

China's Political Transition:

A Balanced Assessment of its Problems and Promises

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Seldom in history has the attention of the world been so closely focused on political succession in the People's Republic of China (PRC) as it was during the 18th National Congress of the Chinese Communist Party (CCP) held last fall. The international community's strong interest in the event should not be surprising for four main reasons. First, this is the first CCP leadership transition taking place at a time when China has fully emerged as a global economic powerhouse. In China, as elsewhere in the world, new leadership often means new policies. The policies—be they monetary, trade, industrial, environmental, or energy related— of the incoming top leaders in China have the potential to make a major impact on the global economy.

Second, the significance of the leadership change in China goes well beyond the economic realm. As the PRC now carries more weight on the world stage, the Chinese government's handling of domestic political issues, from human rights and religious freedom to ethnic tensions and media censorship, is increasingly in the international spotlight. Foreign commentary and criticism, especially that which originates in the United States, is often interpreted in China as a US-led conspiracy to curtail China's rise. The Chinese leadership has therefore tended to adopt a nationalistic foreign policy toward the United States, other Western countries, and some neighboring countries with which it has territorial disputes. Whether China's new leadership will become more militant and confrontational in its foreign policy has become a central concern in the Asia-Pacific region, especially in the wake of recent tensions with Japan.

Third, there were several scandals and political crises on the eve of the 18th Party Congress last year, most notably the dramatic downfall of Bo Xilai, who was the former Party chief of Chongqing and a rising star in the top ranks of the CCP. These events exposed the deep flaws of China's political system. Although the CCP has been guilty of political repression and has made grave mistakes during its long rule, senior Party leaders have generally not been known for gangland-style murders. But now Bo's wife has been convicted of having plotted the murder of a British business associate while Bo's former lieutenant, the police chief of Chongqing, has also been found guilty of abusing his power. The public is left wondering: What expectations of impunity moved Bo to engage in the misdeeds, including obstruction of justice, alleged on his long charge sheet? The

astonishingly great amount of bribery in the case of the Bo family and also in the cases of other national and local leaders—e.g., recent cases involving former top officials in the Railways Ministry taking bribes totaling several billion U.S. dollars—has vividly portrayed to the world the unprecedented scale of official corruption. These scandals have profoundly undermined the legitimacy of CCP rule, thus constituting an overwhelming challenge for the new leadership. The sense of political uncertainty—and fear of disruptive social uprising in the world’s most populous country—is on the rise.

Finally, the importance of this once-in-a-decade generational transition of power is also reflected in the scale and scope of the leadership change. The three most important leadership bodies in the Party, government, and the military—namely, the Politburo Standing Committee (PSC), the State Council, and the Central Military Commission (CMC)—are all expected to undergo a membership turnover of about 70 percent, mainly due to the age requirement for retirement. The principal figures responsible for the country’s political and ideological affairs, economic and financial administration, foreign policy, public security, and military operations will now consist largely of newcomers. In Beijing, perhaps even more than in Washington, personnel *is* policy. To understand politics in China therefore requires examining various aspects of this leadership change, from the overall process and means of selection to the resulting factional balance of power.

As China’s new leaders have now been unveiled, we can begin to answer some important questions: Are there clear winners and losers? What are the main characteristics of the new leadership? In what ways do the newcomers differ from their predecessors? Will the formation of the new leadership provide insights into the inner workings of the Party and the potential friction between factions? What does this leadership succession tell us about the prospects and challenges for China’s political institutionalization, including the degree of political nepotism and patron-client ties? Can the identities of newly promoted leaders help us understand where China is headed in terms of economic policy, sociopolitical development, and foreign relations?

Empirically well-grounded, conceptually rigorous, and analytically balanced assessments about this political succession are very valuable to the United States. Misperceptions of China’s new leadership or narrow-minded judgment of the capacity, constraints, and intentions of top CCP leaders risk rendering our policies toward China ineffective. Like many other things happening in China, the Chinese leadership change is a paradox of fear and hope—a paradox of persisting problems and promising potential—for China, the United States, and the world.

