

China

# President Xi's New Power

Does the abolition of presidential term limit just power-grabbing? Truth is more complicated. While guarding against China's rise is understandable, sinophobia, especially where it translates into thinly-disguised anti-China manoeuvres on all fronts, may risk falling into the Thucydides Trap.



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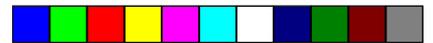
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Beijing's "Two Sessions", the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC), have come to an end. Far from an annual ritual, it formalized the amendment of China's Constitution and launched an unprecedented raft of ministerial organizational streamlining. All told, it is a game-changing milestone of China's development trajectory that is bound to shake the world.

First, the normal two-term limit (each of five years) for President and Vice President has been removed. That enables President Xi to serve beyond his current second-term that ends in 2023, potentially for life. The whole world has since been abuzz with cries of dictatorship. Some coin the phrase "emperor for life". Others become wary of China's political stability.

Yet, Article 36 of the Constitution is left untouched. This forbids party lead-





ers' tenure for life. What is more important is, there is a long-established unwritten rule that top cadres retire after serving beyond age 70. For example, to ascend to the top echelon of power, the 7-member Politburo Standing Committee (PSC), one has to be below age 68. Both these "rules" seem to have been preserved. That is why all the rest of the PSC had to step down except President Xi and Premier Li Keqiang, the only two top leaders under 70 years old. That is also why the powerful anti-corruption czar, and President Xi's closest confidant, Wang Qishan, aged 69, has not been allowed to remain in the PSC.

By the end of his second term in 2023, President Xi will still be just under 70. He may choose to serve a further term. But it is premature to conclude that he will necessarily abandon the time-honored retirement rule of the party if he manages to groom a trusted and capable successor in good time.

In any case, power and politics in the Communist Party are not transparent. In his later years, supreme leader Deng Xiaoping remained to wield great power, retaining only his title as Chairman of China's Bridge Association. So even after retirement, Xi may well continue to exert influence.

Though not in the PSC, Wang has been appointed Vice President. Unlike the outgoing Vice President, Li Yuanchao, a mere figurehead, Wang, a veteran in finance, international trade and US-China relations, is destined to play an influential role as Xi's deputy in a rising tide of sinophobia. While too old to succeed President Xi, under the Constitution, Wang is empowered to act as President in Xi's absence.

### The President's many goals

Coming back to President Xi, does the abolition of presidential term limit just power-grabbing? Truth is more complicated. Xi took over the presidency in 2013 on a vow to realize the China Dream. This is defined as achieving the country's "two centenary goals": first, "to build a moderately prosperous society in all respects" by 2021, the centenary of the Communist Party of China;



second, "to build a modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful" by 2049, the centenary of the People's Republic of China.

The first goal is well within reach. However, there are already many mountains to climb on the road to an intermediate milestone in 2035, when China aims to be a leader in innovation with sound governance institutions. Powerful vested interests and hidden corruption tentacles remain. Old habits die hard. Examples abound of how reform agendas are being stalled, if not sabotaged or derailed. With the size and diverse regions of China, it is not surprising that President Xi is anxious to keep a tight rein on all key levers of power to safeguard the momentum of China's 'manifest destiny' towards the two centenary goals.

A pressing imperative is to build a sound financial system more capable of managing systemic risks, including off-balance-sheet debt, over-leveraging, shadow banking, asset bubbles, and inefficient allocation of capital. This is underlined by the decision during the two sessions to form a super-regulator combining the China Banking Regulatory Commission (CBRC) and the China Insurance Regulatory Commission (CIRC).

Another imperative is substantial poverty reduction by 2020, aiming at lifting 70 million more people out of poverty (defined as personal income less than a dollar a day). Sans such

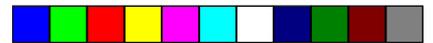
transformation, a key cornerstone of the two centenary goals, that of building an equitable and harmonious society, cannot be attained.

A third imperative is to build an environmentally beautiful China. This imperative, along with the phrase 'ecological civilization', has been included in the constitution amendments. This is no mere bravado. Witness the country's strides in recent years in renewable energies and series of laws on air, water, soil and other areas of ecological pollution. Energy intensity per unit GDP has come down significantly. According to a blueprint published in 2010 by the Chinese Academy of Sciences, by 2050, fossil fuels are expected to drop to only 40% of China's total energy use, equal to the proportion for renewable energies expected to rise to 40%, with the remaining 10% accounted for by increased nuclear energy. This imperative is reflected in the two sessions decision to merge scattered environmental responsibilities of different departments into two new ministries: Ministry of Ecological Environment (MEE) and Ministry of Natural Resources (MNR).

