

# **Xi's China, China's Xi: Current Political and Social Challenges**

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## ABSTRACT

In recent years, China, under President Xi Jinping, has seen substantial growth and sought a greater leadership role in world affairs. New equations have emerged domestically as well. As Xi fortifies his hold over the Chinese Communist Party (CCP) and the country, repressive policies in Tibet and Xinjiang and excessive curbs on academic freedom can pose potential political threats. At the same time, issues like ecological degradation and widening wealth disparities may add to Xi's challenges. How Xi and the CCP aim to navigate these flashpoints will have a significant bearing on the future of the country, the party, and the president himself.

Attribution: Kalpit A Mankikar, "Xi's China, China's Xi: Current Political and Social Challenges," *ORF Occasional Paper No. 288*, December 2020.

## INTRODUCTION

President Xi Jinping's ascent to the post of general secretary of the Chinese Communist Party (CCP) in 2012 ushered in hopes of political reform. After all, Xi himself had experienced the CCP's fickleness during the era of Mao Zedong's Cultural Revolution, as he was banished to rural Shaanxi between 1969 and 1975 to experience living conditions on farms.<sup>1</sup> Even the CCP's top echelons have expressed the need to unshackle the system; in 2014, then Vice President Li Yuanchao underscored the need for reform, given the CCP's long stint in power.<sup>2</sup> However, since coming to power, Xi has only tightened the CCP's hold on Chinese polity.<sup>3</sup>

In recent years, China has exerted itself for greater global influence and dominance. This is seen, for example, in Xi's comments that the "China Dream" is not merely for the Chinese, but for other people too.<sup>4</sup> The China Dream aims at moulding a stronger and richer nation by 2050.<sup>5</sup> Various factors, however, can have a bearing on the country's long-term stability.

First, efforts to Sinicise ethnic groups in places like Inner Mongolia,<sup>6</sup> and viewing Tibet and Xinjiang as "surplus labour banks"<sup>7</sup> will remain sources of instability. Second, using students<sup>a</sup> to further the CCP's ideological work has invited international pushback that could ultimately retard the country's human capital formation.<sup>8</sup> This in turn will impinge on economic growth. Third, China has shown an inclination to cut carbon emissions and the country's ecological fragility is a legacy issue that Xi has recognised. However, there seem to be some contradictory impulses. On the one hand, the CCP is working towards preserving farm land due to food security considerations.<sup>9</sup> On the other,

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a China regards its students as a form of soft power.

local policies of “transfers”<sup>10</sup> and clearing plots for commercial ventures endanger the goals of conserving the environment and poverty eradication. Fourth, the CCP’s endeavour to tweak the *hukou* household registration laws<sup>11</sup> so that rural migrants coming into cities are evenly distributed may create pockets of prosperity and a new class of urban poor.

Furthermore, China is making efforts to improve governance by moving towards a ‘rule of law’ framework, including enacting the civil code.<sup>12</sup> However, the CCP itself operates outside the perimeter of legally enforceable regulations,<sup>13</sup> and this may scuttle China’s initiative to build a society that conforms to legal norms.

## POLITICAL CHALLENGES

### The Xi Factor

In recent years, there has been considerable discussion in China around two ‘centennial goals’. The Chinese Communist Party (CCP) turns 100 next year, and 2049 will mark the 100th anniversary of the country’s ‘liberation’ by the CCP. The target for 2021 is to become a “well-off and prosperous society”, and by 2049, China aims to be a fully developed nation.<sup>14</sup> Xi’s ability to deliver these two goals will decide his tenure in office. Xi is also aware that no Communist party globally has reigned for more than 74 years; in October 2020, the CCP completed 71 years in power.

