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For comments or questions about *China Brief*, please contact us at mattis@jamestown.org

1111 16th St. NW, Suite #320
Washington, DC 20036
Tel: (202) 483-8888
Fax: (202) 483-8337

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In a Fortnight

By Peter Mattis

THE UNREPENTANT CHINA MODEL

Reform has dominated discussions of China this year as the country approached a major leadership transition. At the National People’s Congress in March, optimism blinded many analysts from recognizing the Chinese leaders’ calls for reform as limited to maintaining the political status quo (“The Limits of Reform: Assaulting the Castle of the Status Quo,” *China Brief*, April 26). That Vice President Xi Jinping emerged from the 18th Party Congress with stronger support on the Politburo Standing Committee than expected and so-called reformers like Wang Yang were sidelined suggests a strongly conservative course. An honest appraisal, however, would concede that any leadership lineup that included members of the Chinese Communist Party (CCP) was going to be conservative. Yet few probably were prepared for such a strong defense of the greatness of the status quo and the dangers of any alternatives.

The opening salvo was launched in the flagship *People’s Daily* by the official penname “Zhongsheng” (“Voice of China”) even before the Party Congress concluded: “hold high the great banner of socialism with Chinese characteristics, unswervingly follow the path of socialism with Chinese characteristics, we have enough confidence and strength.” In keeping with its usual focus on international affairs, Zhongsheng noted “blindly copying the Western political system” has left

countries destitute and unstable whereas the CCP has led China to a great rejuvenation (*People's Daily*, November 11). The CCP, in fact, was the most important element of the brilliant successes of the “China Model” (*Red Flag*, November 11).

According to party journal *Red Flag*, the “China Model” has three major premises. The first is the CCP’s leading role in governing China. The CCP’s more than 80 million members make up the “largest and most united” political vanguard in history with a democratic orientation (*People's Daily*, November 13). The second is the dominance of the state-owned sector of the economy. This is a tacit acknowledgement that the state-owned sector has been developing at the expense of the private sector—a phenomenon known as “*guojin mintui*” that was once denied by the party (Sina.com, March 14, 2011). The third is the guiding role of the state for the rest of the national economy (*Red Flag*, November 11). This should not be misconstrued as inflexibility in the practical measures for retaining the model. Several publications referred to the need to “neither follow the rigid, closed old road, nor the evil path of changing the flag,” a reference to the Maoist line and structural political reform, respectively (*Red Flag*, November 23; *China Economic Weekly*, November 20; *People's Daily*, November 11).

To carry the point about the evils of Western multiparty democracy and changing the flag, Chinese media drew attention to the roughly \$6 billion spent in the last U.S. election cycle, allegedly illustrating the hypocrisy of “one person, one vote.” According to a scholar from the China Academy of Social Sciences, this financial corruption is the result of the U.S. socio-political system and proves regulators cannot serve as an adequate barrier to the ills of capitalism (*Qiusbi*, November 7). China, as newly-anointed CCP General Secretary Xi Jinping said, must adhere to the Constitution of the People’s Republic of China that places the party in charge of the country and the responsibility of guiding it toward one-party democracy (Xinhua, November 19). Any reform of this basic system—apart from being unconstitutional—potentially endangers the future of the CCP and, hence, the well-being of China (*People's Daily*, November 11).

This celebratory CCP conservatism is once more a sign that the Chinese leadership may fight over policy differences, but there is a fairly clear consensus at the top about the

nature of the political-economic system. Reform, once again, remains restricted to regulating corruption within the party and improving its performance in governing. Such reforms, however forcefully expressed by senior leaders ranging from Wen Jiabao and Li Keqiang to Xi Jinping, are not a shock to the system, but rather a natural part of the evolving system of socialism with Chinese characteristics. The question of political change in China is not one of reform, but whether the CCP’s administrative improvements to reorient governance actually address China’s problems and, if not, what then?

Peter Mattis is Editor of China Brief at The Jamestown Foundation.

Communist Youth League Clique Maintains Clout Despite Congress Setback

By Willy Lam

The Communist Youth League (CYL) Clique headed by President and former General Secretary Hu Jintao suffered a setback in the factional balance of the Chinese Communist Party Politburo Standing Committee (PBSC) selected earlier this month. Premier-designate Li Keqiang is the only CYL Clique affiliate among the seven members of the supreme ruling council, which was established one day after the closure of the 18th Party Congress. The other six PBSC members are either associated with the Gang of Princelings (*taizhidang*) headed by new General Secretary Xi Jinping or with the Shanghai Faction led by former President Jiang Zemin. The CYL Clique or *tuanpai*, which has been meticulously nurtured by Hu from the mid-1980s onwards, however, has remained the CCP’s single largest faction. This close-knit network is particularly strong amongst Fifth Generation cadres (those born in the 1950s) as well as Sixth Generation cadres (those born in the 1960s). Moreover, its predominance will manifest itself no later than the 19th Party Congress set for 2017.

The CYL Clique’s strength is apparent within the entire Politburo of 25 members, 12 of whom were born in the 1950s. At least nine Politburo members are deemed to

be *tuanpai* affiliates. Apart from Li Keqiang, age 57, they include two second-term Politburo members who almost made it to the PBSC at the 18th Party Congress: former Director of the CCP Organization Department Li Yuanchao, age 62, and Guangdong Party Secretary Wang Yang, age 57. The other five *tuanpai* Politburo members are State Councilor Liu Yandong; the newly-appointed Propaganda Department Director Liu Qibao; Beijing Party Secretary Guo Jinlong; Director of the General Office of the Central Committee Li Zhanshu; Shanghai Party Secretary Han Zheng; and Inner Mongolia Party Secretary Hu Chunhua. The CYL Clique is also the largest bloc within the 205 full Central Committee members elected by the 2,200-odd delegates of the 18th Party Congress. 80 percent of the Central Committee members are Fifth Generation stalwarts (*Ming Pao* [Hong Kong] November 15; *Wen Wei Po* [Hong Kong], November 15).