Fear rears its head because the pluralistic thinking that is growing in China makes consensus building among the elite very difficult. Ideological disputes among the leaders apparently have become too divisive to reconcile. Controversy about personnel appointments, especially regarding the membership in the PSC, the top ruling body in the country, has become viciously contentious, causing serious concerns about elite cohesion and leadership unity. Much-needed political reforms may be delayed because leaders known for their advocacy for democratic change have failed to obtain seats on the PSC. Additionally, the imperative for public support may lead some political leaders to derive their popularity from a strong endorsement of Chinese militarism in foreign policies.

There is also hope. Compared to their predecessors, the newly promoted leaders are collectively more diverse in terms of their professional and political backgrounds, more weathered and adaptable due to their formative experiences during the Cultural Revolution, more experienced in economic administration, especially in running coastal cities, and more cosmopolitan in their worldviews and policy choices. The concentration of power enjoyed by Xi Jinping and his camp in the PSC may give him the sense of having a mandate to reduce the policy deadlock that often resulted from the bureaucratic infighting that characterized the Hu era. The Xi leadership may carry out bolder economic reform policies, including promoting the private sector and financial liberalization.

Negative Aspects of the Assessment

In his assessments of the Chinese economy over the past few years, Premier Wen Jiabao candidly used the four “un” words (“unstable, unbalanced, uncoordinated, and unsustainable”) to describe the challenging economic situation that the country confronts. In the same vein, one may adopt a different set of four “un” words—namely, “uncompleted, unbalanced, unpopular, and unsafe”—to characterize the top leadership formed at the 18th Party Congress and to explain why this leadership lineup has not lifted the nation’s spirits. These four descriptors of the new leadership are examined below.

Uncompleted

This leadership transition was expected to be a generational change of the top Chinese leadership—from the so-called fourth generation of leaders who were primarily born in the 1940s and completed their college education prior to the Cultural Revolution to the fifth generation of leaders who were by and large born in the 1950s and lived their formative years during the Cultural Revolution. Ironically, however, Xi Jinping and Li Keqiang were the youngest members of the Politburo Standing Committee that was formed at the 17th Party Congress over five years ago, and they are still the youngest members of the PSC that was selected at the 18th Party Congress five years later. Xi and Li are the only two leaders in the new PSC who were born in the 1950s. The average age of the 18th PSC is 63.4, which is older than the average age (62.3) of the 17th PSC. Five new members of the 18th PSC are roughly 3–5 years younger than outgoing top leaders Hu Jintao and Wen Jiabao.

In a sense, this was merely a leadership change from the fourth generation to the “fourth and a half” generation (a good metaphor would be the iPhone4S, not a full-fledged change but a transition between the iPhone4 and iPhone5). The incomplete nature of this leadership transition reveals the intensity of the power struggle at the top. It also reflects the strong desire for many senior leaders to stay in power—even if their victory came at the expense of the Party’s ability to present to the country a fresh new leadership team for the next decade.

Due to age limits, five of the seven members of the PSC will retire at the 19th Party Congress that will take place less than five years from now. This implies lengthy, constant, and excessive competition in the top leadership ranks. Apparently, the new

round of vicious fighting for seats of the PSC will begin much earlier than expected. It has perhaps already begun.

Unbalanced

The biggest surprise and potentially the most consequential development, however, is the factional imbalance that has emerged in the PSC. Although the CCP monopolizes power in China, the Party leadership is not monolithic. Two main political coalitions within the CPC leadership have been competing for power, influence, and control over policy initiatives since the late 1990s. This bifurcation—a dynamic structure of “one Party, two coalitions”—has created something approximating a mechanism of checks and balances in the decision-making process.