As a product of the CCP, Xi is aware of its pitfalls. In September 2012, months before he became general secretary, Xi addressed cadres at the Central Party School, which grooms the nation’s ruling elite, and referenced China’s cultural idiom<sup>15</sup> by saying that the CCP had the “mandate of the heaven” and that it must be bolstered by apparatchiks

who must be moral exemplars. In feudal times, China's emperor was considered a "son of Heaven"<sup>16</sup> and had no term limits on his reign, but misrule meant losing that "mandate" and being overthrown. This is a significant recalibration of the CCP's narrative, which earlier propagated that they had liberated the Chinese people from feudal rule. Xi appeared to draw the ideological sinews of the CCP to China's civilisational thought to strengthen the party's legitimacy.

Xi admitted that the party was out of sync with the people, and that there should be no trust deficit between it and society.<sup>17</sup> Although the need for "public support"<sup>18</sup> to strengthen the CCP's credibility and its legitimacy to rule has been acknowledged, it is not in accordance with democratic ideals. "There are people who think that reform and opening up is the same as adopting Western universalist values, Western political systems...our reform is one that will have Chinese characteristics." Xi said.<sup>19</sup>

Xi is keen not to repeat the Soviet Communist Party's mistake.<sup>20</sup> Under Mikhail Gorbachev, the Soviet Union embraced 'glasnost' as a political slogan, signifying candour and transparency in government institutions and their functioning, and permitting people to criticise leaders.

Instead, Xi has embarked on a different course, taking a leaf from Mao's book. Mao had an emotional connect with the people, leveraging notions of national honour, self-respect and status. Xi is working at different levels to consolidate the sources of power—both tangible and intangible.<sup>21</sup>

Among the tangible sources of power are the CCP and the government. In a democracy, public representatives are accountable to the people. Xi's approach to 'reform' and 'accountability' has been one in

which the CCP holds sway. If the party is to retain control, it must permeate every sphere.

Xi has said that CCP members and their relatives aggrandising themselves at the expense of the people will only fuel the party's downfall in the long run.<sup>22</sup> Xi's anti-corruption campaign is rooted in this notion. If China is to be governed well, the party must be appropriately managed, meaning cadres and top leaders alike must adhere to discipline.<sup>23</sup> For instance, it is the party that will weed out tainted officials, not the people, who in turn 'support' it in the endeavour to build a prosperous society. In 2019, around 555,000 cases of corruption were investigated, and 485,000 people within CCP and government ranks faced disciplinary action.<sup>24</sup> The CCP also acted against those who had fled the country, with around 800 ex-party members and government functionaries brought back from foreign soil.<sup>25</sup> Even top leaders like politburo members Bo Xilai and Zhou Yongkang and their kin have been brought to book.

Having benchmarked the CCP vis-à-vis the Soviet Communist Party, Xi sees challenges in China similar to what existed in the Soviet Union before its collapse. While Gorbachev admitted that the educated citizens of the Soviet Union rejected it "on the cultural level" because of its repression, others cited endemic corruption.<sup>26</sup>

Xi's wants to model the CCP for the new era, and for its cadres and leaders to adhere to the collective values to stymie the rise of a Gorbachev-like figure who could "savour the Party's food and break its cooking vessels".<sup>27</sup> In the Xi era, control is key and this is being done through various means. Norms to induct new members into the CCP have been tightened and only 10 percent of all applicants are now admitted into the fold.<sup>28</sup> While China's state-owned enterprises (SOEs) are very much part of the party-state, with their top managers selected

by the CCP's Organisation Department, SOE boards are expected to consult embedded CCP committees.<sup>29</sup> Xi also wants them to be "forces to implement the CCP's decisions".<sup>30</sup> CCP units are embedded in private corporations, including those in which foreign companies invest in, and have the authority to hire and fire senior staff. Under the new rules, the posts of chief of the embedded party cell and that of the head of the company's board have been merged, giving the CCP complete control over even private firms.<sup>31</sup>

Despite the tightened control, there are rumblings in the CCP. Xi has warned of "forces that were competing with him for popularity,"<sup>32</sup> giving credence to the notion that there are factions jostling for influence in the party. The president has also pointed to the US as leading the charge to split China.<sup>33</sup> Although it is tough to discern the mood among the ruling elite in an authoritarian state, the revelations of former Central Party School teacher Cai Xia have shone a light on hidden recesses. Cai called out Xi for concentrating too much power in his hands, adding that not many mustered the courage to speak up over fears of retaliation.<sup>34</sup>

Xi is widely expected to secure a third term as general secretary at the CCP's next national congress in 2022, and has also not anointed a successor. Former paramount leader Deng Xiaoping had diagnosed succession issues in the CCP as a make-or-break factor, and instituted a collective leadership and presidential term limits,<sup>35</sup> which have been done away by Xi.