Of the seven newly-minted PBSC members, five only can serve one term due to age reasons. They are National People's Congress Chairman Zhang Dejiang, age 66; Chairman of the Chinese People's Political Consultative Congress Yu Zhengsheng, age 67; Executive Secretary of the CCP Secretariat Liu Yuanshan, age 65; Secretary of the Central Disciplinary Inspection Committee Wang Qishan, age 64; and Executive Vice Premier-designate Zhang Gaoli, age 66. Owing to their seniority as well as their generally positive track record, Li Yuanchao and Wang Yang are considered shoo-ins for the PBSC five years down the road. Equally significant is the fast-rising political fortune of 49-year-old Hu Chunhua, who is deemed a potential "core" of the Sixth Generation leadership. Hu Chunhua, a former CYL Party Secretary who is expected to be appointed Guangdong Party Secretary early next year, has been mentioned as a successor to Xi. He and newly-appointed Chongqing Party Secretary Sun Zhengcai, who is the only other Sixth Generation Politburo member, are tipped for induction to the PBSC at the 19th Party Congress. Sun, age 49, who is a protégé of Premier Wen Jiabao, does not have obvious factional inclinations (*Hong Kong Economic Journal*, November 16; *Ta Kung Pao* [Hong Kong] November 15).

Indeed, the advantage of the *tuanpai* is even more obvious among fast-rising Six Generation cadres. Of the nine Central Committee members who were born in the 1960s, five hail from the CYL Clique. Apart from Hu Chunhua, they include Hunan Party Secretary Zhou

Qiang, Xinjiang Autonomous Region Chairman Nur Bekri, Fujian Governor Su Shulin, and the current CYL First Party Secretary Lu Hao. At age 45, Lu is also the CCP's youngest Central Committee member (China News Service, November 15; *Wen Wei Po*, November 15).

By contrast, there are few Shanghai Faction or *taizidang* members among either Fifth Generation or Six Generation officials. Princelings have since the early 1990s been perceived by ordinary party members as symbols of special privilege. Since early this year, the *taizidang's* public image has been further tarnished by the political scandal of former Chongqing party boss Bo Xilai, who is the son of revolutionary elder Bo Yibo. The *taizidang's* reputation has taken a further drubbing thanks to numerous reports by both the Chinese and foreign press about the questionable business dealings of the spouses and children of top officials. It is therefore not surprising that just a few Fifth Generation princelings were elected into the Central Committee—but only as alternate members. A good example is Li Xiaopeng, age 53, the executive vice governor of Shanxi Province and a former president of the state-held energy giant, the Huaneng Group. The fact that Li, the eldest son of former premier Li Peng, garnered the least votes among the 171 Alternate Central Committee members testified to the unpopularity of princeling politicians. General Secretary Xi encountered a similarly humiliating experience in 1997. Xi was the least popular among the 131 Alternate Central Committee members who were picked by delegates to the 15th Party Congress (*Apple Daily* [Hong Kong] November 15; *Hong Kong Economic Times*, November 15).

The only political sector where Fifth Generation princelings have retained sizeable influence is the military. 41 of the 205 Central Committee members hail from the People's Liberation Army and the paramilitary People's Armed Police. This is in keeping with the long-held tradition that 20 percent of Central Committee seats be reserved for the armed forces. "Princeling generals" who made it to the 18th Central Committee include the new General Armaments Department Director General Zhang Youxia; General Logistics Department Political Commissar General Liu Yuan; Navy Political Commissar Admiral Liu Xiaojiang; Second Artillery Political Commissar General Zhang Haiyang; and National Defense University Political Commissar General Liu Yazhou (*Ta Kung Pao* [Hong Kong] November 15; Xinhua, November

14). Moreover, given the cozy relationship between Xi—who assumed the Chairmanship of the Central Military Commission the same day that he became CCP General Secretary—and these princeling generals, the PLA may become the new supremo’s major power base.

Another power bloc that has made impressive gains at the 18th Party Congress consists of representatives of China’s *yangqi*, or centrally-held, state-owned enterprise (SOE) conglomerates. Six full Central Committee members are *yangqi* bosses, compared to just one five years ago. They are China Aerospace Science and Technology Corporation President Ma Xingrui; China Aerospace Science and Industry Corporation General Manager Xu Dazhe; China Aviation Industry Corporation President Lin Zuoming; China North Industries Group Corporation (Norinco) President Zhang Guoqing; PetroChina President Jiang Jiemin; and Bank of China President Xiao Gang. In addition, the president of China’s sovereign fund China Investment Corporation, Lou Jiwei, was promoted from alternate to full member of the Central Committee (China News Service, November 15; *Hong Kong Economic Journal*, November 15). *Yangqi*, particularly those with links to the military, are traditionally close to the Gang of Princelings. For example, the eldest son of ex-President Jiang Zemin, Jiang Mianheng, has had a long association with defense and aerospace industries (China.com.cn, November 20; *People’s Daily*, October 11).

By contrast, there is only one private entrepreneur in the Central Committee: alternate member Zhang Ruimin, who is the boss of the Hai’er, the famous maker of household appliances. This is the third time that Zhang has been named a Central Committee alternate member since 2002. Liang Wen’gen, Chairman of the Sany Group and one of the wealthiest men in China, failed to be elected an alternate Central Committee member. This was despite widespread reports in the Chinese media that he would be inducted into the Central Committee (Sina.com, November 23; *Hong Kong Economic Times*, November 12; “18th Party Congress to Showcase Rising Status of Private Business,” *China Brief*, October 19). The increasing political clout of the *yangqi* CEOs seems to testify to the fact that the trend—characterized by Chinese economists as “the state sector advances even as the private sector retreats” (*guojin mintui*)—probably will continue for the foreseeable future.

A sure-fire way for the CYL Clique to maintain its profile and momentum in the higher echelons of the party-state apparatus is to seize the moral high ground of reform. In a State Council conference held just one week after the 18th Party Congress, Premier-designate Li Keqiang hoisted high the banner of institutional and economic reform. In language that is reminiscent of that used by both Premier Wen and late patriarch Deng Xiaoping, Li stated “our only [choice] is to go forward since there is no way back.” He added “We must be brave in experimentations, because this is where our responsibility lies... We may be able to avoid mistakes if we do nothing; yet we have to shoulder the responsibility that history has given us.” Li put particular emphasis on the propagation of “equality of rights, equality of opportunity and equality of regulations—so that every citizen can be able to derive benefits through hard work” (Xinhua, November 22; *People’s Daily*, November 22). Given his relatively lackluster performance the past five years, the CYL standard bearer cannot afford to waste any time in augmenting his reformist credentials. Failure to do so will not only affect his ability to become an effective premier, but also cast a shadow on the promotion prospects of the Sixth Generation CYL rising stars who are waiting in the wings.