One of the two intra-Party camps in China is the “elitist coalition,” which emerged in the Jiang Zemin era. This coalition was previously headed by Jiang, and is currently led by new Party chief Xi Jinping. The core group of the elitist coalition consists mainly of princelings: leaders who come from families of either veteran revolutionaries or high-ranking officials (both Jiang and Xi are princelings). The other is the “populist coalition,” which was led by President Hu Jintao prior to the 18th Party Congress and is now headed by his protégé Li Keqiang. The core group of the populist coalition is the so-called *tuanpai*: leaders who advanced their political career primarily by way of the Chinese Communist Youth League, as did both Hu and Li.

Prior to the announcement of the composition of the new guard, many analysts both in China and abroad believed that the new leadership would continue to maintain the roughly equal balance of power between these two coalitions. Yet in the end, the Jiang camp won a landslide victory by obtaining six of the seven seats on the PSC while only one leader in the Hu camp—Li Keqiang, the premier designate—was able to keep a seat on this supreme decision-making body.

The factional balance of power now appears to be broken at the top. There were three eligible candidates (all of whom both served on the previous Politburo and met the age requirement) who failed to be elevated to the PSC at the 18th Party Congress—all were *tuanpai* leaders. These include the only woman candidate, State Councilor Liu Yandong, and two rising stars, former Guangdong Party chief Wang Yang and former head of the CCP Organization Department Li Yuanchao. All three, especially Wang and Li, are regarded as staunch advocates of political reform. This outcome is particularly startling when one considers the fact that Hu Jintao and his ally Wen Jiabao decisively expelled Bo Xilai, a notoriously ambitious princeling, from the Party on the charge of criminal conduct in early 2012.

What has caused this profound change in the power equation is not entirely clear, but two incidents may have played important roles. The first was the now well-known Ferrari crash that occurred in Beijing in March 2012, which killed the driver, who was the son of heavyweight *tuanpai* leader Ling Jihua, then director of the CCP General Office and Hu Jintao’s chief of staff. Ling was removed from his very powerful post a few months later due to the speculated cover-up of the incident and other “dirty tricks” he allegedly played in order to obtain a seat on the PSC. This episode severely damaged the authority and credibility that Hu Jintao wields within the leadership.

The second incident was the accusation that Premier Wen Jiabao's family is corrupt, as reported in the *New York Times* in October 2012. This accusation, though not verified, has effectively undermined the premier's reputation and his potentially strong support for the PSC membership of *tuanpai* leaders (such as Wang Yang and Li Yuanchao) who are like-minded with Wen in terms of calling for political reforms in China. Wen was forced to fall largely silent during the most crucial period of the leadership succession.

Unpopular

The exclusion of Wang Yang and Li Yuanchao from the new PSC could greatly damage the CCP leadership's efforts to obtain public support. Both Wang and Li are popular among the Chinese public. During his tenure as Party chief of Guangdong, Wang Yang frequently used the phrase "thought emancipation" to urge local officials to break free of ideological and political taboos. His input regarding the political experiments of local elections, his support for a more open media, and his liberal approach to handling the villagers' protests in Wukan in the fall of 2011, all earned him a well-deserved reputation as a down-to-earth and forward-looking leader.

As for Li, an instrumental voice supporting the rule of law, governmental accountability, and intra-Party democracy, he has many supporters, especially among liberal intellectuals. He has also played a crucial role in recruiting foreign-educated returnees and promoting college graduates who work as village cadres. The latter represents one of the largest volunteer movements in present-day China.

In contrast, none of the seven members of the PSC has been known, at least until now, for advocating for political reforms. What is even more troubling is the fact that princelings have dominated the pivotal power ranks. In fact, the number of princelings in both the top civilian and military leadership bodies is unprecedentedly high, including four of the seven PSC members (57 percent) and four of the eleven CMC members (36 percent). In both organizations, the percentage of princelings is double that of the previous congress.

