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'XI JINPING SHORES POSITION TO FEND-OFF OPPONENTS'

by JAYADEVA RANADE

1. CCP General Secretary and Chinese President Xi Jinping and the Chinese Communist Party (CCP) have been badly bruised by public criticism, which was accentuated by the initial mishandling of the Coronavirus epidemic in Wuhan. After an extended hiatus, which includes Xi Jinping's unexplained disappearance from public view at the peak of the crisis between January 29 and February 10, Xi Jinping is now demonstrating his political authority and influence to shore his position and fend-off opponents.

2. Reviving the economy is important for the CCP to retain legitimacy. It is domestically and geo-politically important for it to achieve the 'China Dream' by the hundredth year of the founding of the Chinese Communist Party (CCP) in 2021, and keep China on track to become "a major world power with pioneering global influence" by 2049 – the centenary year of the establishment of the People's Republic of China (PRC). By announcing these goals at the 18th and 19th Party Congresses respectively, Xi Jinping staked his prestige and personal reputation on this. The former includes doubling of incomes by 2020 and the latter envisages acquiring the capability to rival the US and influence and create world organisations. Failure to achieve these 'Two Centenary' goals and bring growth back to a reasonable level would impact adversely on the CCP and Xi Jinping's personal authority and legitimacy.

3. Resentment has been brewing especially since the 19th Party Congress in October 2017 and the NPC Plenum that followed in March 2018, when Xi Jinping abolished term limits on China's top posts of President and Vice President. These were instituted by Deng Xiaoping as safeguards against a single leader becoming too powerful. Many serving as well as retired and veteran Party cadres and members, a number who suffered during the Cultural Revolution decade, publicly declared they did not want a return to the 'one man rule of Mao'! Rising prices, growing inflation and the unemployed, whose number burgeoned from 25 million to an estimated 70 to 80 million by March 2020, added to the

discontent. Ex-servicemen and PLA veterans also had complaints. Academics, students and intellectuals had grievances provoked by enhanced ideological and political education in colleges and schools, increased Party surveillance of Professors and lecturers, and deployment of Party members in classrooms even of primary schools. The 'social credit management system' to be implemented across China by the end of this year is a source of constant worry for Chinese.

4. The economic slow-down because of the US-China trade war and now Covid-19 has aggravated the widespread discontent. China's 'private' businessmen and entrepreneurs have since mid-December 2018 complained that private businesses are being denied opportunities and expressed a lack of confidence in the system. They asserted that contrary to assurances State owned Enterprises (SoEs) had expanded to enter virtually every sector of economic activity. These businessmen include tycoons like Chen Hongtian, Chairman of the Cheung Kei Group and member of the Chinese People's Political Consultative Conference (CPPCC), Zhang Wenzhong, founder of Wumart Stores, Pony Ma, Chairman of Tencent, Wang Chuanfu, Chairman of carmaker BYD and Wang Wei, Chairman of courier service SF Express. In mid-December 2018, Renmin University Prof. Xiang Songzuo questioned China's real rate of growth, poor state of private businesses in China and the lack of confidence. He revealed that an "internal" report stated China's GDP growth in 2018 was about 1.67 percent!

5. With bleak prospects for an early economic recovery, Chinese economists have been debating whether China should at all mention a growth target in the report to be presented at the National People's Congress (NPC) on May 22, 2020. Ma Jun, an academic member of the People's Bank of China's monetary policy committee, recommended it be dropped "because growth will largely depend on how the pandemic develops in Europe and the United States." Yu Yongding, a former PBoC adviser, urged the government to mention a target even if it is low.

6. Xu Xiaonian, a Professor of Economics and Finance at the China Europe International Business School, was blunt and cautioned that 'as long as the pandemic in Europe and America is not over, Chinese export companies will have no orders, workers will have no wages and there will be no consumption and a recession is inevitable'. He said "We are not only short of food and oil, but we are also short of markets; we are short of orders. Our per capita GDP is one-fifth of that of the United States and one-fourth that of Europe. The domestic purchasing power cannot support our enormous manufacturing capacity." He added "We still lack raw materials, especially the technology-intensive basic raw

materials, which must be imported from South Korea, Japan and Germany. We lack technology, and technology cannot be developed rapidly when we close the door.”

