to become an element for managing the Party cadres and verifying their work.

Under Xi's leadership, the CCP plans to build a social management system (*shehui guanli tixi*) in the PRC which will integrate the activity of the security forces, the monitoring of public opinion, and propaganda to shape appropriate behaviour in the public space. The axis of this system is the Social Credit System (*Shehui Xinyong Xitong*), announced in 2014, which is currently operating in a beta-version, with parts of the system run by the state and by competing new-technology companies. So far, hundreds of millions people have voluntarily signed up for a number of pilot programs, and by 2020 the SCS is supposed to compulsorily cover all citizens of the PRC. However, despite these announcements, the technical bases of the whole system are not yet precisely known. The SCS will supposedly be supported by other programmes such as internet censorship, restricted access to foreign media (traditional and online), close cooperation between the state and technology companies, and other measures.

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[163] The so-called 'Li Keqiang' index is based on the analysis of freight railway transport, electricity consumption and total bank loans granted. See 'Keqiang ker-ching', *Economist*, 9 December 2010.

[164] See D. Fu, *Mobilizing Without the Masses. Control and Contention in China*, Cambridge 2018.

Achieving the assumed operational capabilities and impact will take at least a decade, especially since some of the technologies (e.g. artificial intelligence) necessary for the SCS to achieve the desired capabilities do not yet exist, or are still at an early stage of development.

The SCS's assumptions

At present the system is only operating on a beta-test basis. In 2015 the authorities granted eight companies licenses to test the SCS's programs, in which hundreds of millions of Chinese citizens are voluntarily participating. At present, the basic principles of the SCS's activity are known, but the system is still far from its full operational efficiency, and it is doubtful that it will be able to operate within the expected parameters after its mass introduction in 2020.

The SCS is supposed to monitor the daily activity of each citizen and dynamically award or subtract 'social credibility' points in response. The balance of these points will determine the quality of the user's daily life. Because the SCS will be public, others will decide on the basis of its reports whether keeping in touch with the person concerned is beneficial for them. The main criterion is 'being a good citizen', as the CCP understands the concept.

The SCS will check online purchases and non-cash payments through the use of smartphones and geolocation, as well as street monitoring with face recognition and location; it will record who is friends with whom and what interactions they enter into; how much time is spent on social media, and the content of all comments published. This will be supplemented by assessments from employers, the local CCP committee and the tax office. Everything will be evaluated and reduced to a single number which will determine the life of the average Chinese person. This is possible thanks to big data technology and the continuous monitoring of the PRC's citizens by local social media such as Baidu, WeChat, Renren, Weibo etc., which either belong to state-owned companies or are fully dependent on the state. The CCP is determined to create a system for the comprehensive supervision of thoughts and behaviour.

When the system becomes compulsory, digital absence will not be an option, and in accordance with established regulations the general principle

of 'credibility lost in one place will have consequences everywhere' will apply. The SCS will not only inform the user about the decline in their ranking, but will also give advice on how to improve it, or indicate that 'making friends with' someone with a low SCS will negatively affect their own score.

People with low scores will be unable not only to take out loans or hire a car, but even to find work. There will also be minor inconveniences which will be gradated: limited internet speed, bans from restaurants and night clubs, the loss of one's passport or a ban on air travel, restrictions on consumption (prohibitions on buying certain products), the loss of health insurance, bans from working in certain professions (lawyers, journalists), bans on sending one's children to high-level schools, etc. The final stage will be 'encouragements' to receive 'therapy' to combat one's antisocial tendencies. People with positive scores will receive loans at attractive interest rates, benefit from simplified security checks at airports, their children will go to better schools, they will get better jobs, and so on.

In the intentions of the decision-makers within the CCP, however, the SCS needs to be something more than just an element of domestic security policy, and go beyond being a simple system of control and repression[165]. Many planned aspects of the SCS have no connection with internal security. In combination with the system of credit reliability, the SCS is intended to facilitate the Chinese people's access to bank loans. The elements enabling mediation are also supposed to serve as a response to the very low level of social trust in the PRC, which is one of the obstacles to developing the country. The system's modular formula will allow new features to be added in the future. In fact, this is supposed to happen thanks to big-data technology and artificial intelligence in a semi-automated system for managing society on the macro scale, but which will employ subtle behavioural control at the individual level through a system of gradable incentives and discouragements. According to the guidelines of the State Council, the SCS's first priority is to resolve 'problems' in areas such

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[165] At the same time as building up the SCS, the CCP has been gradually abandoning (at least formally) the traditional system of repression. 2013 saw the end of *laojia*, the system allowing the police to use administrative decisions to send any person to camps for 're-education through labour' for period of up to three years. However the system of *laogai*, 're-education through labour' of convicts has been retained. According to hard-to-verify reports, the *laojia* system still operates in East Turkestan (Xinjiang), where allegedly up to 10% of the ethnic minority population have undergone 're-education through labour'. In other regions, *laojia* camps have been formally transformed into 'centres for the rehabilitation of drug addicts', but the police still send 'politically suspicious' persons to them.

as 'honesty in government' (*zhengwu chengxin*), 'honesty in business' (*shangwu chengxin*), 'honesty in the community' (*shehui chengxin*) and 'the credibility of the courts' (*sifa gongxin*). In this way, the CCP wants to create a model for neutralising social tensions which can serve as an alternative to the Western style democracy, while maintaining the authoritarian political system.

The system of social management is also intended to be a response to the lack of reliable macroeconomic data and social statistics in China. The SCS will collect data on economic, cultural and social activity from the entire population of the PRC. The ultimate goals reach beyond simply collecting information on the public mood: the system is supposed to give the government a dynamic, live-action image of the entire PRC. The CCP hopes that this will enable it to react ahead of time to upcoming economic or social problems.