## Minority Fault Lines

Xi's glare is also on non-tangible sources of power, such as identity and narrative control. The president posited the 'China Dream' as a national ideal for the people and that the CCP will deliver this vision.<sup>36</sup> The China Dream is the latest nation-building project. Since the formation of the

People's Republic, efforts have been ongoing to create a national ethos centring around the Han language and culture. The process has been complicated due to the formation of the Republic of China (Taiwan), and the incorporation of Tibet, Xinjiang and Inner Mongolia, representing a challenge to the CCP.<sup>37</sup> If nation-building is defined as conforming to a Chinese representation of identity, then the other ethnic groups face a choice of either embracing Chinese ways or being termed as unpatriotic.<sup>38</sup>

There has also been pushback. Since the 2000s, violent ethnic clashes have cast a shadow on the social accord the CCP prizes most. Clashes involving minority groups and Han Chinese between 2004-2009 in Henan, Tibet, Xinjiang, Guangdong, Inner Mongolia and Sichuan have left around 1,000 dead.<sup>39</sup> Academics working on ethnic issues have advocated new policies that would weaken 'ethnic identity' (*minzu rentong*) and bolster a single, shared 'national identity' (*guozu rentong*).<sup>40</sup>

In recent years, attempts to 'Sinicise' ethnic groups have gained pace. China has been the subject of international condemnation for the detention camps in Xinjiang. The US government claims that one million Uyghurs, ethnic Kazakhs, ethnic Kyrgyz and members of other Muslim-minority groups are in captivity since 2017, where efforts are being made to educate them in CCP ideology and Mandarin.<sup>41</sup>

The use of Mandarin in schools has been strictly enforced, starting with Xinjiang in 2017 and Tibet in 2018, under China's new language policy.<sup>42</sup> Recent efforts to "impose" Mandarin in schools in Inner Mongolia has not gone down well, with parents nudging their wards to skip classes.<sup>43</sup> Ethnic groups have advocated "bilingual education" so that children can be grounded in their cultural roots and be proficient in Mandarin, but the CCP treats champions of such an approach as

“separatists”.<sup>44</sup> Xinjiang and Tibet remain simmering points within the Chinese nation, given the ‘core-periphery’ relationship that has developed. While China may make ‘national humiliation’ in the 19th century by Western colonisers the rationale for its actions, ethnic minorities in Tibet and Xinjiang see no distinction between the Han-dominated CCP and Western colonialism. Facilities have been established in Tibet to train rural labourers in construction and textile manufacturing processes, like the ones in Xinjiang. Between January and July 2020, the Tibet Autonomous Region trained around 500,000 Tibetans who may be relocated within the region or to other parts of China.<sup>45</sup>

The process of nation-building in China has not come to fruition as there are many ethnic groups with nothing in common with the Han, who are in the majority. Fault lines among China’s 56 ‘nationalities’ and a governance structure based on provincial autonomous units could see the country go the way of Soviet disintegration.<sup>46</sup> Hence, efforts to ‘Sinicise’ ethnic groups have gathered steam. Xi has enunciated that “there is need to create a strong sense of community” for ethnic groups and opposing attempts to split China or undermine ethnic unity.”<sup>47</sup>

## Human Capital Accumulation

One of Deng’s key contributions to China was improving human capital capability, especially in the fields of science and technology. Deng pushed for greater scientific academic exchanges so Chinese students could learn about technological breakthroughs, and later help in indigenising and defusing that knowhow throughout the country.<sup>48</sup> Since assuming power, Xi has enunciated the need for a system of education that does not endanger the CCP’s political writ and has said that the objective of imparting learning is to shape young minds to have greater faith in the CCP.<sup>49</sup>