Dr. Willy Wo-Lap Lam is a Senior Fellow at The Jamestown Foundation. He has worked in senior editorial positions in international media including Asiaweek newsmagazine, South China Morning Post, and the Asia-Pacific Headquarters of CNN. He is the author of five books on China, including the recently published Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges. Lam is an Adjunct Professor of China studies at Akita International University, Japan, and at the Chinese University of Hong Kong.

China’s New Leaders to Strengthen the Party-State

By Bruce Gilley

The rightward-shift in China’s politics was institutionalized formally at the highest level on November 15 when Xi Jinping became the new general

secretary of the Chinese Communist Party (CCP). Right-leaning leaders dominate the new seven-member Politburo Standing Committee (PBSC). In addition to Xi, they include four others holding key posts in the party and government (see Table). The only voices of the left in the new leadership are Premier-designate Li Keqiang and propaganda czar Liu Yunshan, both products of the Communist Youth League system. The new right-leaning leadership is composed primarily of those like Xi who in their policy leanings emphasize law and order, the developmental state and expanding China's international power. The era of Bismarck has dawned in China.

Table 1.

Name	Position	Faction
Xi Jinping	General Secretary	Leninist Nationalist
Li Keqiang	Premier	Marxist Romantic
Zhang Dejiang	NPC Chairman	Leninist Nationalist
Yu Zhengsheng	CPPCC Chairman	Leninist Nationalist
Liu Yunshan	Propaganda Director	Marxist Romantic
Wang Qishan	CDIC Chairman	Leninist Nationalist
Zhang Gaoli	Executive Vice Premier	Leninist Nationalist

While it easy to overemphasize the importance of the leadership transition, several changes are notable. The return to a seven-member Politburo Standing Committee following the nine-member committee that resulted from a political standoff in the 2002 succession will make things easier for Xi. As stated in a previous article, since Xi does not enjoy the imprimatur of influential CCP “elders” (*yanlao*), his position would be precarious if he took over a divided PBSC (“The Politics and Policy of Leadership Succession,” *China Brief*, January 20). The shrinking of the body back down to seven had the effect of giving him a five to two advantage over the left-leaning forces—two of whose members, Wang Yang

and Li Yuanchao, were squeezed out of the competition. Moreover, Xia's two closest allies—Wang Qishan, previously vice premier in charge of trade and finance, and Zhang Dejiang, previously vice premier in charge of energy, transportation and industry—both made it in. Xi will be more in control with five out of seven seats compared to five out of nine.

The other notable change is the emphasis placed on law and order. Wang, who is best known for his work on economic policy, was made head of the party anti-corruption watchdog, suggesting Xi intends to oversee this area personally. In both his “meet the press” speech and in his first speech issued three days later, Xi put special emphasis on the dangers posed to the party by corruption. Unusually, he even made a veiled reference to the overthrow of authoritarian regimes in the Middle East in the latter speech: “In recent years, as a result of the accumulation of problems, a number of countries have experienced popular anger, street protests, social unrest, and regime collapse. Corruption was among the most important of the reasons.” Xi said the party was in danger of developing rickets from “calcium deficiency” if it did not rebuild its principles from the inside (*Southern Daily*, November 19). This extraordinary admission that the CCP may have lost any historical legitimacy or special claim and is today no different from standard-issue authoritarian regimes signaled both how Xi thinks of the party and how far the party has come.

The release of the speech on November 18, just three days after his selection, signaled that Xi is far more in charge during his leadership transition than was Hu, whose first major speech was not released for nearly a month after his selection in 2002 and who all but disappeared from public view during that time. In the same vein, Xi's takeover of the party's Central Military Commission also was indicative of his strong succession. Hu, by contrast, waited nearly two years for the military succession. Hu made sure he was the one to strut across China's first aircraft carrier, *Liaoning*, in September and to lay claim at the congress to being the father of China's rising status as a “maritime power.” Xi quickly asserted himself, however, as the leader of China's growing military by issuing a eulogy and commendation for the chief designer of China's carrier-borne aircraft program, Luo Yang, who died of a heart attack while organizing the first landings of aircraft on the *Liaoning* from 18 to

25 November (*Xinhua*, November 27). Official media jumped in to declare Luo as “the new Qian Xuesen”, referring to the father of China’s atomic bomb (*Global Times*, November 27). The suggestion is clear: China is entering a new era of global assertiveness under Xi who, like Mao, will “stand up” to the world.

Still, while the Xi era, *not* the Xi-Li era, is undoubtedly dawning, the term limits of all CCP heads now have been established firmly. Xi made no attempt to praise the policies of Hu in his cluster of opening speeches, showing he intends to take the country in a new direction if he can. The urgency of acting quickly, however, is underscored by the notion that his successors in 2022—if the CCP survives until then—will likewise feel no compulsion to follow his lead. As befits the open-ended nature of the 2022 succession, one 49-year old from the right-side, Sun Zhengcai, and one from the left-side, Hu Chunhua, joined the Politburo as regular members. The future is up for grabs even if the present surely belongs to Xi.

Policy Implications

In retrospect, the CCP was extraordinarily successful this political season in inculcating a sense of excitement and anticipation about its new leadership among overseas scholars, analysts and journalists. A more effective propaganda campaign is hard to imagine. Breathless commentary and eager curtain-raisers filled the media and policy journals prior to the congress. Looking back on the Hu Jintao era, however, provides a welcome corrective. In fact, the leadership transition is not that important except for what it tells us about the forces shaping Chinese politics and policy. The Xi leadership, as with the Hu-Wen leadership before it, is more a *consequence* than a *cause* of China’s politics and policy.