Nevertheless, with all this power concentration, would President Xi become a dictator in all but name? Would contrary opinions become stifled, sowing seeds of instability?

While no doubt the buck stops at President Xi's desk, this does not necessarily mean he is resistant to having problems and policies thoroughly thought-out and debated among ex-





perts and advisers before a final decision. His chairing a multitude of key expert groups says as much. Similarly, major policies are likely to retain past patterns of rounds of drafts and where appropriate, public consultations, before making it to the statute books. Anything less can only result in problems of implementation.

### Unleashing China on the world?

Would a more powerful President Xi mean that China would become even more assertive, rattling a benign world order shaped by Pax Americana since the end of the Second World War? Would China become more hostile towards its neighbors, including Japan and India? Would this spell regional, if not global, conflict?

There is no doubt that China has been growing more and more powerful by the day. In the not too distant future, China's economy will overtake that of the United States by a fair margin. Its economic clout and global connectivity are often brought to bear to sway outcomes in its favor. It is instructive that care is taken to insert into the Constitution's preamble that China will adhere to the peaceful development path, eschew hegemony, and persevere with the mutually beneficial strategy of opening-up. Another amendment refers to commitment to building a world community with a shared future for humanity.

Yes, China will be more robust in defending its territorial integrity and development interests. It is also likely to play a more proactive role in the global commons, becoming more influential in various theatres. At the same time, China will continue to boost its military capabilities to safeguard national security in the light of American military dominance. But this does not equate to China seeking military adventures or hegemony. In any case, military hegemony does not work in a post-nuclear high-tech world of 'assured mutual destruction'. Much more effective for China to exert its influence is its global economic connectivity. Doubling down on this comparative advantage is

President Xi's epochal Belt and Road strategy, linking some 66 countries across several continents.

### A 10,000-ton panda

Nevertheless, even with benign intentions, China is becoming a ten-thousand-ton panda. Deng Xiaoping's early dictum of "hiding one's light under the bushel and biding one's time" no longer works. Other nations, especially smaller neighbors, are getting nervous. Some resort to geopolitical hedging and pushback. This is understandable. China is well advised to take such matters in its stride.

A more common cause of concern about a rising China superpower is the non-acceptance of its Communist one-party 'authoritarian' state model, with all that implies. Under the amended Constitution, the governing legitimacy and supremacy of the Community Party have been formally enshrined. This is borne of well-founded confidence in the party's leadership which has succeeded, against all odds, with decades of substantial progress, lifting over 700 million people out of poverty and boosting China's status to become the second largest economy in the world. China is therefore unlikely to copy the Western model of adversarial multi-party democracy, with all its latest fault lines.

Hence, the frustration in the West of failing to mold China's one-party state into its own image. However, whether there is a single political party or many parties, there can be only one single government at any time. Provided the government of the day manages to improve the lives of its people, continually reforming itself in response to changing aspirations, it would enjoy legitimacy, single party notwithstanding.

However, one may ask where is the check and balance of a one-party state.

Firstly, in the case of China, this consideration is informed by millennia of Chinese culture and history, where the 'mandate of heaven' has proven that dynasties which abused power and sacrificed the wellbeing of subjects for private gain did not last long. Corruption of absolute power will result in disintegration from within. This is the clarion

call that triggered President's Xi's relentless anti-corruption campaign, which has precipitated the downfall of over a million cadres, including many top leaders, and still counting.

Secondly, in the age of digital ubiquity, despite China's 'Great Firewall', the Internet-savvy society is on the lookout for power abuse, corruption and social injustice. Crackdown on dissent notwithstanding, this 'social monitoring' remains reasonably alive and kicking as an anti-corruption tool. There is nothing a party official dreads more than being caught out by this virtual citizenry.

### But it is time to abandon the dystopian view

China's culture, history and development are unique. One risks seeing only dystopia using Western lenses. The world should be concerned and prepared for China's unstoppable rise. However, there are many ways to engage China constructively. Where legitimate grievances exist, these can be resolved through negotiations. China's role can also be co-opted in addressing denuclearization, regional security, climate change, terrorism, science and technology, trade and investments, and global institutional building. With the Fourth Industrial Revolution, the world becomes one of borderless inter-connectivity and inter-dependence. The Cold War binary, zero-sum mindset has become obsolete.

Guarding against China's rise is understandable. But sinophobia, especially where it translates into thinly-disguised anti-China manoeuvres on all fronts, may risk falling into the Thucydides Trap. What is more, coercion is unlikely to work with a China economically imbedded in many large countries including the US. Additionally, it would miss the opportunities offered by China as a vastly expanding market. In any event, as the world is marching in many ways towards a common destiny, chest-thumping while walking blindfolded towards a cliff is not a clever option.

Reference # 20M-2018-04-xx-01