'Smart Red Cloud'[166]

In addition to social control, the modern technologies are being used to monitor the local Party apparatus, whose actions are often the hotbed of the social conflicts and which most antagonise the public. Party cadres must not only participate in the SCS, but the CCP is also experimenting (in Sichuan) with the further use of artificial intelligence to control the Party apparatus. A programme called the 'smart red cloud' validates the cadres' ideological correctness (through the analysis of regular tests) and monitors their presence at important events in the life of the Party, their involvement in political activity and their activity on social media. In the future we may expect this programme to be integrated into the SCS as a whole.

The general legal basis for the SCS is the 2017 Act on Digital Security, and its construction has been supervised by the Small Leading Group for the Social Management and Comprehensive Governance, which is chaired by one of Xi's trusted people, Guo Shengkun, a member of the Politburo, head of the CC's Central Political and Legal Affairs Commission and secretary of the Central Committee's Secretariat. He was also the Minister of Public Security in 2012–17. Internet censorship is the joint responsibility of the MPS and the National Internet Information Office, headed by Zhuang Rongwen[167]. The Office reports

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[166] Zhang Liping, ''Smart Red Cloud' Tracks Party Cadres' Ideological Correctness', *Sixth Tone*, 3 July 2017, www.sixthtone.com.
[167] He is also office head of Central Cyberspace Affairs Commission of the CC CCP, whose tasks include supervising the censorship of the internet.

directly to the Central Cyberspace Affairs Commission (formerly the Central Leading Group for Cybersecurity and Informatisation) of the CC CCP, led by Xi Jinping, in which all the Party's projects related to new technologies converge.

The real challenge for the CCP will be to effectively implement the SCS after 2020, even in its most basic form, and the full development of the system will take decades. We may also assume that the level of its use will vary between urban and rural areas, and will have its deepest reach in large urban centres, which from the Party's point of view are essential for maintaining social stability. The programme to monitor the internet with the use of artificial intelligence has already proved its efficiency by blocking a number of protests which were to have been coordinated online. The question remains of how long it will retain its efficacy, and whether, in combination with the other social programmes, it will give the CCP an artificial sense of security.

The State Council has identified one objective of the SCS as 'improving the socialist market economy' (*wanshan shehui zhuyi shichang jingji tizhi*). We may thus risk saying that the SCS is intended as the fulfilment of the Leninist vision of a perfectly organised and managed society, lacking any cyclical economic or social crises, which will serve as a developmental alternative to the liberal West. This shows that despite decades of reforms, the CCP has retained its utopian character.

3.3.2. Neutralisation of the ethnic minorities

One of the CCP's basic mechanisms of governance is encouraging the imitation of model examples, as illustrated by the issue of the ethnic minorities policy. Although the CCP has formally proclaimed that ethnic minorities have the right to preserve their cultural identity, in practice the PRC seeks their linguistic and cultural assimilation. Representatives of ethnic minorities are treated with suspicion, and any signs of discontent are considered acts of separatism[168]. Xi has extended the arsenal of instruments available to supervise the minorities, including an unprecedented increase in their surveillance and the expansion of the network of re-education camps. Tibet and Xinjiang have become experimental areas where the CCP tests new means of mass social control.

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[168] See 'Racial Sinicisation: Han Power and Racial and Ethnic Domination in China', [in:] I. Law, *Red Racisms. Racism in Communist and Post-Communist Contexts*, 2012.

The struggle for territorial integrity and the fight against separatist movements have been important elements of the CCP's legitimacy since the very beginning of the PRC, irrespective of how real any such threat is today. Therefore, the struggle against separatism is always appreciated by the Beijing leadership, and this has been the political springboard for many cadres[169]. This applies especially to those who have worked at the periphery of the PRC, in Tibet and Xinjiang, and to a lesser extent in Inner Mongolia (Nei Menggu). It seems that the programme of social securitisation is a part of the Party bureaucracy's same logic[170].

Under Xi Jinping's rule, the process of social securitisation has not only continued, but doubled down on the approach adopted after the massive protests in Tibet in 2008. The security services now take an active role, focusing on preventing unrest. For this purpose it was decided to build up a strong presence within local communities. Over a thousand new police stations have been set up, each fully digitised and connected to a high-speed electronic network. In the cities, a police station is located every 300 to 500 metres. At the same time, since 2016 the authorities have installed the most technically advanced systems for the surveillance of the population in the cities. All transport hubs run security checks reminiscent of those at airports, and a network of checkpoints examines identity cards, verifying them with facial recognition. Also, general monitoring systems operate full-time[171]. A programme has been created which uses artificial intelligence to identify potential criminals[172].

'Safe City'

Safe City is an application by Huawei which is capable of processing and storing hundreds of petabytes (1 petabyte = 1 million gigabytes) of data, mainly from urban surveillance. By 2017 the PRC had deployed

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[169] For example, Hu Jintao caught Deng Xiaoping's eye after bloodily suppressing the protests in Tibet in March 1989, when he served the dual role of First Secretary and the PLA's chief political officer in the region. Even today there are suspicions that the riots of 5 March were largely provoked by services subordinate to Hu. See J. Tkacik, J. Fewsmith, M. Kivlehan, 'Who's Hu? Assessing China's Heir Apparent, Hu Jintao', *Heritage Foundation*, 19 April 2002, www.heritage.org.

[170] Social securitisation is an extreme case of politicisation which consists in reducing the internal socio-economic problems of a society to security issues. In the context of securitisation, such issues are not at all relevant to the security of the state, but are rather issues that the state actor effectively creates as a major problem. Securitisation also allows a government to ignore the real causes of the problem, while creating the appearance of effectively addressing burning social issues by the use of police measures.