What are those forces? The main policy divisions in China today pit the right-leaning “Leninist Nationalists” who want a strong, nationalist state with a bare-knuckled market economy against the left-leaning “Marxist Romantics” who want a just and redistributive state. The Leninist Nationalists moved up through technocratic positions in government, usually in wealthy coastal areas, and care most about national power and party discipline. The Marxist Romantics usually earned their spurs within party organizations and in poor inland areas, and they

care most about social equity and party ideology (“The Politics and Policy of Leadership Succession,” *China Brief*, January 20). Despite widespread claims, the high-profile party chief of Chongqing Bo Xilai, whose fall before the congress might have made it easier for Xi to shrink the PBSC to seven, was a classic Leninist Nationalist. His embrace of Maoist symbolism merely underscored how Mao has increasingly become a hero of the angry, nationalist right in China rather than of the downtrodden, romantic left.

Xi’s initial speeches harped on the main themes of the Leninist Nationalists: economic growth, the middle class, party corruption and national greatness. There were few words about inequality, ideology, fairness or justice. With five of seven PBSC seats under his command, the main implication of the leadership transition for policy is that the Leninist Nationalist vision will face few if any constraints within the party. The main limitations, rather, will be external: whether China’s people and its economy respond positively to the policy prescriptions of this group.

What should we expect in terms of immediate policy decisions? One implication is that liberalizing political reforms are off the table. The Leninist Nationalists want to rebuild party and state power, not disperse it. For the last ten years, for instance, there has been a vigorous debate within the party about an experiment in a separation of government functions into decision-making, administration and supervision in Shenzhen known as “administrative trifurcation” (*xingzheng sanfenzhi*) [1]. Although the Leninist Nationalists have managed to prevent the model from spreading, it is now almost certain that the experiment will be buried once and for all. Narrower administrative reforms such as the retiring of regulations through an “administration examination and approval” (*xingzheng shenpi*) reform committee within the State Council also may be slowed.

Another implication is that the attempts by outgoing Premier Wen Jiabao and Hu to revitalize rural China through an expansion of peasant property rights, an end to limits on internal migration and a shift of state welfare spending to rural areas will face stiff resistance. Instead, the pro-growth Leninist Nationalists will take their cues more from the developmental dictators of Asia’s past such as Park Chung-hee, the military general whose

rule in South Korea from 1963 to 1979 is credited with spurring that country's miracle. Park, whose daughter may become South Korea's new president in December, is the subject of fascination in policy circles in China [2]. For many, China should embrace the sort of right-wing developmental dictatorship that Park represents. Under Xi, such views will get a stronger hearing.

Finally, when it comes to technocratic policy issues in areas like energy, economics, trade and the environment, Xi could achieve greater progress than his predecessors given his stress on growth and government efficiency. A draft Climate Change law issued in March, for instance, suggests China will focus on technology and renewable energy development at the center of its plans. Carbon taxes are unlikely, and a national emissions trading scheme will not launch until 2016 at the earliest. Given massive subsidization of renewable energy and energy-saving technology, the Xi administration, however, could bend China's soaring greenhouse gas emissions trend line down. Doing so will depend in part on rebuilding state capacity—something the Leninist Nationalists will consider their top priority.

Bruce Gilley (Ph.D. 2008, Princeton University) is an Associate Professor of Political Science. His research centers on democracy, legitimacy and global politics, and he is a specialist on the comparative politics of China and Asia. He is the author of four university-press books, including The Right to Rule: How States Win and Lose Legitimacy (2009) and China's Democratic Future (2004) in addition to Tiger on the Brink: Jiang Zemin and China's New Elite (1998).

Notes:

1. See, for example, Hu Bing, "Xingzheng sanfenzhi: zhidu beijing fenxi [Administrative Trifurcation: A Background Analysis]," Hubei shehui kexue [Hubei Social Sciences], 2004, pp. 14–17; and Yu Liuning, "Woguo xingzheng tizhi gaigede xin tujing—xingzheng sanfen zhi [Administrative Trifurcation: A New Breakthrough in Administrative Reforms in China]," Qiye daobao [Enterprise Herald], 2012, pp. 19–20.
2. See, for example, Hao Honggui, "Pu zhengxi jiquan tongzhi yu hanguode zhengzhi xiandai hua [Park Chung-hee's Concentrated Control and the Political Modernization of South Korea]," *Tansuo*

yu zhengming [Exploration and Views], No. 12, 2008, pp. 72–75.

The 18th Party Congress Work Report: Policy Blueprint for the Xi Administration

By Timothy R. Heath

The 18th Party Congress Work Report outlines policy guidance for the next five years and thus provides a preview of the type of policies that the incoming Xi administration is likely to pursue [1]. The main theme permeating the Work Report centered on solidifying the domestic and international foundations for China's development as a great power. Domestically, the Work Report called for carrying out structural economic reforms to sustain balanced growth and systemic political reforms to improve governance and boost the Chinese Communist Party's (CCP) legitimacy. Guidance on Taiwan focused on laying the foundations for peaceful unification. The Work Report also called for stepping up efforts to shape an international order that is more responsive to Chinese power and reiterated Beijing's determination to defend its growing array of interests.

For analysts of Chinese strategy and policy, the CCP Party Congress Work Report is perhaps the single most important document available for study. The Work Report "sets forth general guidelines for the party's priorities, emphases and tasks for the coming five-year period" and "represents the consensus view of the broader party leadership," according to Alice Miller (*China Leadership Monitor*, No. 18, Spring 2006). Underscoring this point, the spokesman for the 18th Party Congress emphasized the high-level participation and extensive coordination for the report. He explained Xi Jinping led the drafting team and the team worked directly for the Political Bureau. To support the effort, the CCP Central Committee organized "46 units to conduct investigations and studies" and produced "57 reports" on topics incorporated in the Work Report. The team carried out extensive coordination and consulted with General Secretary Hu Jintao before

finalizing the Work Report for submission to the 18th Party Congress (Xinhua, November 7).

The Work Report is significant for analysis of Chinese strategy and policy in several ways. First, it presents the functional equivalents of a desired strategic end state and interim strategic objectives to support the end state along with timelines for each. To ensure the country remains on course to meet these goals, the Work Report provides guidance on the topics of economics, politics and governance, culture, defense, social welfare, resources, Taiwan and international relations. The Work Report also provides the theoretical logic in the form of updates to the CCP's socialist theory that intellectually links these elements together [2].