It has been widely noted that large numbers of prominent Party leaders and families have used their political power to convert state assets into their own private wealth. The unprecedentedly strong presence of princelings in the new PSC is likely to reinforce public resentment of how power and wealth continue to converge in China. The public is also resentful of the fact that a large number of senior leaders' family members possess great wealth and often live, work, or study in the United States and other Western countries.

In several recent speeches since becoming Party chief, Xi Jinping claimed that his administration's top priority is to increase fairness and equality and to crack down on corruption. The Chinese public generally hears these words with skepticism. What the public sees is that princelings dominate the country's highest levels of power and the families of some of the top leaders control the most lucrative businesses in the country. As a result, the credibility of the new leadership as a whole will likely be significantly undermined.

Unsafe

The above factors—the uncompleted nature of the generational transition of power, the unbalanced factional composition, and the unpopular concentration of power by princelings—all come together to generate a sense that the political environment is unsafe. The constant and increasingly intense political competition for the top leadership posts may undermine effective governance. If the two coalitions do not remain in balance, the defeated faction could become less cooperative. It could, for instance, use its political resources and socioeconomic constituencies to engage in a more vicious power struggle and could even risk splitting the Party. Public resentment against official corruption, nepotism, and especially the dominance of power and wealth by several “big families” or “red nobilities” further weakens the legitimacy of the political system, threatening the stability of the country at large.

The biggest challenge to CCP rule likely comes from forces internal rather than external to the Party. This makes the above discussion of potential problems within the leadership critically important. Yet, this discussion should be closely linked to the tensions in Chinese society and the imminent danger of social uprising. China’s official data reveal that there are roughly 180,000 mass protests annually, or about 500 incidents per day. According to the official media in China, these protests have become increasingly violent in recent years, especially in ethnic minority regions.

On the domestic front, the regime has been beset by growing economic disparities, social dislocation, repeated industrial and environmental disasters, food safety problems, public health crises, and a manual labor shortage in some coastal cities that coincides with high unemployment rates for college graduates. In recent years, the property bubble, inflation, and the monopolies and meteoric growth of state-owned enterprises (at the expense of the private sector) have signaled that there is an urgent need for fundamental changes to China’s economic growth model. Foreign policy challenges have also become more acute as the PRC confronts an unstable and increasingly complicated external environment. Ultra-nationalistic sentiment seems to have gained much momentum, reverberating increasingly loudly in this era of teleconnectivity.

The scenario of abrupt bottom-up revolution has recently generated much discussion within China. One of the most popular books in elite circles today is the Chinese translation of Alexis de Tocqueville’s 1856 classic *The Old Regime and the Revolution*. Senior leaders of the CCP (most noticeably Li Keqiang and new PSC member of Wang Qishan) were reported to have strongly recommended that officials read the book. In speeches given after becoming CCP General Secretary, Xi warned that the Party and the country could collapse if the leadership failed to seize the opportunity to reform and improve governance.

Positive Aspects of the Assessment

Despite the above negative aspects, there are at the same time some important positive trends in Chinese elite politics. Despite all the problems in the formation of this new leadership prior to the 18th Party Congress, one should not overlook the fact that this political succession was overall another orderly, peaceful, and institutionalized power

transition. The members of the new PSC are perhaps hesitant to pursue much needed political reforms, but as a result they may be more inclined to accelerate economic reforms. Such policies would gain them support from the public, especially from the middle class. The concentration of power that Xi and his team now possess may prevent the policy deadlock that often plagued the country during Hu's leadership, thus leading to improved governance and better implementation of major socioeconomic policies. The first two months of Xi's tenure as a new Party chief have shown promise toward establishing a more accountable leadership.

Institutional Mechanisms in Elite Selection

Some institutional mechanisms have been enduring and effective. The leadership change at the 18th Party Congress primarily followed the rules and norms regarding age limits, and all members and alternates of the previous Central Committee who were born in or before 1944 no longer serve on the new Central Committee. As expected, 71 percent of the PSC, 70 percent of military members of the CMC, and 70 percent of the incoming executive committee of the State Council are newcomers.

