Domestic Institutional Challenges Facing China’s Leadership on the Eve of the 18th Party Congress

Andrew Mertha

Andrew Mertha is an Associate Professor of Chinese Politics in the Department of Government at Cornell University. He can be reached at <am847@cornell.edu>.

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EXECUTIVE SUMMARY

China’s institutional weaknesses, often misperceived as strengths, provide the principal challenges to the new, fifth-generation leadership and its ability to execute its policy preferences and meet the growing complexity of state and societal expectations.

MAIN ARGUMENT

Casual observers of China often interpret unexpected Chinese domestic and foreign policy behavior as a sign of China’s growing strength. But oftentimes the opposite is the case: such behavior is symptomatic of state weakness in the face of growing and increasingly complex demands. As China convenes its 18th Party Congress and the fifth generation of leaders led by Xi Jinping takes the helm, China faces a number of difficult challenges on multiple fronts. Although these issues can have far-reaching international implications, they are domestic in nature and require China’s leaders to adapt state institutions to growing demands from a diverse collection of actors within the state and in society. These challenges include the economic and political restructuring of center-local relations; management of military command and control; the creation of channels to satisfy societal expectations, particularly among the post-1989 generation; and a solution to the escalating crisis in Tibet.

POLICY IMPLICATIONS

• To establish realistic expectations of Chinese capabilities, policymakers should understand and appreciate the degree to which economics and politics have become fused in China.

• Policymakers should make it difficult for China (or the United States) to terminate military-to-military relations so that both states can engage in a long-term professional and mutually beneficial dialogue at pre-1989 levels.

• The West should avoid becoming an easy target for a negative variant of Chinese nationalism among the younger demographic by understanding and appreciating the breadth, depth, and dynamism of the Internet in China, instead of focusing on censorship and the “great firewall,” which are easily subverted by users in China.

• The acute Tibet issue differs now from the chronic problems of the past, and resolution of it is imperative for regional stability. A Chinese occupation scenario in Tibet after the passing of the fourteenth Dalai Lama will resemble a situation more akin to contemporary Afghanistan than, for example, postwar Japan.
In spring 1993, I arrived in Beijing after an absence of several months. I immediately noticed some dramatic changes in the landscape: there was virtually no pollution, the surrounding mountains were visible from downtown, light traffic moved at a steady clip, and even the highway dividers seemed to glisten in the bright sunlight. The credulous part of me took over, and I believed that Beijing had turned an important corner in confronting its pollution and traffic problems. I was later informed, however, that the International Olympic Committee was in town that same week to evaluate China’s Olympic Games bid and that Beijing had pulled the plug on factory emissions, ordered a traffic-rationing plan, given workers a holiday (as long as they remained indoors and off the street), and had even taken elementary schoolchildren on field trips to apply fresh white paint to the highway dividers in anticipation of the committee visit. Not for the first time or the last, I had been taken in by Beijing’s ability to stage-manage reality.

Until only a few months ago, it seems as if the world had settled into a similarly official-controlled narrative of China but on a grander scale: an orderly if opaque leadership transition at the 18th Chinese Communist Party (CCP) Congress slated for the fall, a moderate downturn in economic growth figures, a foreign policy promoting increased commercial engagement between China and the developing world, and a partial smoothing-over of tensions between China and the United States from a few years before. In China, this narrative was even more complacent and uncritical. In a widely read report by Kenneth Lieberthal and Wang Jisi, the latter summarized the conventional wisdom among Chinese foreign policy elites. According to Wang, not only had China disabused itself of the notion that the Washington consensus was infallible, but many Chinese intellectuals and even some leaders were also asserting that China provides an alternative politico-economic development model to the developing world:

It is a popular notion among Chinese political elites, including some national leaders, that China’s development model provides an alternative to Western democracy and experiences for other developing countries to learn from, while many developing countries that have introduced Western values and political systems are experiencing disorder and chaos. The China Model, or Beijing Consensus, features an all-powerful political leadership that effectively manages social and economic affairs, in sharp contrast to some countries where “color revolutions” typically have led to national disunity and Western infringement on their sovereign rights.¹

While such a sentiment may capture the current economic and political zeitgeist in the West, it almost recklessly ignores the tremendous domestic challenges China faces. After all, democracy is messy, and democratization even more so, but so is socialism, despite Beijing’s attempts to keep such untidiness out of view. In fact, this complacent self-image was shaken in spectacular fashion by the bizarre defection attempt and subsequent arrest of Wang Lijun in Chengdu in February 2012, leading up to the next month’s sacking of Chongqing party boss, “princeling,” and new leftist extraordinaire, Bo Xilai. Despite attempts to demonstrate that this was a peculiar case involving the idiosyncrasies of Bo and his colorful entourage, the case underscores the challenges faced by China’s new leadership by laying bare the simultaneous rigidity and fragmented nature of Chinese institutions as well as the dangers inherent in attempting to smooth over the growing complexity of demands on the state. The scandals also point to serious structural problems with which China’s leaders have been struggling behind closed doors that have now been brought into the open for the whole world to see.

Party congresses are often events in which major policy directions are cemented and future goals are articulated. The 14th Party Congress enshrined the current reform trajectory after the uncertainty in the wake of 1989, and the 15th Party Congress signaled Beijing’s attempt to finally confront the fundamental challenge of state-owned enterprise (SOE) reform. Alice Miller has argued that party congresses are important for three reasons: “they establish the party’s line in all major policy sectors…they have the authority to revise the party constitution…[and] they change the party’s top leadership itself.” In this essay, I will leave discussions of elite politics and party constitutions aside and focus instead on policy lines. I do so, however, from the perspective of domestic institutions and the challenges they present to the party on the eve of the 18th Party Congress. My intention is not to provide solutions or even suggest possible policy prescriptions; rather, I describe several areas I believe to be of absolute critical importance for China’s continued stability and growth.

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2 In early May, there was even speculation that the congress itself would be delayed, a prospect with grave symbolic and substantive significance. See Benjamin Kang Lim and Nick Edwards, “Exclusive: China Considers Delay of Key Party Congress: Sources,” Reuters, May 8, 2012, http://www.reuters.com/article/2012/05/08/us-china-politics-idUSBRE8470XI20120508.