[171] D. Chaudhuri, *Xinjiang and the Chinese State: Violence in the Reform Era*, Oxon 2018.

[172] N. Gan, 'China's security chief calls for greater use of AI to predict terrorism, social unrest', *South China Morning Post*, 21 September 2017, www.scmp.com.

176 million street cameras, and a further 626 million will be installed by 2020. The technologies and procedures developed and tested in Xinjiang are currently being introduced in other parts of the PRC. The aim is not only surveillance in and of itself, but also the stimulation of the economy and innovation. As a result, twice as many patents related to the technology of artificial intelligence and big data have been registered since 2015 in the PRC than in the next two countries combined (Japan and the United States). The export of software and hardware associated with public security is intended to boost the Chinese economy in the future. Concerns have been raised as to whether the technology installed abroad will also be used by the Chinese intelligence services.

In addition to the use of modern technology, in order to control Xinjiang the CCP resorted to methods of direct repression by building a network of re-education camps. They have also opened a number of new camps, to which people are being sent on the basis of choices made by artificial intelligence, which examines the suspects' activity from various viewpoints (see section 3.3.1). International criticism means that although Beijing knows that things have got out of control, it will not cease its repression in Xinjiang because it does not want to give the impression that it is bowing to pressure from abroad. This encourages other regions to take similar actions. This is a distortion of one of the CCP's typical mechanisms of governance, when the centre sets very general goals, allowing local structures to implement them freely; but then, by means of praise and criticism, it indicates to the other regions that this is the reference point, and that this is the way in which it expects the other regions to proceed. Today, this process has become spontaneous, as local authorities at different levels follow the programmes from Tibet and Xinjiang because they see that they have been accepted by the centre.

The Xinjiang programme is the work of Chen Quanguo, who has been the CCP's head in the region since 2016, and who conducted a similar project in Tibet (2011–16). Although Chen had links to the current Premier Li Keqiang, his work was appreciated by Xi Jinping. Securitisation has become an element of Xi's authoritarian plan for the reconstruction of the social management system (see section 3.3.1), but its implementation remains in the hands of local structures. It is also difficult at present to assess which parts of the system being built in Tibet and Xinjiang will be used in the national programme for social securitisation: this will more likely aim to coordinate local activities and integrate databases.

3.3.3. Control of migration and urbanisation

The launch in 1978 of the programme for modernisation and economic reform led to China's transformation from a poor, agricultural country populated mostly by illiterates[173] to an urban industrial power with an increasingly well--educated population. However, the CCP eventually lost control over this process. Therefore, in the social sphere, one of Xi Jinping's flagship programmes has been the government's project to complete the process of urbanisation in China. It aims to bring about the social stabilisation of the PRC[174] during the anticipated period of economic problems, and allow the process of bringing successive segments of Chinese society out of extreme poverty to continue. However, this process of urbanisation has been accompanied by the Party's continued control over the processes of internal migration.

The twelve-year urbanisation programme initiated by Xi Jinping in 2013 envisages the transfer of a quarter of a billion people from the countryside to the cities. The plan is that by 2025 no more than 30% of the population will remain in the countryside. In 1978 17.92% of the population lived in towns, compared to 53.73% in 2013; the increase in the urban population grew by 559 million people[175]. The government's new programme[176] aims to liquidate China's 'agrarian question' and move the greater part of the population into active participation in the economy, no longer as cheap labour, but also as consumers. This is linked to plans to change the fundaments of the PRC's economy (see section 3.1.1) and is intended to revive the slowing real estate market, which has been a drag on the Chinese economy in recent years. In the cities it will be easier to provide basic social services, especially health care and universal education, the development of which is necessary for China's further development and modernisation.

The process of urbanisation has not so far been accompanied by the abolition of the internal passport system (*hukou*), which has been in place since 1958, but a reform has been introduced making it easier to change one's place of

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[173] According to UNESCO, in 2016 the level of literacy in China had reached almost 100%: see *UNESCO eAtlas of Literacy*. It is very hard to assess the level of literacy in the PRC in 1949, but it can be assumed to have stood at between 15% and 25%. See G. Peterson, *The Power of Words. Literacy and Revolution in South China, 1949–95*, Vancouver 1997, pp. 3–11.

[174] For more about how urbanisation in the PRC is perceived, see Houkai Wei, *Urbanization in China. The Path to Prosperity and Harmony*, Beijing 2019.

[175] Ibid, p. vii.

[176] See Chuanglin Fang, Danlin Yu, *China's New Urbanization. Developmental Paths, Blueprints and Patterns*, Beijing 2016.

residence from the country to the city in medium-sized urban centres (which allows the management of population flows to selected cities), as well as regular deportations of illegal migrants from overpopulated metropolises. In this way, the CCP wishes to retain maximum control over the migration processes.

The urbanisation programme and the reform of the *hukou* system have a very strong association with maintaining social stability[177]. The reform is intended to be the response to the age-old agrarian question in China[178]. Mao Zedong himself said that during the civil war, 'the village surrounded and conquered the city'. The Party leadership still fears that the countryside will be a source of problems, hence the idea of preventing them by largely eliminating the countryside as such. Another group which threatens social stability according to the authorities is the so-called migrant workers, i.e. the group of around 274 million people (2016) who are 'village residents'[179], but who work in cities where they do not have the right of residence, and have no access to education for their children, medical care or social security. They represent a potential source of protests in the event of an economic downturn. Dispersing them to smaller centres and giving them the right to settle there is intended to facilitate their assimilation into new places and break up their cohesion as a social group.

The mass urbanisation programme is also intended to help successive groups to be lifted out of extreme poverty. Whatever questions there may be about the specific statistical data[180], there is no doubt that in the period since the start of the reforms, several hundred million people (the official figure is about 500 million) have emerged from extreme poverty.