The turnover rates in other important leadership organs selected at the congress are also remarkably high: 64 percent of the Central Committee (the leadership body made up of the most important national, provincial, and military leaders in the country), 77 percent of the Central Commission for Discipline Inspection (the country's top anti-corruption agency), and 86 percent of the Secretariat (the crucial CCP organ that handles daily administrative affairs of the country, decides top leaders' activities, and sets the agenda before major meetings).

As with previous Party congresses, the Chinese leadership employed a method of multi-candidate election for the Central Committee known as a "more candidates than seats"-style election (*cha'e xuanju*). At the election for full members of the Central Committee, 2,270 delegates of the congress chose 205 full members from the 224 candidates on the ballot (i.e., 9.3 percent were eliminated). Similarly, in the election for alternate members of the Central Committee, 171 leaders were elected from a candidate pool of 190 (for an elimination rate of 11.1 percent).

Those eliminated included prominent figures such as Minister of Commerce Chen Deming (who some in China thought had been a contender for the Politburo), Shanghai Executive Vice Mayor Yang Xiong (who was later appointed to be Shanghai Mayor), and Ma Wen, head of the Ministry of Supervision, the body that monitors government officials (who was one of the most influential female leaders in the country). Minister of Finance Xie Xuren, Minister of the National Development and Reform Commission Zhang Ping, and top military official Zhang Qingsheng were not elected to the new Central Committee, even though they are all of eligible age.

In addition, full memberships were distributed evenly across the provinces, government ministries, CCP departments, and military organizations. For example, the norm that each province has two full membership seats was adhered to (although some members were assigned to another province or to the national leadership soon after the congress).

Instead of following the practice of his predecessor Jiang, who retained the chairmanship of the CMC for two years following the last succession, Hu Jintao gave up this military position during this leadership transition. By surrendering the post of commander-in-chief to Xi, Hu strengthened not only the norm of an institutionalized and undivided political succession but also the relationship among the Party, state, and army. It is too early to assess the larger impact of this move, however, because the earlier-than-expected military power handover will need to be evaluated in the context and complexity of China's military tensions with its neighboring countries.

Most of these institutional rules and norms are not new. Many important institutional measures adopted at the 18th Party Congress were first used either at the 13th Party Congress in 1987 or the 15th Party Congress in 1997. As early as 1987, the Party had adopted the "more candidates than seats"-style election for the Central Committee. The scope and scale of open competition in terms of the percentage of candidates eliminated have not increased significantly over the past 25 years. There appears to have been no intra-Party multiple-candidate elections for the Politburo and PSC. These leaders are still selected the old-fashioned way: through behind-the-scenes deal-making, a process that retired leaders still influence heavily.

The dominance of Jiang's men in the new PSC does not necessarily mean that now the winner again takes all in Chinese elite politics. It should be noted that Hu's protégés are still well represented in other important leadership bodies. Although the Jiang camp has dominated the new PSC, the balance between the two camps in the 25-member Politburo, the Secretariat, and the CMC have largely remained intact. In fact, many *tuanpai* leaders have made it into the new 376-member Central Committee. My research indicates that *tuanpai* leaders now occupy 96 seats in the new Central Committee, constituting 25.5 percent of this very crucial decision-making body. This is a steep uptick when compared with the *tuanpai*'s 86 seats in the previous 371-member Central Committee (23.2 percent).

Prominent *tuanpai* leaders such as the aforementioned Li Yuanchao and Wang Yang will still meet the age requirement for the next PSC in five years. Li and Wang will likely serve as PRC Vice President and Vice Premier after the National People's Congress (NPC) meeting in March, respectively, and thus may continue to have their own political platform. If the "one Party, two coalitions" dynamic is a new experiment in Chinese elite politics, the CCP may also experiment with a new mechanism of "factional rotation" (*paixi lunhuan*). This may explain why the Hu camp quietly acquiesced to its own political Waterloo in the latest leadership succession.