7. Seriousness of the bleak economic situation was reflected by the People’s Liberation Army (PLA) Daily, which on May 5 published an essay titled: ‘We should guard against the “high explosive point” of the strategic financial “chess game” and earnestly safeguard the national financial security’. The slow pace of economic recovery additionally prompted prominent Chinese businessmen like Jack Ma, founder of the Alibaba Group, and Liu Chuanzhi, founder of Lenovo, to sign and personally hand over to Chinese Premier Li Keqiang on March 26, 2020, a nine-point letter addressed to President Xi Jinping reviving demands for comprehensive reforms.

8. Criticism increased with the onset of the Coronavirus pandemic. Among the critics were ordinary Chinese, academics, students, senior Party cadres and officials. Criticisms centered mainly on: the Party controlling everything; progressively increasing and stringent security controls; expanding Party surveillance; undue centralisation of authority; and discarding of Deng Xiaoping’s policy of “lie low, bide your time”. A number of Party cadres and officials in Chinese think-tanks have in private conversation blamed Xi Jinping’s aggressive foreign policy for China’s growing international isolation, rapidly deteriorating relations with the US and poor international image. Rare for China, Xi Jinping was criticised by name with calls for him to step down.

9. Noticed were acts of apparent subtle protest by official and Party organisations. People Magazine, a publication under China’s People’s Publishing House and Southern Weekly, a newspaper owned by the Guangdong Communist Party Committee and based in Guangzhou City, published reports praising Dr Ai Fen of Wuhan Hospital in the March 2020 edition and on March 11 respectively.

10. Public indication of the seriousness of discontent surfaced on March 22, with reports that children of high-level veteran Party cadres, called ‘princelings’, had posted a call on WeChat for an “Emergency Enlarged Meeting of the Chinese Communist Party’s (CCP’s) Politburo” with a 13-point agenda to discuss Xi Jinping’s replacement.

11. Probably provoked by this, Chinese President Xi Jinping began taking steps to contain criticism and fend-off opponents from February/March. From

February 3, he began exhorting cadres to resume production and revive the economy. To assuage public anger the reprimand issued to the deceased Dr. Li Wenliang was revoked, apology conveyed to his family and two police officers disciplined. Domestic controls were, however, not eased and the authorities detained many who had criticised Xi Jinping. Censorship of social media was enlarged and on April 25, the Publicity Department of the Party committee of the Beijing International Studies University notified that the CCP will impose large-scale censorship and monitoring of Twitter, YouTube and Facebook accounts overseas.

12. Hongkong, where Beijing's inaction despite the continuous protests since May 2019 prompted speculation that Beijing was losing its grip, witnessed action to retrieve the situation. Reports claimed that nearly 4,000 officers from China's People's Armed Police (PAP) had joined Hong Kong police to monitor protesters and their tactics to deepen the PAP's understanding of the situation. In January and February 2020, two Xi Jinping loyalists with tough reputations namely Luo Huining, former Shaanxi Party Secretary and Xia Baolong, Xi Jinping's former deputy in Zhejiang who had retired, were appointed Director of the Liaison Office of HKSAR and Head of the Hongkong Macao Affairs Office (HKMAO) respectively. On April 13, the Liaison Office of HKSAR stated it was not subject to the Basic Law. In a surprise move on April 19, the Hongkong authorities arrested 15 pro-democracy leaders including former Legco member Martin Lee and the owner of Apple Daily Lai Chee-Ying (Jimmy Lai). The HKMAO on May 6, warned "The scorched-earth action of the black-clad violent protesters is a political virus in Hong Kong society and a big enemy to 'one-country-two-systems'" adding "As long as the protesters are not removed, Hong Kong will never be calm." It said China's central government will not sit idly and has the greatest responsibility in maintaining order and safeguarding national security.

13. China maintained its tough stance towards Taiwan President Tsai Ing-wen and the DPP to wear them down. The PLA Daily claimed that sentiments favouring forceful reunification of Taiwan are rising in China -- recently indirectly confirmed by retired PLA Major General Qiao Liang a reputed 'hawk' -- and Beijing stepped up military pressure with increased sailings of PLA Navy warships and its aircraft carrier. PLAAF aircraft began overflying Taiwan and on April 1, they conducted a 36-hour long-endurance exercise. Beijing blocked calls for interaction between the WHO and Taiwan over the Coronavirus pandemic. On April 24, the Nanfang Daily disclosed that Guangzhou City's National Security Bureau had finished investigations into Lee Henley Hu Xiang, a Belizean national

and Taiwan resident. It said investigations “confirmed that the suspect provided a large amount of funds to hostile elements in the United States, colluded with foreign anti-China forces to intervene in Hong Kong affairs, and funded the implementation of criminal activities that endangered our national security.” He is the first foreigner to be identified for involvement in Hongkong.