There is broad consensus within the Party with regard to the policy of urbanisation, because its implementation was already put into motion and entrusted to the government structures, the Ministry of Housing and Urban-Rural Development, led by Wang Menghui under the general supervision of the Central Comprehensive Deepening of Reform Commission of the CC CCP (formerly the

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[177] For more on urbanisation as a condition for the survival of the CCP, see J.L. Wallace, *Cities and Stability: Urbanization, Redistribution, and Regime Survival in China*, Oxford 2014.

[178] A source of the recurring rebellions in Chinese history has always been the agrarian question, which was characterised by sudden rises in overpopulation in the countryside, accompanied by the massive displacement of peasants from the land by groups associated with the ruling class.

[179] Zongli Tang (ed.), *China's Urbanization and Socioeconomic Impact*, Montgomery 2017, p. v.

[180] According to official figures, China has recorded a spectacular drop in the population living below the poverty line, from 63% of the population in 1981 to 7.2% in 2015. However, the method of determining the official poverty line is open to challenge. See Kun Yan, *Poverty alleviation in China. A Theoretical and Empirical Study*, Berlin 2016.

Small Leading Group for the Comprehensive Deepening of Reform), which is chaired by Xi Jinping. At the same time, policy for rural areas is coordinated by the Small Leading Group for Agriculture and Rural Areas of the CC CCP, chaired by Hu Chuanhua, whose Vice-Chairman and head of office is Han Changfu. Wang Huning, a Vice-Premier and a member of the SC PB of the CC CCP, is the general supervisor of the programme.

> **Resistance to resettlement[181]**
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> The process of urbanisation is compulsory. Authorities raze entire villages and replace them with towns built from scratch; in addition, existing agglomerations are expanded. The whole process is linked to corruption and the confiscation of land from the rural residents, which is a source of budget revenue for local authorities, but also finances the construction of the towns, among other things. This is also one of the most common reasons for social protests in these areas.

The CCP is aware that mass urbanisation is associated with the emergence of other problems. The 250 million new urban residents will be more inclined to accept simple working positions, but their children will have new aspirations and more expectations regarding their material status. Opening up the path to social promotion for this group is associated with increasing their opportunities to access higher education[182]: in 1949 there were only 117,000 students in the PRC, but by 2015 this figure had already reached 37 million[183]. However the CCP is afraid that, in the era of the information revolution, the growth of education will be accompanied by greater political activity both among this group and in society as a whole, something which will also be facilitated by the spread of the internet as a means of communication. Hence the combination of the SCS with control of the migration and urbanisation processes, the synergy of which is intended to allow the CCP to maintain power in the period of China's coming transformation. As the Party predicts, this will be accompanied by economically-motivated social unrest and the emergence of centrifugal forces.

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[181] T. Wright, *Handbook of Protest and Resistance in China*, Cheltenham 2019, pp. 184 *et seq.*
[182] The increase in the number of students in recent years is a result of the reform of higher education in 2000. See W.J. Morgan, Bin Wu (ed.), *Higher Education Reform in China. Beyond the expansion*, New York 2011; Hong Zhu, Shiyan Lou, *Development and Reform of Higher Education in China*, Oxford 2011.
[183] See Zhao Xinying, 'China has 1 in 5 of all college students in the world', *China Daily*, 4 August 2016, www.chinadaily.com.cn.

CONCLUSIONS

The launch in 2012 of Xi Jinping's 'conservative turn' is a sign of the fundamental decision which the CCP took at the turn of the twenty-first century, and which will affect the shape of the PRC in the coming decades. The current reconfiguration of forces within the Communist Party is taking place with the consent of the majority of the Party elites. The symbolic decision to abolish restrictions on the term of office of the Chairman of the PRC should be taken as a mandate to Xi Jinping to permanently inscribe this 'conservative turn' into the political system of the PRC. Xi has offered the Party elders a programme for revitalising the Leninist model of the Party-state, an internal 'purge' of the CCP, the methods of Party and society control using modern technology, and the implementation of an economic model which contains market elements but also safeguards the Party's position in society and the economy. In the face of the fundamental challenges facing the PRC and the prospects for the collapse of the existing system, the Party has rejected the idea of political liberalisation, and considers the path suggested by Xi to be the best guarantee of achieving the CCP's supreme goal – to retain power in China.

After solidifying his position during his first term, Xi Jinping is in the process of institutionalising the new order in the Party, and of adapting the structures of the state to the new political dynamic. These activities coincide with the period of instability and imbalances in the slowing Chinese economy, as well as China's escalating conflict with the West. Xi now has new instruments of governance at his disposal; however, he is also faced with challenges on a scale unknown to his predecessors. At the same time, the country's copious technological resources are being used to systematically introduce and develop new mechanisms of social control. In the long term, the mass use of these new technologies will lead to the implementation of the Leninist concept of a well-planned and controlled society, which can be kept stable thanks to the anticipation and prediction of any sources of discontent, as well as the ability to influence the individual behaviour of people.

The system currently built by CCP is intended to be a Chinese socio-political model which can serve as an alternative to Western democracy. This is not only an important element in building the Party's internal legitimacy, but also potentially in China's competition with the West. After beginning the process of 'reform and opening-up' in the late 1970s, the Party stuck to its rhetoric about the uniqueness of the Chinese model and its non-interference in the internal affairs of other countries. However, the CCP's may return to the practice

of Mao Zedong's time, and strive to export the 'Chinese experience' in a way which will create a global alternative to the political and ideological domination of the West.