Capable Economic Reformers

The new top leadership seems to be very capable on the economic front and most—or perhaps all—members of the PSC are known for their strong support for market reform. Six of them have had substantial leadership experience serving as Party chiefs at the province level. Four princeling leaders on the PSC—Xi Jinping, Zhang Dejiang, Yu Zhengsheng, and Wang Qishan—all have decades of experience and high levels of competence in economic and financial affairs. In spite of—or because of—their weaknesses and liabilities in terms of fundamental political reforms, the new leaders will likely opt for bolder and more aggressive economic reforms to lift public confidence.

Xi has long been known for a market-friendly approach to economic development that is welcomed by both domestic and foreign businesses alike. Xi's leadership experience running Fujian, Zhejiang, and Shanghai, three economically-advanced regions in the country, has prepared him well to pursue policies promoting the development of the private sector, foreign investment and trade, and the liberalization of China's financial system—all of which experienced serious setbacks in recent years under the previous administration. Xi's first domestic trip after becoming the party secretary general was to Shenzhen, the point of origin for Deng Xiaoping's "reform and opening" policy in the late 1970s. China's stock market, after two years' of sluggishness, rebounded very strongly after Xi's symbolic trip.

Another good example of effective leadership is Wang Qishan, the newly appointed anti-corruption tsar. Over the past few years Wang has served as a principal convener for China in the Sino-U.S. Strategic and Economic Dialogue. Wang, whose nickname is "the chief of the fire brigade," is arguably the most competent policy maker in economic and financial affairs in the Chinese leadership. The Chinese public regards Wang as a leader who is capable and trustworthy during times of emergency or crisis, whether it be China's response to the 1997 Asian financial crisis, the 2003 Severe Acute Respiratory Syndrome (SARS) epidemic, or China's ongoing rampant official corruption.

The coming economic reforms will probably center on revitalizing the private sector and expanding the middle class. The leadership will likely alter the current "strong state sector, weak private sector" environment by adopting policies such as tax cuts, more loans to private small and medium enterprises (SMEs), and more preferential policies to the services sector. A richer and larger middle class in China would also help to stimulate domestic consumption, the next main driver of China's economic growth. According to the Work Report delivered at the 18th Party Congress, the new leaders will allow for fair competition in all industries except for those that are associated with national defense (e.g., military-related industries and telecommunication).

The promotion of the private sector and the acceleration of market reform will inevitably undermine the vested interest of monopolized state-owned enterprises (SOEs), which have strong ties with political leaders, especially princelings. In the wake of rampant official corruption and going public resentment, CCP leaders must make a choice between, on the one hand, surrendering some existing interests in order to stay in power and revitalize the economy, or confronting a bottom-up revolution, on the other. This choice should not be difficult to make.

Some Chinese analysts argue that princeling leaders, given their privileged backgrounds, have more political capital and resources than their predecessors Hu Jintao and Wen Jiabao (who came from humble family backgrounds) in terms of running the Chinese economy, controlling SOEs, and coordinating various governmental agencies. The central question, however, is whether Xi and the princeling-dominated PSC can achieve sustainable economic development without pursuing systemic political reform. Can China really adopt an innovation-driven economy while the country's political system remains as it is?

Xi's Momentum and Ultimate Choice

China's much needed political reforms include several important components, including intra-Party democracy, local elections, the rule of law (especially judicial independence), media supervision and openness, government accountability and transparency, and the role of civil society. One may argue quite reasonably that all of these components are inherently interrelated and ultimately tend to reinforce each other. But this does not necessarily mean that Chinese political reformers should pursue all of them simultaneously without a well-planned strategy and set of priorities. As noted above, the new PSC is politically conservative, but Xi and his team—whether by choice or by necessity—may still pursue some degree of political change.