14. Xi Jinping’s aggressive foreign policy style has not changed. There has been no easing of propaganda or military pressure as evidenced by the Xinhua article of March 4, threatening the US with stoppage of medical supplies. China continues to flex its military muscle in the East Sea and substantively advance its claims over the South China Sea. Despite seeking entry to the Indian market, China’s official media continue negatively portraying India’s economy and health infrastructure. China raised the Kashmir issue for the fifth time at the UNSC on April 8. It underlined its comprehensive ties with Pakistan with the first “Sea Guardians 2020” naval exercises featuring anti-submarine and submarine rescue training in the Arabian Sea. The People’s Liberation Army (PLA) has held at least 6 military exercises in Tibet since February/March including a ‘combat’ exercise by several helicopters in the Lhasa area on April 21. On April 27, between 300-500 PLA vehicles were observed in the Tashigong area opposite Demchok.

15. There are other indicators suggesting that Chinese President Xi Jinping has become active in domestic politics to shore his position and fend-off opponents. On April 8, three Xi Jinping ‘loyalists’ were appointed as new Party Secretaries. The same day the Beijing Western District Supervisory Commission announced the arrest of ‘princeling’ tycoon Ren Zhiqing, a trenchant critic of Xi Jinping, notwithstanding the ‘princelings’ publicising their support for Ren Zhiqing and urging Xi Jinping for his release. On April 14, Politburo Standing Committee member (PBSC) and CPPCC Chairman Wang Yang chaired a meeting of the Committee on Poverty Alleviation, apparently replacing PBSC member Han Zheng. Poverty alleviation is a priority for Xi Jinping who promised eradication of poverty by 2020 in the ‘China Dream’. Han Zheng’s inaction on Hongkong affairs had prompted Xi Jinping to say in late January that ‘those responsible should resolve it’.

16. Significant, however, are two developments which suggest that discontent within the Party and inner-Party factionalism are causing Xi Jinping considerable anxiety. On April 17, Xi Jinping chaired a Politburo meeting which approved the creation and membership of a new ‘Safe China Construction Coordinating Small Group’. Headed by Guo Shengkun, Politburo member and Secretary of the

powerful Political and Legal Affairs Commission (PLAC), each of its nine members are handpicked Xi Jinping ‘loyalists’. Xinhua (April 21) mentioned its task as to “Prevent and crackdown on activities that endanger the political security of the country”, indicating that the ‘Safe China Construction Coordinating Small Group’ has a wide, ambiguous ambit. The National Security Commission, National Supervisory Commission and Central Discipline Inspection Commission (CDIC) all have separate defined functions. The ‘Small Group’ will report to Xi Jinping.

17. The other is the Radio Free Asia (April 27) report that Xi Jinping’s followers held ‘emergency’ meetings at the Ministry of Public Security (April 20), the Secret Service Bureau of the Ministry of Public Security (April 21), and the CCP Political and Legal Affairs Commission (April 22). Radio Free Asia disclosed that at the Secret Service Bureau’s meeting, Wang Xiaohong, Executive Deputy Minister of Public Security and Director of the Secret Service Bureau stated “(We) must increase the monitoring of the ‘top leaders’ decision-making power, staff appointment power, and financial approval power, to let the ‘top leaders’ get used to working and living under monitoring.”

18. The last two developments clearly indicate that in addition to the widening public dissatisfaction, it is the inner-Party discontent accompanied by calls for him to step down that is causing Xi Jinping a lot of anxiety. As demonstrated by creation of the new ‘Small Group’ and Xi Jinping’s personality, however, he is very unlikely to quietly back-off in the face of inner-Party opposition. The new ‘Small Group’, on the other hand, is a clear warning to senior Party echelons, ‘princelings’ and Party veterans to fall in line, but whether they do depends on the extent of opposition to Xi Jinping at the middle and higher echelons of the Party and among Party veterans.

(The author is former Additional Secretary, Cabinet Secretariat, Government of India and is President of the Centre for China Analysis and Strategy.)