However, this vision for reconstructing the PRC must confront three main obstacles:

1. **The concentration of power in the hands of Xi Jinping carries political challenges of an institutional and personal nature.** Centralising such a wide range of powers in a single decision-making centre raises the risk of a systemic failure, the emergence of congestion in the decision-making process, and the failure to apply the solutions devised to changing conditions. Recentralisation means the liquidation of the system's inherent flexibility, which since the start of the 'reform and opening-up' period has been one of the main sources of China's success, and its fundamental response to the challenges posed by the country's significant internal diversity and dynamic social changes. In the personal dimension, granting such broad powers to Xi Jinping and the move away from the informal rules of governance raises the threat which in the past has led to the destabilisation of the PRC: the problem of who will succeed Xi Jinping, as well as the vision of a return to the chaos of one-man rule if there is conflict between Xi and the Party.

2. **The stability of the PRC may also be undermined by the contradiction between the vision of deep Party control over society and the model of a modern economy based on market forces.** In the official rhetoric, as well as in selected sectoral reforms implemented by Xi's government, it is clear that the CCP wishes to continue the market transformation of the economy, to stimulate competition and innovation, with an important role for the private sector. However, Xi Jinping has not so far brought about a serious 'breakthrough' in Chinese reforms; and in some areas, indeed, the influence of the Party and the state on the economy has actually increased. The reasons for this may be sought in the resistance of powerful interest groups nested within the Party, but also in the fear among the CCP's leaders that they may lose control over the economy, and over the social protests which could arise. The Party's most common reactions to the instability, which is inherently linked with market mechanisms, are still *ad hoc* interventions and taking control over the markets. This is done using state resources, which as a result expands the state sector. The lack of significant market reforms can also be attributed to ideological factors, as well as contradictions between the idea of absolute rule by the Party and the development

of an innovative society based on private enterprise. Failure to reform will mean deepening instability in the Chinese economy over the coming years, which – for fear of losing power – the Party may try to compensate for by increasing its control over society.

3. **The PRC may also encounter external obstacles resulting from the incompatibility of the China of Xi Jinping's vision with the contemporary world order.** The PRC's participation in the globalised economy has been based on the decades-long favourable economic symbiosis between the developed countries and the 'global factory' which China has become, as well as the West's firm belief that its cooperation will lead to long-term political liberalisation in China. The scale, level of development and ambition of the Chinese economy, coupled with the significant role played by a state which can mobilise enormous resources, has become a hotbed of structural economic conflict between China and the US, the EU and other developed countries. The implementation of market reforms and the further opening-up of the economy, which China plans to carry out for internal reasons too, could greatly alleviate this conflict. However, the political dimension of Xi's 'conservative turn', the country's increased assertiveness and its increasing ambitions, are creating a new level of competition, not only political, but also cultural, ideological or even civilisational. The further Xi's 'revolution' goes, the weaker will be the West's desire to include China in an open and globalised world – weakening the foundation of China's development in recent decades.

MICHAŁ BOGUSZ, JAKUB JAKÓBOWSKI

ANNEXES

ANNEX 1. The territorial division of the PRC

The PRC is structured on the basis of a **four-level territorial division**. In addition there are many regional exceptions dictated by the area's specific ethnic or economic nature. Each territorial division is paralleled by a corresponding CCP structure, and the differences within the Party hierarchy often influence the formal relationships between individual administrative units.

At the **first level** there are 33 territorial units, including 22 **provinces** (*sheng*): Hebei, Shanxi, Liaoning, Jilin, Heilongjiang, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Hainan, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu and Qinghai. There are also four **direct-administered municipalities** (*zhixiashi*) which are under the direct management of the central government: Beijing, Tianjin, Shanghai and Chongqing.

Additionally, there are five **autonomous regions** (*zizhiqu*) whose status is *de facto* no different from those of the provinces, but they are inhabited by compact groups of ethnic minorities. This distinction of status is intended to give the impression that these groups' rights are being respected. These regions are Guangxi, Inner Mongolia (Nei Menggu), Tibet (Xizang), Xinjiang Uighur and Ningxia. In addition, there are two **special administrative regions**, Hong Kong and Macau.

The sub-provincial level

Fifteen selected metropolitan regions have a special status as cities with prefectural rights. Administrative units at the sub-provincial level are under the direct management of the provincial authorities, and are defined primarily on an economic basis. They represent the large industrial centres which are crucial for the economic development of the province, and are often also designated as special economic zones.

At the **second level** there are 334 (as of 2017) **prefectures** (*diji*), but the actual number of territorial units at the second level is greater, due to the fact that many units at the third (or even fourth) levels are excluded from prefectural management, and report directly to the provincial authorities. There are also 30 **autonomous prefectures** (*zizhizhou*), which are dominated by national

minorities. In Inner Mongolia, the prefectures are called **leagues** (*meng*) for historical reasons.

Sub-prefectures

Some territorial units at the third level act as *de facto* second-level units. The sub-prefectural level is informal, and results from the special status of the Party secretaries who manage them; in the Party hierarchy they are one rank higher (prefectural) than the position they formally hold (county level). At the same time the sub-prefectures have a broader scope of rights and obligations than the equivalent counties. Many of them are not even subject to the prefectural authorities, but rather directly to the provinces.

At the **third level**, the county level, there are 2862 such administrative units in the PRC. Of these, typical **counties** (*xianji*) number 1464, the remainder consist of 120 **autonomous districts** (*zizhixian*), 363 **county-level towns** (*xianjishi*), 49 **banners** (*qi*) and 3 **autonomous banners** (*zizhiqi*) in Inner Mongolia; the others are **urban districts** (*shixiaqu*) in large metropolitan cities.