China has approximately 2,900 public colleges and universities, with the Tsinghua University and Peking University among the world's top 25 varsities.<sup>50</sup> There is a diminution of academic independence in the official memoranda of universities like Fudan, and patriotism and allegiance to the CCP are the new catchwords.<sup>51</sup> This may become a template for universities and even research institutes in the coming years. In 2019, the think tank Unirule Institute of Economics was shut down after a researcher criticised Xi in a widely read article.<sup>52</sup>

Since the student protests of 2014 in Hong Kong, academics whose loyalty quotient is questionable have had promotions blocked and people with close links to the CCP have been appointed to key posts in varsities to execute its agenda.<sup>53</sup>

Decreasing academic freedom, coupled with the crackdown following the protests in Hong Kong, means that the island is losing its status as a preferred destination for international students. The Chinese University of Hong Kong and University of Hong Kong have said there has been a "slight decrease" in student applications in 2020.<sup>54</sup>

According to Xi, "ideological and political work" are at the centre of university education.<sup>55</sup> But such meddling in the education sphere poses a key challenge to the CCP. Students are being perceived as an extension of China's sharp power, which denotes the use of manipulation to undermine institutions and limit free expression. In Australia, for instance, incidents of Chinese students keeping tabs on peers and academics for purported anti-China activity, and damaging textbooks that refer to Taiwan or Tibet have come to light.<sup>56</sup> Academics have also submitted a report to the Australian parliament alleging that Chinese students and scholars associations act as the "eyes and ears" of the CCP in the country's campuses and curtail academic freedom at varsities.<sup>57</sup> In the US, a Chinese student who was in a relationship with a defence

contractor who had served in the US Army was caught passing on information related to missile defences.<sup>58</sup>

The outcomes have been an inquiry by the Australian government to ascertain whether or not its anti-foreign interference laws have been flouted.<sup>59</sup> There is also pushback in the form of visa curbs against Chinese students pursuing academic disciplines in science and technology in the US.<sup>60</sup> And in the UK, Chinese postgraduate students will be barred from studying subjects that have a bearing on national security.<sup>61</sup> In the 2017-18 academic year, over 360,000 Chinese students were enrolled at US colleges, making it the largest contingent of international students in that country.<sup>62</sup> The UK is also a sought-after destination for Chinese students, with over 120,000 enrolled at UK varsities in 2018-2019.<sup>63</sup> Restrictions in the form of visa curbs and blacklisting of students will harm human capital formation—a key component of China's growth.

## **SOCIAL CHALLENGES**

### **The Environment**

At the United Nations Summit on Biodiversity in September 2020, Xi announced his big 'green' plan for China to become carbon neutral by 2060,<sup>64</sup> highlighting a significant challenge facing the CCP—currently, China's emissions outstrip those of the next top three countries in global emissions rankings (see Table 1).

**Table 1: Top Five Countries by Emissions**

<b>Green Under Threat</b>			
<b>Rank</b>	<b>Nation</b>	<b>Emissions (MTCO<sub>2</sub>)</b>	<b>Global Emissions (% in '17)</b>
1	China	9,839	27.2%
2	US	5,269	14.6%
3	India	2,467	6.8%
4	Russia	1,693	4.7%
5	Japan	1,205	3.3%

Source: World Economic Forum<sup>65</sup>

The issue of air pollution has been a legacy one, originating from Mao-era policies. Under the ‘Third Front’ policy, factories were relocated to the hinterland or precipitous terrain to shield them from a potential attack by foreign forces, resulting in emissions being trapped in the surrounding valley regions.<sup>66</sup>

The ‘Great Leap Forward’ also left wounds that continue to hurt. A study to gauge the rise in emission levels after 1957 revealed that in the Lanzhou industrial belt, paper, leather and chemical factories pumped 12,750 tonnes of toxic water each day into the Yellow River, the waters of which were used for irrigation, causing pollutants to be embedded deep into fertile soil.<sup>67</sup> Qu Geping, the former first chief of China’s environmental body, described the devastation: “There was extensive destruction of our nation’s environment...A lot of places were polluted by either smog, sewage or garbage.”<sup>68</sup>

