

**HEARING ON CCP DECISION-MAKING AND THE 20TH
PARTY CONGRESS**

**HEARING
BEFORE THE
U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

ONE HUNDRED SEVENTEENTH CONGRESS
SECOND SESSION**

THURSDAY, JANUARY 27, 2022

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**UNITED STATES-CHINA ECONOMIC AND SECURITY REVIEW
COMMISSION**

WASHINGTON: 2022

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CONTENTS

THURSDAY, JANUARY 27, 2022

HEARING ON CCP DECISION-MAKING AND THE 20TH PARTY CONGRESS

Opening Comments of Commissioner Derek Scissors (Hearing Co-Chair).....	1
Opening Comments of Chairman Carolyn Bartholomew.....	2
Opening Statement of Commissioner Derek Scissors (Hearing Co-Chair)	3
Opening Statement of Commissioner Jeffery Fiedler (Hearing Co-Chair)	4
Prepared Statement.....	6

Panel I: Elite Politics in China and the 20th Party Congress

Panel I Introduction by Commissioner Jeffrey Fiedler (Hearing Co-Chair)	7
Statement of Joseph Fewsmith Professor of International Relations and Political Science, Boston University.....	8
Prepared Statement.....	11
Statement of Jessica Teets Associate Professor of Political Science, Middlebury College.....	18
Prepared Statement.....	21
Statement of Neil Thomas Analyst, China and Northeast Asia, Eurasia Group	26
Prepared Statement.....	29
Panel I: Question and Answer.....	62

Panel II: Economic Policy Decision-Making

Panel II Introduction by Commissioner Derek Scissors (Hearing Co-Chair)	81
Statement of Victor Shih Associate Professor of Political Economy and Ho Miu Lam Chair in China and Pacific Relations, University of California San Diego.....	82
Prepared Statement.....	85
Statement of Nis Grünberg Lead Analyst, Mercator Institute for China Studies.....	93
Prepared Statement.....	97

Statement of Yuen Yuen Ang	
Associate Professor, University of Michigan.....	107
Prepared Statement.....	110
Panel II: Question and Answer	118

Panel III: Foreign Policy and National Security Decision-Making

Panel III Introduction by Commissioner Jeffrey Fiedler	
(Hearing Co-Chair)	135
Statement of Yun Sun	
Senior Fellow and Co-Director East Asia Program, Director, China Program, Stimson Center	136
Prepared Statement.....	139
Statement of James Mulvenon	
Director, Center for Intelligence, Research and Analysis (CIRS), SOSi.....	154
Prepared Statement.....	157
Statement of Joel Wuthnow	
Senior Research Fellow Center for the Study of Chinese Military Affairs at the Institute for National Strategic Studies, National Defense University.....	187
Prepared Statement.....	190
Statement of Roderick Lee	
Research Director, U.S. Air Force, China Aerospace Studies Institute	202
Prepared Statement.....	205
Panel III: Question and Answer	220

Statements for the Record

Statement of Alex He	
Research Fellow, Centre for International Governance Innovation (CIGI).....	242
Statement of Jean-Pierre Cabestan	
Senior Researcher, French National Center for Scientific Research, Paris, France; Research Professor of Political Science, Hong Kong Baptist University	257

**CCP DECISION-MAKING AND THE 20TH
PARTY CONGRESS THURSDAY, JANUARY 27,
2022**

U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

Washington, D.C.

The Commission met in Room 430 of Dirksen Senate Office Building, Washington, DC and via videoconference at 9:30 a.m., Commissioner Derek Scissors and Commissioner Jeffrey Fiedler (Hearing Co-Chairs) presiding.

**OPENING COMMENTS OF COMMISSIONER DEREK SCISSORS
HEARING CO-CHAIR**

COMMISSIONER SCISSORS: Welcome to the first hearing of the U.S.-China Economic and Security Review Commission's 2022 report cycle.

My name is Derek Scissors. For the first item of business, I turn the floor over to Commissioner and Chairman of the Commission, Carolyn Bartholomew.

OPENING COMMENTS OF CHAIRMAN CAROLYN BARTHOLOMEW

CHAIRMAN BARTHOLOMEW: Thank you very much. I just wanted to join you, Derek and Jeff, in welcoming everybody to the first hearing of our 2022 annual report cycle. I wanted to particularly welcome two new commissioners, Dr. Aaron Friedberg and the Hon. Randall Schriver, who are joining us. Randy will be joining us a little bit later today, but we wanted to give a warm welcome to them as they get inaugurated into the way we do things here on the Commission.