The **fourth level**, the municipal level, includes both townships, districts in large metropolitan areas, and land districts in rural areas. At this level, there are 47,034 administrative units, including 29,502 **municipalities** (*zhen*) and **rural municipalities** (*xiang*) and 17,532 **subdistricts** (*jiedao*) in urban areas of large metropolitan cities.

Local committees

The fifth, informal level consists of small territorial units with clearly defined boundaries: in the cities, these are streets or quarters; in the countryside, villages. At the beginning of the twenty-first century such villages were inhabited by 500 million people and occupied 2 million square meters (around 20% of the PRC's territory). Although this level is informal and not subordinate to any official state structures, power at this lowest level is exercised by local neighbourhood committees dominated by the CCP. In 1998 experiments with democracy at the level of villages and towns were initiated (although only in rural communities). This was possible because theoretically, in order to be elected to a committee, one does not need to be a CCP member, and the committees' members are elected in

Map. The territorial division of the People's Republic of China

autonomous regions

municipalities

★ special administrative regions
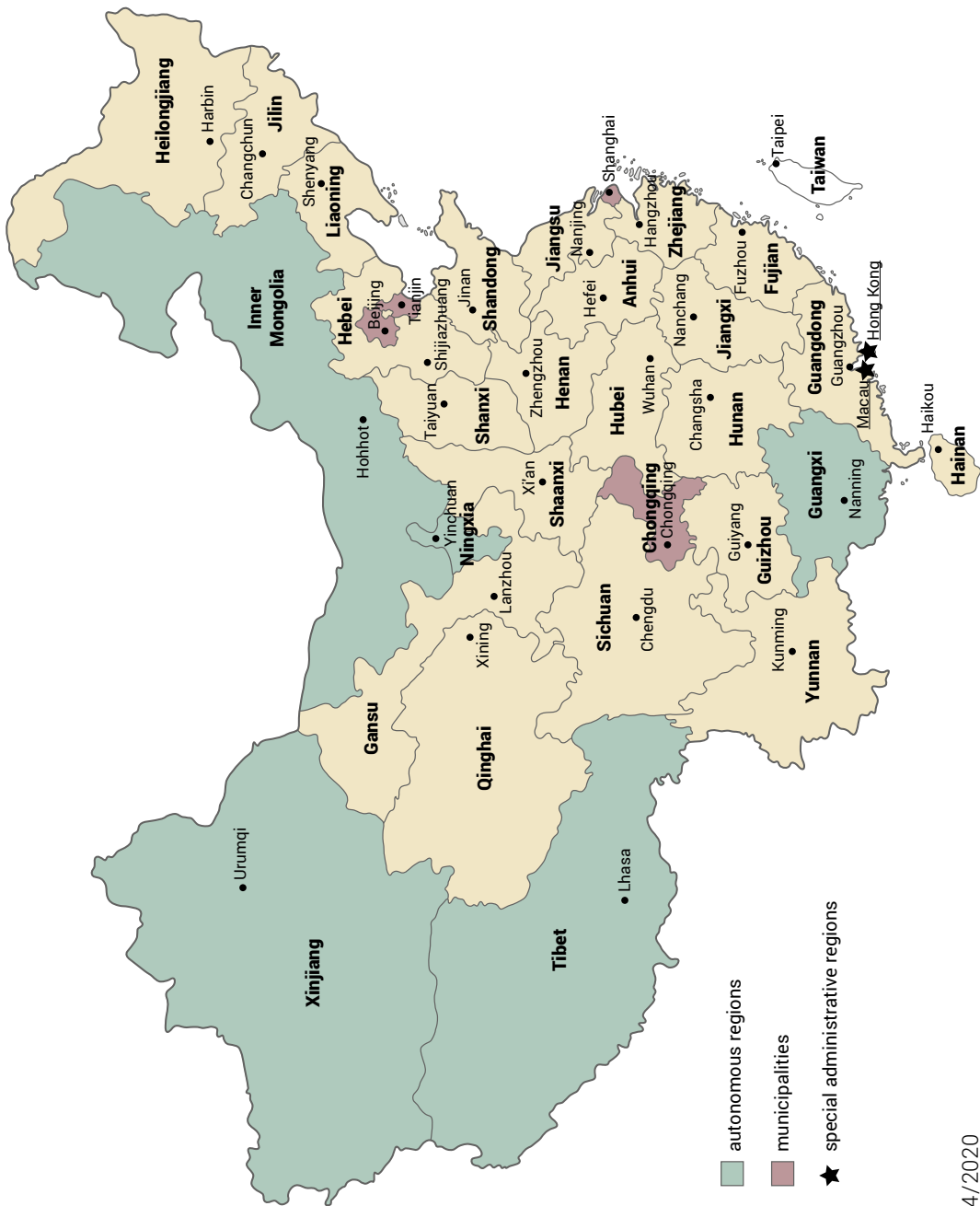
direct elections. In practice, in the majority of cases candidates are still put forward by the CCP, and in the last decade only a few places in the countryside have seen candidates putting themselves forward. Everything indicates that a decision has been taken to halt the experiment. May 2019 saw the publication of an 'Opinion of the CCP's Central Committee and State Council on the establishment and improvement of the system, mechanism and policy for urban and rural integration'[184] which assumed that by the end of 2019 the functions of head of the local committee and local CCP secretary would be merged. It seems that it is just a matter of time before this 'opinion' is formalised by the state structures.

[184] *Zhonggong zhongyang guowuyuan guanyu jianli jianquan chengxiang ronghe fazhan tizhi jizhi he zhengce tixi de yijian*, 5 May 2019, www.gov.cn.