In April 2014, a Ministry of Environmental Protection survey revealed that 16 percent of China’s land was contaminated with heavy

metals.<sup>69</sup> In the same year, the National Environmental Monitoring Centre randomly tested farms across the country and found that poisonous elements like arsenic, cadmium and mercury were present in nearly 25 percent of samples tested.<sup>70</sup>

China faces high rates of land degradation, deforestation and desertification. Around 25,89,988 square kilometre of land—or 25 percent of China's geographical area—has either become non-arable or is facing desertification.<sup>71</sup>

Additionally, in 2005, the Chinese Academy of Science put the cost of water contamination, air pollution and ecological ruin at 13.5 percent of the GDP.<sup>72</sup> And a 2015 study found that air pollution in the country killed over one million people prematurely each year.<sup>73</sup>

The issue of food security is also a cause for concern. Trade of kitchen essentials and grain dropped in some provinces after being found contaminated with mercury and cadmium.<sup>74</sup> Such incidents have reduced farm produce to the tune of 23 million tonnes annually, costing over US\$3 billion.<sup>75</sup> With 20 percent of the world's population to feed, China has barely 7 percent of the world's arable land. Experts predict that the country's self-sufficiency rate will decline in the long term.<sup>76</sup> This year alone, the price of pork meat in China rose by over 116 percent.<sup>77</sup> Shortly after his elevation to the CCP top post, Xi came down heavily on extravagant feasts at official banquets and has now encouraged the public to stop wasting food.<sup>78</sup>

The State Council (China's cabinet) is drawing a red line on food security. In September 2020, it decreed that farmland cannot be diverted for non-agricultural activities like construction and tourism.<sup>79</sup>

The desertification of land and resultant scarcity of water has caused largescale migration; in 2016 alone, over 3,00,000 people were driven to move out of their native towns.<sup>80</sup> Similarly, flooding in southern China in June 2020 displaced 700,000 people in nearly 26 provinces.<sup>81</sup> Studies reveal that the land ravaged by floods and the potential negative impacts have been increasing in China.<sup>82</sup> Such environmental issues are increasingly seen as a threat to the CCP's position.

### Poverty Alleviation

China's economic reforms have created a set of winners and losers. With the aim of making the country a "wealthy and prosperous society" by 2021, Xi has pledged to uplift residents of rural China living below the poverty line, even amid the COVID-19 pandemic.<sup>83</sup> Reducing income inequality remains a key challenge and will be a crucial metric for social stability in China. The task remains tough due to several domestic and international policy factors.

Between 2001-2012, planners stopped publishing China's Gini coefficient—an indicator of income inequality—citing insufficient data on high-income earners.<sup>84</sup> As many as 100 million Chinese people were counted among the world's top 10 percent of wealthiest people in 2019; in contrast, the US had 99 million.<sup>85</sup> In 2018, China had about 3,882,000 millionaires, with the figure rising to 4,040,000 in 2019.<sup>86</sup> The CCP is so sensitive about income inequality that it sought to expunge mention of it from Thomas Piketty's *Capital and Ideology*, despite Xi lauding Piketty's research on inequality in the US.<sup>87</sup> The CCP has pilloried the West for unequal wealth distribution, but in China, the top 1 percent of families have over 30 percent of its wealth, while the bottom 25 percent have just 1 percent of the wealth.<sup>88</sup>

This year, the Two Sessions—China's yearly legislative conclave, during which the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference deliberate over economic and public policies—departed from routine and did not set any GDP target for the first time in recent history.<sup>89</sup> The country's growth target may be clearer after the National People's Congress approves the blueprint for the 14th Five-Year Plan (2021-25) in 2021.