With that, thank you, Jeff, thank you, Derek, for the work that you've put into putting together this hearing, and I'll turn it back over to you.

OPENING STATEMENT OF COMMISSIONER DEREK SCISSORS HEARING CO-CHAIR

COMMISSIONER SCISSORS: Thank you, Carolyn. Also welcome to Aaron and when he gets here, Randy. They were just sworn in a few days ago so it's been a little bit of a rush. Glad to have you.

With regard to the hearing itself, I thank SFRC Chairman Menendez and ranking member Risch for allowing us the Committee's hearing room, staff members Emma Jensen and Callahan Stoub -- I'm still struggling with that pronunciation, I apologize -- for their assistance.

I thank the Senate recording studio staff, Karl Jackson and Scott Mead, in particular, for their assistance in live streaming this event.

And finally I want to give an extra thanks to Sierra Janik and Kaj Malden for their work in making this hearing possible. They've done a lot of it through vacation and all the screw-ups that I engage in here are my own.

One brief substantive comment before we move down the list of Commissioners and I turn it over to Jeff, nearly 10 years ago, Xi Jinping took his new position as General Secretary of the Communist Party. Many foreign observers, including in the U.S. government at the time, badly misunderstood what that meant. I won't go into detail, but you can imagine.

Now we expect Xi Jinping to stay in power, and we think we have a decent understanding of what that means. I am not as sure that we do. There are many things that we don't know. But I would like this hearing to contribute to the compilation and analysis of things we do know so that we start off better prepared for the next 10 years than I think we were for the last 10.

With that warm thought, I welcome our witnesses live and virtual. And as we hold this hearing in a hybrid format, I really appreciate your flexibility in participating.

I now turn the floor over to my colleague and co-chair today, Jeff Fiedler.

OPENING STATEMENT OF COMMISSIONER JEFFREY FIEDLER HEARING CO-CHAIR

COMMISSIONER FIEDLER: Thank you, Derek. I would like to thank our witnesses for joining us today.

Decisions made in China affect every American, yet the decision making process there is opaque and largely the subject of speculation. Today's hearing seeks to better understand how decisions are made within the Chinese Communist Party whose officials control the country.

The answers we seek are not simplistic, and we understand that it is not possible to eliminate speculation. But the Congress needs a better understanding of decision-making in China as it seeks to fashion legislation in response to the challenges America faces.

The 20th Party Congress, which will be held later this year, will create a new set of decision-makers under the domination of Xi Jinping, the leader now and likely for the foreseeable future.

Before we begin, I would like to remind you that all testimonies and transcripts from today's hearing will be posted to our website, uscc.gov.

Please mark your calendars also for the Commission's upcoming hearing on China's cyber capabilities, which will be on February 17.

**PREPARED STATEMENT OF COMMISSIONER JEFFREY FIEDLER
HEARING CO-CHAIR**



Hearing on “CCP Decision-Making and the 20th Party Congress”

Opening Statement of Commissioner Jeffrey Fiedler

January 27, 2022

Washington, DC

Thank you, Commissioner Scissors, and good morning everyone. Welcome to the first hearing of the U.S.-China Economic and Security Review Commission’s 2021 Annual Report cycle. I would like to thank our witnesses for joining us today and for the effort they have put into their testimony.

Decisions made in China affect every American, yet the decision-making process there is opaque and largely the subject of speculation.

Today’s hearing seeks to better understand how decisions are made within the Chinese Communist Party, whose officials control the country. The answers we seek are not simplistic and we understand it is not possible to eliminate speculation, but the Congress needs a better understanding of decision-making in China as it seeks to fashion legislation in response to the challenges America faces.

The 20th Party Congress, which will be held late this year, will create a new set of decision-makers under the domination of Xi Jinping, the leader now and likely for the foreseeable future.

Before we begin, I would like to remind you all that the testimonies and transcript from today’s hearing will be posted on our website. Please also mark your calendars for the Commission’s upcoming hearing on China’s cyber capabilities, which will be on February 17.

We’ll now begin today’s hearing with our first panel, which will examine leadership dynamics within the Chinese Communist Party, key political institutions, and the forthcoming 20th Party Congress.

PANEL I INTRODUCTION BY COMMISSIONER JEFFREY FIEDLER

COMMISSIONER FIEDLER: We will now begin with our first panel, which will examine the leadership dynamics within China's Communist Party and the rules and norms that shape its composition and governing style. The Panel will also preview the upcoming 20th Party Congress.