During his first two to three months as Party chief, Xi has made some important moves. Chinese legal professionals and especially liberal intellectuals have applauded the speech Xi gave on the 30th anniversary of the Constitution Amendment. In his remarks he emphasized the supreme power of the Constitution, which is the imperative for rule of law in China. Xi's eight-point regulations for Party leaders and his call for stronger measures to crackdown on official corruption, particularly his recent remarks that "power must be put in the cage of regulations," have resonated very well with the general public.

These calls are certainly not pure lip service. The elimination of two of the PSC's functional posts (the police czar and the propaganda czar) at the 18th Party Congress was a positive development in the structural change of the Chinese political system. Another move in the right direction was the official decision made early this year to end the forced labor camps (known as *laogai*), an unlawful practice that had tarnished China's criminal justice system for far too long. Though the Chinese public is still cynical about the real objectives of the new anti-corruption measures, Xi's recently proposed regulations and Wang Qishan's tough stand on corruption have already changed official behavior. Purchases of luxury houses and cars have declined and VIP rooms in Macao's casinos have witnessed far fewer visits by CCP elites.

It is important to point out that some of Xi's words and deeds have also pleased China's left-wing intellectuals and ultra-nationalists. Xi's favorable comments regarding the Mao era, his uncompromising stand on territorial disputes, and particularly his call to prepare for a war with Japan are worrisome for many both in China and abroad. At this point, both liberal and left-wing intellectuals still have high expectations for Xi. Party leaders, regardless of their factional affiliation, by and large want to unite under the new boss in Zhongnanhai, especially in the wake of the headline-grabbing crises and scandals that have captured the world's attention and severely damaged the legitimacy of the CCP.

Because the country faces so many daunting challenges, however, this broadly shared expectation and enthusiasm for reform in China cannot last for long. Like elsewhere in the world, the honeymoon period for new state leaders is short-lived, and leaders are always forced to make many tough political decisions. In Xi's case, many of the tough decisions must address the pressing social, economic, demographic, and environmental challenges that China now faces.

Some Chinese public intellectuals explicitly regard Xi as mainland China's Chiang Ching-kuo. As the son of Generalissimo Chiang Kai-shek, Chiang Ching-kuo was

a princeling who was a political conservative for most of his career. Chiang Ching-kuo surprised many in the mid-1980s, however, with his bold and historical move to lift the ban on opposition parties and media censorship in Taiwan, initiating the island's transition from authoritarianism to democracy. Xi Jinping faces similar opportunities and constraints, and only time will reveal how he perceives his mandate in this rapidly changing country.

Policy Recommendations for the United States

China's economic power, political uncertainty, social dynamics, and military tensions with its neighboring countries constitute a complicated challenge to the United States. Our assessment of and approach to China at this critical juncture of global economic development and regional security should be cautious, multi-faceted, and forward-looking. We need to pursue several crucial and delicate balances.

- We must avoid hewing to conventional, old-fashioned perceptions of this rapidly changing country, taking special care to steer clear of dogmatic cynicism, on the one hand, and ill-grounded optimism or wishful thinking on the other.
- We need to be fully aware of the new institutional norms and rapidly changing rules of the game in Chinese elite politics. But at the same time, we cannot allow ourselves to be led astray by superficial phenomena or CCP propaganda.
- We should be sensitive to Chinese factional politics, but not prematurely choose a side. We should be aware that Chinese political conservatives have the potential to be strong economic reformers.
- We should fully engage with the Chinese civilian and military leadership, focusing on the cultivation of a deeper relationship with Xi Jinping and his new leadership team. At the same time, we should reach out to the Chinese public, clearly expressing America's firm commitment to democracy, human rights, media freedom, and the rule of law, all of which the United States holds as fundamental to the long-term stability of any country.
- We should openly articulate to the Chinese people the longstanding goodwill that the United States extends to the Chinese people and our understanding of their national and historical sentiment. At the same time, we should consistently exert influence on our allies and partners in the Asia-Pacific region (including China) to prevent the use of force by any party.

Note:

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