Strategic End State and Objectives

The 18th Party Congress Work Report affirmed the Party's vision of the end state and interim objectives outlined in previous congresses (Xinhua, November 8). This suggests the CCP leadership views the nation as “on track” to achieve its goals.

End state: The Work Report affirmed the end state of “rejuvenation of the Chinese people” in terms that were last updated at the previous party congress. The leadership defines “national rejuvenation” as “building a prosperous, powerful, democratic, civilized, and harmonious socialist modern country” by mid-21st century, which corresponds with the centennial of the founding of the People's Republic of China (PRC) in 1949.

Interim objectives: The Work Report listed objectives spanning economics, governance, and social services to be achieved by 2020. A notable area of emphasis concerned strengthening “institutions” (*zhidu*) and “systems” (*tixi*). This speaks to the idea of consolidating the party, state and economic institutions to establish a firm domestic foundation to sustain the nation's rise. The Work Report otherwise appeared to uphold the objectives proposed in the preceding version, suggesting China's leaders remain satisfied with the feasibility of its objectives.

Domestic Prosperity and Stability: Foundation for China's Rise

The Work Report emphasized consolidating the domestic foundations for the nation's development as a great power. Among many other topics, the Work Report outlined guidance to develop a balanced, sustainable economy; improve the effectiveness and responsiveness of government administration; promote stability by improving social services; and sustain military modernization. Guidance on Taiwan called for consolidating the economic and political foundations for eventual unification.

Economics: The Work Report upheld the judgment that economic development remains the “key to resolving all problems in the country.” Guidance focused on a “new development mode” that relies more on innovation, market incentives and information technology. It also called for changing policies to boost consumption, expand the domestic market and expand the service sector.

Politics and Government: The Work Report highlighted the importance of bolstering the regime's legitimacy through competent governance. The guidance emphasized “systemic” (*tixi*) reform to standardize decision-making processes, institutionalize procedures and strengthen laws and regulations. Delivering the Work Report, Hu acknowledged the “grave threat” posed by corruption to the regime and called for stronger supervisory mechanisms. He also highlighted reforms to improve the overall competence and responsiveness of the party.

Culture: The Work Report called for increasing efforts to raise the global competitiveness and influence of Chinese culture to augment the nation's power. Guidance to boost the “moral quality of the people” suggests the CCP will continue to control Internet content tightly.

Social services: The Work Report carried over guidance from the previous congress in calling for programs to resolve the root causes of social instability by expanding opportunities for education, job opportunities, health care and social security programs.

Ecology: This new section called for improving the quality of China's environment, suggesting the CCP has recognized the politically destabilizing impact that

environmental degradation can play if left unaddressed.

Defense: Guidance on defense issues largely carried over from the previous congress. The Work Report called on the military to raise its war-fighting capabilities to more effectively carry out its historic missions. It called for sustaining reforms and consolidating gains from earlier efforts to standardize and institutionalize various aspects of the People's Liberation Army modernization program.

Taiwan: The Work Report indicated confidence in China's ability to manage the Taiwan situation under the current policy framework. It called for "solidifying and deepening the political, cultural and social foundation" for "peaceful development of cross-strait relations" that can facilitate eventual unification.

International Relations: Building Leverage and Defending Interests

The section on guidance for foreign policy stood out in the tone and specificity compared to previous Work Reports. Especially noteworthy was the guidance to perform the following tasks:

- (1) Revise relations with great powers;
- (2) Consolidate China's influence in Asia;
- (3) Leverage developing powers to promote reform in the world order;
- (4) Leverage multilateral venues to facilitate reform of the international order; and
- (5) Protect Chinese rights and interests in the maritime and other domains.

Great Power Relations: The Work Report called for "establishing a long term, stable, and healthy development of the new type great power relationship." Derived from the New Security Concept proposed in 1997, the "new type of great power relationship" (*xinxing daguo guanxi*) sought by China is one in which countries agree to respect one another's interests, strengthen cooperation, and establish dialogue mechanisms. The Work Report implied the "long-term stability" of this approach is premised on the United States accommodating China's interests.

China's Periphery: This congress' report expanded on the preceding version by calling for "consolidating good neighborly and friendly relations" and "deepening

cooperation for mutual benefits." This suggests the CCP leadership seeks to consolidate Chinese influence in the region and deepen regional economic integration and trade relations. Chinese documents link the growing integration of Asia, presumably under Chinese leadership, as essential to realizing a multi-polar world [3].

Developing Countries: The Work Report highlighted China's willingness to "strengthen unity and cooperation" with developing countries and "support the representation and voice of developing countries in international affairs." This may be read as a bid to cultivate like-minded partners who share China's dissatisfaction with elements of the current world order and who might be enlisted as political partners to promote reforms that accommodate the interests of China and other rising powers.

Multilateral Diplomacy: The 18th Party Congress Work Report also called for "strengthening the social foundation" for the "development of international relations" through engagement in a multitude of bilateral and multilateral political, civic and other organizations. The goal—just as described in the 17th Party Congress Work Report—is to "advance the development of an international order and system in a just and reasonable direction."

Core Interests: The report reiterated China's determination to defend its growing array of security, sovereignty and developmental interests. This suggests the leadership will continue to promote policies aimed at defending Chinese interests abroad primarily through participation in United Nations operations as well as activity in the space, cyberspace and maritime domains.

Maritime Power: For the first time, the Work Report defined China as a "maritime power" that will "firmly uphold its maritime rights and interests." Significantly, China's leaders included this language in the section on protecting resources, signaling Beijing views that the maritime domain concerns developmental interests as much as security interests. It also suggests Beijing views maritime disputes as a whole-of-government issue rather than a purely military affair.

Policy Implementation: Historical Examples

Since the passing of Deng, trends in the institutionalization of political decision making and party processes have increased the importance of strategic documents such as the party congress work reports. Guidance issued by a previous party congress remains in force through subsequent congresses until refined or rendered obsolete by new guidance. In practice, the general language of the work report allows considerable flexibility for tactical decision making. The spirit and tenor of the guidance set in the work reports, however, generally permeates policymaking through the period.