Data released during the Two Sessions revealed that around 40 percent of China's population received monthly wages of about 1,000 yuan (US\$141) in 2019 and the top 20 percent of households earned a monthly per capita income of 6,300 yuan (US\$899).<sup>90</sup> The COVID-19 pandemic may exacerbate the level of inequality, especially among low-income groups and migrant workers, and the World Bank has warned that the East Asian region may see a new class of people impoverished due to the pandemic.<sup>91</sup> But China's GDP expanded 4.9 percent year-on-year in the third quarter of 2020.<sup>92</sup>

Over 30 percent of Chinese households drawing yearly incomes between 10,000 yuan (US\$1,426) and 30,000 yuan (US\$4,278) expect their earnings to drop drastically in 2020, while only 11 percent with incomes around 200,000 yuan (\$28,500) and 13 percent earning around 1,000,000 yuan (\$185,000) show similar uncertainty.<sup>93</sup> The total value of lost wages from migrant workers in February and March, after many were unable to return from their home towns to jobs in the cities, is expected to total 800 billion yuan (US\$114 billion).<sup>94</sup>

The lack of employment avenues and rising inequality were among the issues that fuelled the student unrest that culminated in the 1989 Tiananmen Square Incident. Xi has talked up China's resilience, but has

counselled his countrymen to be patient as the economy may be in for turbulent times ahead.<sup>95</sup> Sino-US tensions have hobbled investment inflows, with investment by US firms in China between January and June 2020 dropping by 31 percent to US\$4.1 billion, the lowest in nearly a decade.<sup>96</sup>

The CCP is looking to tap into the people's revolutionary spirit in its strategy to help rural China make ends meet. It is eagerly promoting tourism to locations that have a connection to the party, such as Mao's home in the Jianxi province.<sup>97</sup> More than 33,000 monuments and places across the country have also been categorised as "revolutionary sites".<sup>98</sup> Pictures of smiling tourists in Red Army fatigues serve the twin purposes of kickstarting the hinterland economy and underscoring loyalty to the CCP in such uncertain times.

The policy of forced population transfers can also exacerbate poverty. Between 2016 and 2020, more than 50 million were moved from "unsuitable dwellings" into new accommodation.<sup>99</sup> CCP officials relocated the poor from their homes in remote regions to newly-built dwellings to exploit the cleared land bank for industry or real estate.<sup>100</sup> But the relocated population may have fewer livelihood opportunities that could see them sink into poverty.

Income disparity between the rural and urban populations also makes the CCP's task more challenging. Moreover, the policy measures adopted to reduce the income gap may create other divides. Rural migrants make a beeline to China's cities in search of a better life and opportunities. Xi has voiced apprehension that a growing urban population will be a tinderbox of sorts, and that efforts must be made to rejig the '*hukou*' laws.<sup>101</sup> The *hukou* household registry system demarcates rural and urban areas, and determines the kind of welfare benefits and public services that residents are entitled to. More than

200 million live in urban centres without having a local *hukou*, which restricts their access to public services.<sup>102</sup> In the bid to achieve the goal of creating 'urban centres of excellence' populated with highly skilled people and manage the aspirations of its rural folk, a new divide is emerging in China.<sup>103</sup>

This year, the Chinese government tweaked rules allowing cities with populations of less than 300,000 to confer migrant applicants with a local *hukou*.<sup>104</sup> In big cities like Beijing, a local *hukou* can be bagged under a points-based system, either by having a university degree, investing in a venture or purchasing a home. Over time, this will create exclusive pockets for the rich and educated, and others for rural migrants and the poor. Such segregation may have an impact on income equality and the standard of living for the poor and rural folk, especially at a time when China is making the domestic market a key driver of its economic strategy.<sup>105</sup>

## Rule of Law

Legal reform in China has been a major challenge for the CCP. Xi's key task has been to graft Western-style legal compliance on a traditional-minded Chinese society organically. This is also complicated by the status of the CCP as the 'first under the heaven,' which is not amenable to the law.