ANNEX 2. Factions and internal groups within the CCP
during the period of Xi Jinping's ascent to power

Tuanpai was, during the rule of Hu Jintao and Wen Jiabao (both of whom had their roots in this group), the most powerful and consistent faction within the CCP. It was formed by a close association of former cadres of the Communist Youth League, the youth wing of the CCP. The *Tuanpai* group have always tried to present themselves as 'leaning into the problems of the common man'. The *Tuanpai* candidate Li Keqiang lost in his rivalry with Xi Jinping for the position of General Secretary, and became Premier. In recent years the *Tuanpai* group has begun to disintegrate as it became the subject of political manoeuvres.

The 'Jiang Zemin group' is a group of retired cadres gathered around the former General Secretary Jiang Zemin. In the past, they were part of a loose coalition of various sectoral interest groups called the 'Shanghai clique', dominated by Jiang's colleagues from the days when he ruled that city. However, the 'Shanghai clique' has undergone substantial disintegration due to the loss of its direct economic influence, as well as the conflict associated with the selection of Xi Jinping for the position of General Secretary, who allegedly was personally anointed by Jiang Zemin, to which another member of the 'Shanghai clique', Zhou Yongkang, objected. Today it can be assumed that the group is effectively the resource base for the family of Jiang Zemin and those associated with them, such as Zeng Qinghong, Vice-Chairman of the PRC in 2003–8. He is considered to have been Xi Jinping's patron, and allegedly convinced Jiang Zemin to support Xi.

The 'princelings' are a loose coalition of Party clans (variously estimated at 150–350 families), who are the descendants of the CCP cadres who built modern China in the 1940s and 1950s. According to the unwritten rules, each generation can send one representative to work in the Party apparatus, while the rest become involved in business. This group is primarily interested in preserving their privileges, and by extension in maintaining the constitutional *status quo* of the PRC. Both Xi Jinping and Bo Xilai have their roots in this group. It may be assumed that the vast majority of the CCP's mid-level cadres have adopted the 'princelings' way of thinking.

The 'Zhejiang new army' are the direct political support base for Xi Jinping. These are his closest associates, whom he met while working in the provinces, especially in Zhejiang province (hence the name); but the term also covers the

people of the central apparatus who have become associated with him over the years. It is through his personal bond with its members, whom he assigns to key positions in the Party apparatus, that Xi Jinping is able to effectively influence the ongoing functioning of the various bodies of Party and state. Its members are dependent on Xi Jinping, and without his support they would never have reached the positions they occupy today.

The 'New Left' is more an 'archipelago' of like-minded intellectuals belonging to the CCP, rather than a formal faction within the Party apparatus. However, their views are focused on the problem of excessive inequality of incomes and the rising influence of sectoral interests on the socio-economic policy of the PRC, and have won a great deal of support throughout the CCP. Elements of their criticism have been included in programmes by both Xi Jinping and his opponents from the 'populist' and *Tuanpai* factions. It seems that within all the factions there is a consensus that even if the proposals of the 'new left' are anachronistic, drawing upon concepts by Mao Zedong which the CCP has now abandoned, its assessment of the problems of contemporary China is generally accurate.

The 'populists' appear to be a group of opportunistic cadres who supported Bo Xilai's ambitions to assume the post of General Secretary of the CCP (see section 1.1.2). A characteristic feature of this group is their references to Maoist rhetoric and the resentments associated with economic stratification, and their promise to introduce socio-economic programmes to improve the quality of services and social security. After Bo's fall, the group lost virtually all of its internal cohesion, but this does not mean that the expectations which it raised have disappeared.

The 'oil group' is a branch of the 'Shanghai clique' linked to the energy sector headed by Zhou Yongkang, who until 2012 headed the special services on behalf of the Politburo, but not before an important career in the fuel sector. The group was decimated when, in alliance with the 'populists', it tried to oppose the election of Xi Jinping.

The 'Xishan group' is an example of a regional group which had no great political ambitions. It is a loose-knit group of CCP cadres from Shanxi province (the group's name comes from reversing the order of the characters making up the province's name). They stuck close to each other and offered mutual assistance in dealing with particular issues, but their strength was due to the fact that together they lent their support to stronger factions in exchange for

political and economic concessions. During the last political hand-out they must have made a mistake, because in 2014 all their known members were successively accused of corruption, expelled from the Party and sentenced to long prison terms.

ANNEX 3. The Xi Jinping faction

The 'Zhejiang new army' includes colleagues of Xi Jinping from the time of his service in the provinces, whom he has assigned to key positions within the system. They are: **Cai Qi** (Party head in Beijing, member of the Politburo), **Huang Kunming** (head of the Publicity Department of the CC CCP, member of the Politburo), **Chen Derong** (head of the Baowu state steel conglomerate) **Bayanqolu** (Party head of Jilin Province, member of the Central Committee), **Lou Yangsheng** (Party head of Shanxi province, member of the Central Committee), **Xia Baolong** (Vice-Chairman of the Chinese People's Political Consultative Conference), **Li Qiang** (Party head in Shanghai, member of the Politburo), **Chen Min'er** (Party head in Chongqing), **Ying Yong** (mayor of Shanghai) and Colonel **Zhong Shaojun** (Vice-Director of the General Office of the CMC on the CC CCP).

Other people well-known as 'Xi's men' include: **Li Zhanshu** (Chairman of the NPC, member of the Politburo's Standing Committee), **Liu He** (Vice-Premier responsible for the economy, member of the Politburo), **Chen Xi** (head of the Organisational Department of the CC CCP, member of the Politburo), **He Yiting** (executive Vice-Chairman of the Central Party School), **Wang Xiaohong** (Vice-Minister at the Ministry of Public Security and head of the Municipal Public Security Bureau in Beijing, member of the Central Committee), **Li Shulei** (Vice-Secretary of the Central Commission for Discipline Inspection on the CC CCP), **Li Xi** (Party head of Guangdong province, member of the Politburo), Gen. **Zhang Youxia** (Vice-Chairman of the CMC on the CC CCP, member of the Politburo), **He Lifeng** (head of the NDRC, member of the Central Committee) and Xi Jinping's former mentor **Wang Qishan** (Vice-Chairman of the PRC).