While the work reports generally touch on the same subjects each time, they have typically introduced new areas of emphasis. The 15th Party Congress Work Report issued in 1997 emphasized economic development. It introduced the judgment that development was the “key solving all China’s problems” and provided guidance on restructuring the economy and increasing trade. This guidance facilitated China’s political willingness to join the World Trade Organization (Xinhua, September 21, 1997). The 16th Party Congress Work Report issued in 2002 highlighted the imperative to improve CCP governance capacity (Xinhua, November 17, 2002). This opened political space for authorities to respond more flexibly to domestic crises in subsequent years, starting with the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003.

Reflecting China’s increased strength, the 17th Party Congress Work Report in 2007 sought to steer growth in a more balanced direction. It also directed the Chinese polity to step up efforts to protect the nation’s security, sovereignty and developmental interests (later known as “core interests”) of which the Work Report’s inclusion of guidance to carry out the PLA’s “historic missions” constituted the military counterpart (Xinhua, October 24). This shaped a political climate that enabled the deployment of PLA Navy escorts to the Gulf of Aden and that set the political tone that contributed to the numerous maritime confrontations in China’s “near seas” (*jinhai*) in subsequent years.

Implications

The policy guidance embodied in the 18th Party Congress Work Report offers insight into the likely contours of a policy agenda at the start of Xi’s administration. The leadership appears to have reached consensus on the imperative to undertake structural reforms to sustain the nation’s economic growth. Politically, the leadership appears united in its support for a moderate reform program aimed at enhancing the responsiveness and efficiency of government service as well as standardizing and systematizing party decision-making processes, but without surrendering any of the CCP’s power.

For China’s Taiwan policy, the guidance suggests a continuation of policies to promote the mainland’s gradual economic, cultural and political integration with Taiwan. So long as such trends can plausibly be interpreted by Beijing as progress toward laying the material foundations for eventual unification, the CCP leadership led by Xi may be satisfied with the “peaceful development” of cross-Strait ties.

The tone of the guidance on international relations suggests considerable sensitivity. The Work Report shows the CCP leadership is determined to defend its growing array of interests. The report, however, also suggests concern about U.S. reactions to the historic possibility of Chinese economic power closing in on that of the world superpower in coming years. This can be seen in Beijing’s eagerness to establish a “new type great power relationship” with the United States and other great powers as a way to avoid the debilitating conflicts that have characterized great-power transitions in the past.

China’s leaders appear determined to shape the world order to accommodate Chinese power. Beijing, however, does not appear to be banking solely on the goodwill of the United States and other status quo powers to do so. The Work Report highlights policy guidance to increase Chinese leverage through partnerships with developing countries that also may seek to change the current order. The Work Report calls for increasing leverage by consolidating relations within Asia and cultivating sympathetic audiences in multilateral and bilateral venues.

Beijing’s growing policy agenda and willingness to engage with world powers suggests opportunities to increase

cooperation. The inclusion of environmental issues in the Work Report is an example of growing areas of convergence with which the United States could engage China. Conversely, China's leaders under Xi are likely to seek ways to increase pressure on perceived obstacles to Chinese objectives—albeit in a manner that avoids conflict that could derail China from its larger ambitions. While the details of Chinese day-to-day policymaking will likely continue to remain hidden from view, understanding China's strategic goals and guidance as laid out in the Work Report and other crucial documents provides crucial context that can enable U.S. policymakers to understand and engage Chinese leaders more effectively.

Mr. Timothy R. Heath serves as an analyst with U.S. Pacific Command. Mr. Heath has over ten years' experience as a China analyst in the U.S. government and earned his M.A. in Asian Studies at the George Washington University. The views expressed in this article are the personal views of Mr. Heath and do not in any way represent the views of Pacific Command or the U.S. government.

Notes:

1. For the official English translation of Hu Jintao's Work Report to the 18th Party Congress, go to http://news.xinhuanet.com/english/special/18cpcnc/2012-11/17/c_131981259.htm.
2. For a fuller discussion of how Chinese leaders articulate national strategy in publicly available documents, see Timothy R. Heath, "What Does China Want?," *Asian Security*, Vol. 8, No. 1, 2012, pp. 54–72.
3. *China's Peaceful Development*, State Council Information Office, 2011.

Non-Military Escalation: China Cultivates New Heft in Civil Maritime Forces

By Lyle Goldstein

While the initial testing of China's first aircraft carrier has garnered headlines around the globe, comparatively less attention has been focused on a potentially significant new exercise of Chinese maritime might—that of its civil maritime agencies. Within that domain, a somewhat unusual maritime exercise took place in the East China Sea last month.

The exercise involved naval forces, including a frigate, towing vessel and the hospital ship *Peace Ark* as well as several vessels from China's various civil maritime agencies. Eight aircraft also participated in the exercise (Xinhua, October 19). At first glance, the exercise could be disturbing. If China's civil maritime agencies are linked ever more closely with the People's Liberation Army (PLA) Navy and these forces are deployed more and more frequently to contested waters around China's periphery, the trend could suggest a shorter and more direct path to open hostilities.

Such a conclusion, however, would be premature. Given the available information on this exercise and also the larger context for the development of China's civil maritime forces, this anxiety appears to overstate the threat. Beijing is wielding new muscles in the maritime domain and these actions may have genuine strategic effects; however, it is essential to keep in mind that China's deployment of civilian "white hulls" rather than navy "grey hulls" to these delicate situations reflects, first and foremost, a conviction that Beijing will not act first to militarize these disputes.

From Youth to Adolescence

The rise of China's civil maritime agencies is all the more remarkable given how primitive and nascent they were just a decade ago. Compared to the Japan Coast Guard—the most pervasive standard of comparison at least within China—these forces are still comparatively small, lacking in sophistication and quite obviously in experience as well. Nevertheless, Beijing's announcement

in 2010 that civil maritime forces would build 30 large cutters over five years put strategic analysts on notice and there has been no evident slacking in this build rate—one that coast guard personnel in any nation would envy (China News Service, October 11, 2010).