In a liberal democracy, legislation empowers an individual, stipulates norms for the conduct of citizens and demarcates powers of the various branches of government. In China, where the ruling party is the government, legal reform has been conceived to create a perception that it is empowering people. Xi envisions the role of the CCP and the government as limited to improving governance, maintaining market order and promoting shared prosperity. In reality, legal reform does not

constrain the CCP's prerogative to intervene in cases in which it has an interest. The use of 'lawfare' will continue in cases where the CCP senses a threat to its existence.

In the 1980s and 1990s, as economic reforms spurred a boom of consumer goods in China, a glut of substandard products flooded the market. In response, associations were formed in various parts of the country to make people aware of their rights as consumers and help them lodge complaints against manufacturers and service providers.<sup>106</sup> The associations saw a 90 percent success rate in obtaining payouts, but were funded and staffed by the government. In this way, the consumer rights movement was used to give the ordinary Chinese citizen a perception of empowerment.

In May 2020, China adopted the civil code, which will govern legal disputes related to contracts, property, inheritance, family and marriage.<sup>107</sup> Early attempts to draft a civil code came unstuck as the CCP did not want any law that could curb its power. Since the 1970s, work began on preparing a civil code with the purpose of aiding the creation of a market-oriented economy, but the efforts did not come to fruition due to the political atmosphere. Instead, a series of separate civil statutes were enacted with a view that these could be integrated into a unified one when conditions were right. The growth of online commerce in China has meant continual interaction with foreign parties, necessitating the development of a legal setup that responds to the needs of businesses.<sup>108</sup> The civil code is "expected to usher in rapid economic and social development" in China.<sup>109</sup>

According to Xi, "The rule of law not only requires an adequate legal framework, a perfect law-enforcement mechanism, and universal legal compliance but also needs fairness and justice to be realised".<sup>110</sup> China is also putting in place rules that underpin the commercial legal system in

the mainland with respect to intellectual property protection, cybersecurity and privacy.<sup>111</sup>

Confucianism has greatly influenced the concepts of jurisprudence in China. The philosophy mandated that the motivations of a State's act lie in its benevolent thinking. This can be evidenced from the way the national security law for Hong Kong was cleared in June 2020. Under the new law, Beijing gets to define an action as being unlawful.

The civil code will come into effect from January 2021. The challenges will begin when the 'rule by law' and 'rule of law' frameworks collide. Another worry is how the CCP's "strong-arm" tactics in exceptional cases will reconcile with the rule of law. A case in point is that of businessman Xiao Jianhua who disappeared from a Hong Kong hotel in 2017<sup>112</sup> and was later found in custody in the mainland. In July 2020, regulators seized Xiao's companies.<sup>113 114</sup>

There are some fears of state reprisal in case of adverse analysis by any media outlet of China's economy or a business corporation tied to a CCP member. How will companies react if the CCP leans on them to terminate the contracts of employees for airing their views on social media? Will regulations protect a company (a legal entity) in case relations between the promoter and the CCP sour?

## THE ROAD AHEAD

China's domestic policies are centred around elements that provide stability for the growth of its economy. Regime legitimacy is key to the foreign policy preferences of the CCP. The CCP's power longevity is based on China's economic transformation. With the COVID-19 pandemic threatening that record, China has resorted to adventurism in the Yellow, South and East China Seas and along its border with India.<sup>115</sup>

Power balance considerations have prompted a unified alliance by the West and by nations in China's neighbourhood against China. During the Quadrilateral grouping's foreign ministers' summit in October, US Secretary of State Michael Pompeo underscored the need for nations to protect itself from the CCP's "belligerence".<sup>116</sup> Soon, the Western-led Five Eyes intelligence alliance (comprising Australia, New Zealand, Canada, the UK and the US) may be augmented to bring Japan and South Korea on board.<sup>117</sup> Recently, the US undertook military exercises in the South China Sea—its first in nearly a decade.<sup>118</sup> Washington is beginning to warm up to Taipei, with senior Trump administration officials visiting (marking the first visit in nearly three decades)<sup>119</sup> and renewed arms sales,<sup>120</sup> and former US National Security Advisor John Bolton called for Taiwan's official recognition<sup>121</sup>—a move that would mean crossing the Rubicon on China.