ANNEX 4. Organs of the CCP's Central Committee

Departments of the CCP's Central Committee

Department	Responsibilities
Commission for Discipline Inspection	Monitoring discipline among CCP members, anti-corruption measures
General Office	CC's administrative base; also oversees the work of the Central Security Bureau, to which unit 8341 is subordinate (also known as Unit 57 001 or the Central Guard Regiment), a PLA special unit responsible for protecting CCP leaders
Organisation Department	Staffing, staff rotation, collecting personal data concerning CCP members
Publicity Department	Ideological work, propaganda
United Front Work Department	Monitors social organisations through the United Front, including organisations of Chinese people outside China
International Liaison Department	Relations with other Communist parties or parties which accept similar 'principles' to the CCP
Political and Legal Affairs Commission	Issues concerning the implementation of policy decisions, control over civil institutions of force (police)
Policy Research Office*	develops recommendations on political, social, economic issues etc.
Taiwan Work Committee**	Developing policy on Taiwan
Office for International Communication	International propaganda
Office of the Financial and Economic Affairs Commission	Administrative and expertise base for the Steering Committee for Finance and Economy

Department	Responsibilities
Office of the Foreign Affairs Commission	Administrative and expertise base for the Steering Committee on Foreign Affairs
Office of the Committee for Institutional Guidelines	Administrative and expertise base for the Committee for Institutional Guidelines
Committee for the Work of Organs under Direct Supervision of the CCP's Central Committee	Supervising the work of state organs directly under the Central Committee
Committee for the Work of Organs under Direct Supervision of the State Council	Supervision on behalf of the Central Committee of the work of state organs directly under the State Council
Institute for History and Literature Research***	Research on the history of the CCP, publication of politically sanctioned version of the history of the Communist movement, translation into Chinese of works by theorists of Marxism, compilations of ideological studies
Central Party School	Located in Beijing, it is engaged in training cadres for work in the central organs of the Party and state structures, or in leadership structures at the provincial level
Periodicals directly subordinate to the CC CCP, each of which has the status of a division of the CC	*Renmin Ribao* (the People's Daily), the main organ of the CCP's Central Committee; *Qiushi* (Seeking Truth), a bi-monthly published by the CCP's Central Committee and the Central Party School devoted to ideological issues; *Guangming Ribao* (Enlightenment Journal), the CCP's Central Committee's daily paper, targeted at the intellectual elite

* Currently, this office is identical with the Leading Committee for Deepening Reforms. An example of the aforementioned principle of 'one organisation, two nameplates'.
** Not to be confused with the Taiwan Affairs Office of the PRC State Council.
*** This division was established in 2018 by merging the Offices of Compilation and Translation, the Centre for the Study of Literature, and the Department of Party History Research.

ANNEX 5. Commissions and small leading groups
on the CCP's Central Committee

Chairman	Vice--Chairman	Office head	Name	Area of responsibilities	Date created*
Xi Jinping	Xu Qiliang Zhang Youxia	no data	Central Military Commission	Security	1954 (1925)
Xi Jinping	Li Keqiang	Liu He	Central Financial and Economic Affairs Commission	Economy	2018 (1980)
Xi Jinping	Li Keqiang	Yang Jiechi	Central Foreign Affairs Commission	Foreign affairs	2018 (1981)
Xi Jinping	no data	no data	National Security Commission	Foreign affairs, security	2013
Xi Jinping	Li Keqiang Wang Huning Han Zheng	Wang Huning	Central Comprehensive Deepening of Reform Commission	Economy	2018 (2013)
Xi Jinping	Xu Qiliang Zhang Youxia	no data	Group for National Defense and Troop Reform	Security	2014
Xi Jinping	no data	Zhuang Rongwen	Central Cyberspace Affairs Commission	Security	2018 (2014)
Xi Jinping	Wang Yang	Yang Jiechi	Group for Taiwanese Affairs	Foreign affairs, domestic policy	1954
Han Zheng	Yang Jiechi You Quan Wang Yi Zhang Xiaoming	no data	Group for Hong Kong and Macau	Foreign affairs, domestic policy	1978
Hu Chunhua	Han Changfu	Han Changfu	Group for Tibet	Domestic policy	before 2012

Chairman	Vice-Chairman	Office head	Name	Area of responsibilities	Date created*
Wang Yang	no data	Shi Jun	Group for Xinjiang	Domestic policy	2000
Wang Huning	no data	no data	Group for Party Building	Party policy	before 2012
Wang Huning	no data	no data	Group for Propaganda and Thought Work	Party policy	1988
no data	no data	no data	Group for Mass-Line Education	Party policy	2013
Zhao Leji	Chen Xi	no data	Group for Central Supervision Work	Party policy, security	2009
Ding Xuexiang	no data	no data	Group for Secrets and Security	Party policy, security	1929
Lou Shugang	Li Qun	no data	Group for the Reform and Development of Culture	Domestic policy	2003
Guo Shengkun	no data	no data	Group for Social Management and Comprehensive Governance	Domestic policy	1991
Guo Shengkun	no data	no data	Group for Legal Reform	Domestic policy	2003
Hu Chunhua	Han Changfu	Han Changfu	Group for Agriculture and Rural Areas	Domestic policy	1993
Xi Jinping	Li Keqiang Wang Huning Han Zheng	no data	Group for Civil-Military Integration	Social policy	2017

* Dates refer to the establishment of the body's present form, and in brackets the date of creation of the original body.