Indeed, shiny, new large cutters have appeared every couple of months since that announcement. To take but one example, the Haixun 01, was launched by the Maritime Safety Administration (MSA) of the Transport Ministry this July. At over 5,418 tons, large even by comparison to the other recently-built large cutters (generally about 3,000 tons), the multi-functional vessel probably is indicative of Beijing's larger ambitions to wield a first-rate coast guard force. While MSA is the least militarized of the Chinese civil maritime agencies, the MSA vice director commented at the time of the vessel's launch that among its missions would be the objective of "safeguarding China's sovereignty" (People's Net, July 28). It is difficult to find comprehensive current data across all of China's civil maritime agencies, but some perspective on the overall growth of forces is suggested by the fact that the Fisheries Law Enforcement Command (FLEC), which is far from the most capable of China's civil maritime agencies, has well over 2,000 vessels of various types with 140 oceangoing cutters and eight vessels over 1,000 tons, according to a recent official report [1].

One of the overarching problems facing Chinese civil maritime enforcement is the fractured nature of its capabilities. Jurisdiction, expertise and capabilities are divided among five or more agencies leading to inefficiency and a broader perception of weakness that Chinese maritime analysts themselves have long bemoaned [2]. While there was apparently some possibility that this could be resolved at the 17th Party Congress, the issue of reform and the hypothetical grand unification of the disparate elements seems no longer to be a serious possibility at least for the near and medium term [3]. Rather, China's system of balkanized agencies that constitute Chinese maritime enforcement "with Chinese characteristics" seems set to continue on, even if some apparently provincial-level entities, encompassing local Fisheries Law Enforcement Command (FLEC) units of the Ministry of Agriculture and maritime Border Control Department (BCD; sometimes called "China Coast Guard") units of the Ministry of Public Security have been unified for practical purposes [4]. The fractured

nature of Chinese maritime governance has spawned theories among Western strategists that Beijing is either intentionally or unintentionally allowing the hydra-headed dragon that constitutes China's contemporary coast guard capability to further obfuscate an already opaque approach with respect to volatile maritime claims.

The important new development on this front is the major deployment of Chinese civil maritime vessels directly into the waters surrounding the Diaoyu/Senkaku islands during September, prompting the start of a crisis in China-Japan relations that has continued, more or less, to the present time ("China and Japan Turn the Screw over Island Dispute," *China Brief*, September 21). Apparently, 12 Chinese cutters from China Maritime Surveillance (CMS) were sortied to the disputed area in the East China Sea in mid-September (*Global Times*, September 19). This prompted a major counter deployment by the Japan Coast Guard, such that half of its vessels were said to be deployed to the disputed islands—a truly extraordinary set of measures on both sides (*Asahi Shimbun*, September 19). To make this "coast guard crisis" even more complex given the somewhat bewildering array of large vessels in such a small area, Taiwanese coast guard vessels appeared on the scene and engaged Japanese cutters in a "battle" with water cannons (*Global Times*, September 25). Preliminary evidence does suggest the PLA, including the Chinese Navy, supports the deployment of Chinese civil maritime vessels into these disputed areas [5]. A larger question to ask concerns how and whether this seeming escalation, albeit non-military, is related to the 18th Party Congress, and does it herald a more hard-edged approach to diplomacy by China's new leader, Xi Jinping?

Creeping Militarization

The maritime exercise in the East China Sea last month that combined naval and civil maritime forces is not the first exercise of this type. Actually, similar exercises were reported in the summer of 2009 and also in the spring of 2011 [6]. The former, which was widely publicized in the official PLA Navy magazine, took place in the Pearl River Delta and featured involvement by 13 various departments and agencies with the participation of 25 vessels and some aircraft as well [7].

Among China's disparate coast guard-like entities, only BCD vessels have been visibly armed with deck guns.

By contrast, FLEC, CMS and MSA vessels have not traditionally been armed. Of course, this marks a major contrast between these various forces and counterparts in the Japanese, or U.S. coast guards. In Chinese sources, “weaponization” (*wuzhuanghua*), however, has been identified as a major trend for the various components of Chinese maritime enforcement including the FLEC [8]. The same report offers detailed plans regarding how Chinese fisheries cutters might be “re-outfitted” in wartime to carry a towed array sonar, anti-submarine warfare (ASW) torpedoes and even an ASW helicopter (“Beijing Confronts Long-Standing Weakness in Anti-Submarine Warfare,” *China Brief*, July 29, 2011). Such a complexion for elements of China’s civil maritime capabilities would not be outside the norm for major coast guards, but is still suggestive of a possible worrying departure from China’s current policy of patrols by unarmed ships.

Recent reports regarding CMS also suggest that this particular civil maritime agency is employing a wide array of new sensor technologies. While the State Oceanic Agency that controls CMS has long been involved with maritime reconnaissance satellites, the agency apparently now is finalizing plans to “build bases for unmanned aerial vehicles (UAVs) in 11 coastal regions” (*Global Times*, October 22). It also seems likely that CMS will increase the quantity and quality of its manned air patrols as well, possibly with a fleet of new and capable maritime patrol aircraft. If Beijing succeeds in employing such non-military assets to significantly increase its “maritime domain awareness” (MDA) in its proximate waters, these new capabilities could have strategic effects and thus bear close watching. Although Chinese military strategists are studying such tactics as bumping by Soviet naval ships during the late Cold War, it is also noteworthy that a 2012 study by PLA Navy authors in the prestigious official journal *Military Science* that examines Chinese naval strategy “under the new situation” makes absolutely no mention of the Chinese civil maritime capabilities, suggesting Chinese maritime strategy is less well integrated than is often believed [9].

Civil Maritime Restraint and Opportunity

A closer look at the details of the October joint PLA and civil maritime exercise in the East China Sea does

not seem to suggest belligerent intent. The two obvious themes that emerged in the exercise were salvage, on the one hand, and search and rescue, on the other. The implication seems to be that Beijing is quite concerned lest one of its ships were damaged as part of the augmented civil maritime patrol pattern [10].