In recent months, India has signed pacts to augment defence and economic engagement with Vietnam and Japan;<sup>122</sup> both countries are at the receiving end of China's aggressive behaviour in the South and East China seas.

Indeed, since the outbreak of the pandemic, uncertainty across the globe has endangered China's development; this appears to have become the leitmotif in Xi's public announcements. Xi seems to be preparing the Chinese people for potential consequences if the supply chains between China and the US continue to be cut off. Efforts are now being made to rally the Chinese people behind the CCP by ratcheting up anti-US rhetoric.<sup>123</sup>

China is at a unique point in history. The CCP has presided over the country for more than seven decades and is close to the shelf life of contemporary totalitarian parties. Xi is keen to learn from the experience of the Soviet Union, and is increasingly leveraging the mores

of the country's Confucian past to legitimise the rule of the CCP. Witnessing the horrors of one-person rule, Deng brought in a collective leadership in the form of institutions that would keep each other in check. Under the policy of segregating the party and government, Deng introduced the system of 'reds' and 'experts'—technocrats were roped in for specialised roles dealing with administration, while the Reds (CCP cadre) were given a leadership role. Under Xi, the Reds have had a greater say in China's economic management, especially in the private sector. But if things begin to fail, the CCP may not be able to insulate itself.

Deng had instituted a collective leadership for a reason—the lack of orderly political succession had been the main failing of the Communist system. For now, Xi has consolidated his power and seems in place to helm the centenary of the CCP's founding in 2021. It is likely that the CCP will then present a united front, and in the aftermath of the pandemic. Xi's current term ends in 2022 when the politburo retires. At that time, there may be pressure on the president to retire or to stay on in a non-executive-type of position. Xi's consolidation and removal of term limits on his tenure may have a bearing on political stability. Over time, factions opposing Xi may develop within the CCP, making a lunge for power at the opportune time. In case of Xi's death, there will be intrigue over his successor, much like after Mao's demise. Dissensions within the CCP in the event of Xi's passing may embolden a new leader to take up an adventurist posture in border disputes with neighbours, in the South China Sea or with Taiwan, which may heighten conflict with the US.

There is also the social issue involving China's unity. Over the years, minority faultlines have widened, the chasm between the Han-dominated CCP and Tibetans and Uyghurs have grown. Attempts to Sinicise ethnic groups or use Tibet and Xinjiang are potential causes of instability.

Xi has truncated the scope for academic freedom in hopes that the young Chinese do not threaten the CCP's writ. In the process, Hong Kong's brilliance as an education centre has been diminished. Deng leveraged China's youth for economic modernisation, while Xi does it to advance the CCP's agenda. This has led to a pushback in the form of visa curbs against students pursuing studies abroad in the sciences, hurting the nation's human capital advancement.

## CONCLUSION

The CCP faces a Catch-22: rapid economic development has bolstered its legitimacy but has come at the cost of the environment. The damage to habitats has also been compounded by feeble attempts at enforcing legislation as the promotion of provincial leaders depends on the region's economic performance. Land degradation that forces migration and displacement of its citizens is also a key challenge for the CCP.

The CCP draws its authority from ensuring economic growth, but that prosperity has created vast disparities. The pandemic has stoked fears of worsening conditions for China's underprivileged. Changes to the *hukou* household registry system are also creating a new divide among the rich and educated on the one hand, and rural migrants and the poor on the other. This may be a faultline in the future as such zoning rules could lead to exclusive enclaves for the rich and poor.

The passage of the civil code would make it seem that China is moving towards the 'rule of law'. Efforts are on to establish a more robust legal system for enterprises to make China more "predictable". But this appears to be more of an exercise to create the perception of an independent judiciary in non-political matters. The CCP will continue to ignore the law when it wants to.

Political reform, the aspirations of the poor and minorities, and environmental protection are the building blocks of China's future. How Xi proceeds on these will be key to China's stability and development. 

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