In calibrating the proper response to Beijing’s non-military escalation of maritime disputes around its periphery, wisdom and prudence suggest such developments be viewed within a larger political and economic context. First, China’s full development of strong civil maritime capabilities is natural given its maritime trading prowess and the trend is also broadly positive for global commerce. The shipping lanes of East Asia are among the busiest in the world and all mariners, shipping companies and trading nations should applaud enhanced Chinese rescue, salvage and maritime law enforcement capabilities. Second, China’s high pattern of exercises reflects a genuine desire to increase professional competence. Indeed, two interesting maritime rescue exercises took place this September: coping with a downed airliner off Shanghai (which featured the floating of a real airplane) and also a simulated PLA Navy-MSA rescue of naval personnel from a stricken East Sea Fleet submarine (*Global Times*, September 27). Such exercises are increasingly routine and are completely non-threatening. Even with respect to possible new surveillance activities that could impact objectively the military balance on the margins, analysts should concede China’s desire to increase MDA off its coasts is wholly natural and to be expected.

Finally, it is also worth noting the non-military and highly practical functionality of coast guards enables them to be superb tools for building international cooperation. Indeed, the fact that a major coast guard drill involving 27 vessels between Taiwan forces and those of China occurred this August regrettably went quite unnoticed, but must be considered a significant blow for peace in the East China Sea area (*Want China Times*, September 2). The North Pacific Coast Guard Forum continues to hold major promise for regional maritime security.

The East China Sea Vortex

The maritime security situation in the East China Sea, tracking the general course of deteriorating China-

Japan relations, has gone from bad to worse. Chinese analysts are increasingly pessimistic. One recent Chinese scholarly paper observes that U.S. policy has shifted since 2009 from “ambiguous neutrality” to “small scale intervention” and finally to “emphatic support” for the Japanese claim. According to this analysis, these moves demonstrate Washington’s intention to return to the Cold War strategy of the “island chain blockade strategy...in order to contain China’s rise and damage the strategic environment for China’s development” [11]. Chinese military strategists are increasingly bellicose, as for example a PLA Navy Captain who recently and accusingly wrote “The United States is at fault for the chaotic situation in the Diaoyu Islands” [12].

From the other side of the world, it seems quite ridiculous that Asia’s two greatest powers would contemplate war over some rocks with goats for inhabitants, as suggested by the sardonic *Economist* cover of September 22. Columnist Nicholas Kristof opined recently: “In reality, of course, there is zero chance that [Washington] will honor its treaty obligation over a few barren rocks. We’re not going to risk a nuclear confrontation with China over some islands that may well be China’s” (*New York Times*, September 10).

Conclusion

Cautious policies, not least in Washington, are now required to lower the possibility of military conflict in the East China Sea. Such policies may begin from the premise that the unarmed “white hulls” of China’s civil maritime enforcement agencies do not constitute any kind of significant threat to Japan’s security, much less that of the United States. Given China’s growing power and nationalism, Beijing’s evolving policy of “non-military escalation” is actually far better than the alternative. U.S. diplomats should engage actively to try to facilitate a creative process to make substantive progress in improving China-Japan relations. Such progress will be one of the key pillars of global security for this century and beyond.

Lyle Goldstein is an Associate Professor in the China Maritime Studies Institute (CMSI) of the U.S. Naval War College in Newport, RI and also Visiting Fellow at the Watson Institute for International Studies at Brown University. His most recent

edited volume is Not Congruent But Quite Complementary: U.S. and Chinese Approaches to Nontraditional Security (Newport, RI: Naval War College Press Press, 2012). The views presented in this article are those of the author and do not necessarily represent the views of the Naval War College, Department of the Navy, or Department of Defense.

Notes:

1. Yin He, “Zhongguo jinhai zhifa liliang” [Development of China’s Littoral Law Enforcement Force and Its Equipment], *Jianzai wuqi* [Shipborne Weapons], March 2011, p. 20.
2. See, for example, He Zhonglong, *Zhongguo hai’an jingweidui zucheng yanjiu* [Research on the Creation of a Chinese Coast Guard], Beijing: Ocean Press, 2007, p. 41.
3. Author’s Interview in Qingdao, China, 2009.
4. Author’s Interview in Qingdao, China, 2011.
5. See, for example, Sun Jingping, “Xin shiji xin jieduan haishang anquan zhanlue duanxiang” [Notes on Maritime Security Strategy in the New Period in the New Century], *Zhongguo junshi kexue* [China Military Science], June 2008, p. 77.
6. “Lianhe Haishang Soujiu he Fankong Yanxi [Joint maritime SAR and anti-terrorism exercises]” *Xiandai jianchuan* [Modern Ships] (May 2011), p. 10.
7. Cao Xuejun, “Huangjin shuidao: shangyan liti da soujiu [The Golden Sea Route: A Large Three-Dimensional Search and Rescue is Undertaken],” *Dangdai haijun* [Modern Navy], July 2009, pp. 10–12.
8. Yin He, “Zhongguo jinhai zhifa liliang” [Development of China’s Littoral Law Enforcement Force and Its Equipment], *Jianzai wuqi* [Shipborne Weapons], March 2011, p. 24.
9. Xiao Feng and Wang Wei, “Pengzhuang chengshou zhi zhong [The Enduring Importance of Bumping],” *Bingqi zhibishi* [Ordnance Knowledge], November 2012, pp. 21–23; Liu Yonghong and Tang Fuquan, “Xin xingshi xia haijun zhuanxing jianshe de zhanlue sikao [Strategic Thinking on Constructing Naval Transformation under New Conditions],” *Zhongguo junshi kexue* [China Military Science], September/October 2012, pp. 58–66.
10. Thank you to my colleague Professor Nan Li for

providing these insights.

11. Xiao Chuanguo, “Diaoyudao zhuangchuan shijianhou riben de zhanlue zouxiang [Japan’s Strategic Direction After the Diaoyu Island ‘Ship Bumping Incident’],” *Riben yanjiu* [Japan Studies], March 2011, pp. 72–77.
12. Li Jie, “Diaoyudao luanju de zhengjie zai meiguo” [The U.S. Is at Fault for the Chaotic Situation in the Diaoyu Islands],” *Xiandai jianchuan* [Modern Ships], October 2012, p. 52.