We'll start off with Joseph Fewsmith, Professor of International Relations and Political Science at Boston University. Then he'll be followed by Jessica Teets, Associate Professor of Political Science at Middlebury College. And finally we'll hear from Neil Thomas, analyst for China and Northeast Asia at the Eurasia Group.

Thank you very much for your testimony. And I will remind you that you have seven minutes for your remarks. Your written testimony will be entered into the record. And we will have five minutes of questioning by each of the Commissioners. So, we have a schedule to keep. And I will try to keep us on that schedule. So, Dr. Fewsmith, we will start with you.

OPENING STATEMENT OF JOSEPH FEWSMITH, PROFESSOR OF POLITICAL SCIENCE, BOSTON UNIVERSITY

DR. FEWSMITH: Thank you very much, Commissioner Fiedler. In the brief time that I have here, I would like to address three basic issues. One is the structure of the Chinese Communist Party, two, the issue of factionalism, and three, the issue of institutionalization.

First, on the structure of the Chinese Communist Party, it is a hierarchical party structured along Leninist lines, meaning that it follows democratic centralism. This structure gives a preeminent leader very considerable power. Over time, however, the force of ideology in China waned and corruption set in.

Xi Jinping has in some ways taken advantage of those trends to consolidate his own power by launching a vigorous campaign against corruption and by strengthening ideological control.

Xi Jinping also added two important leadership small groups, the Central Commission on the Comprehensive Deepening of Reform and the National Security Commission.

Together, the campaign against corruption and the creation of these two commissions have further centralized power.

I hasten to add that one has to be cautious in talking about the decision-making process because the process really does take place in a black box. But judging by the various speeches of Xi Jinping, it appears that he draws on a narrower range of opinion than did his predecessors. Xi seems to have very firm views on a range of issues including the role of the Party, the need for unity within the Party, and the need for discipline. Some of his emphases on unity seem (audio interference) a degree of insecurity in his own control of the Party.

Second, because each new leader must consolidate power by appointing trusted followers to critical positions, there's an inevitable tendency toward factionalism. Jiang Zemin was extremely effective in placing his followers in important positions, so effective that we still see Xi Jinping weeding out Jiang Zemin's followers 20 years after Jiang stepped away as General Secretary of the Party.

The most recent case was in the news just a couple of weeks ago when an official by the name of Sun Lijun, a former Vice Minister of Public Security, confessed to corruption and to being in and a part of a so-called political group.

Sun, whose name you may not be familiar with, had served as a Secretary to Meng Jianzhu, who is former Minister of Public Security and then later head of the Politics and Legal Commission. And Meng was a clear member of the Jiang Zemin network.

So, these informal networks can exert influence long after (audio interference) group leaves the scene. It appears from Sun's arrest that Xi Jinping is continuing his purge of officials related to Jiang Zemin and, in this case, to gain more complete control over the Ministry of Public Security.

What is perhaps surprising is that even after Xi Jinping has been in power for 10 years and purged many leaders, he still feels that his control is insufficient. I do not mean to imply that there is a robust opposition to Xi Jinping although there are no doubt many people unhappy with his leadership.

All indications are that Xi will win these factional battles and start a third term as General Secretary this fall. But China is a big place, and it's not easy to consolidate power.

This leads me to my third topic, institutionalization or the lack thereof in China. Many people have argued that the Chinese political system has become more institutionalized over

time. It has not.

As Xi's efforts to purge opponents and appoint allies shows, China is still a highly personalized system. Each new leader must build his own power, and he cannot pass it on to his successor.

When Wang Huning, now a Politburo Standing Committee member, was still a young professor at Fudan University, he visited the United States in 1989. Although he had many negative observations of the United States, he was deeply impressed by how one administration gave way peacefully to another.

At the time, H.W. Bush was succeeding Ronald Reagan as President. And Wang wrote with considerable admiration of the inauguration ceremony and how when his term as President was over, Ronald Reagan simply retired.

As Wang wrote at the time, the transfer of political power is one of the most difficult things to solve in human political life. Many societies have not developed a sound procedure on this issue, which has become a cause of political instability.

The important thing about the oath of office of the President is not that the new President has power but that the old President thus loses power and is relieved of his duties. And Wang is now, of course, standing by the side of Xi Jinping, who will not give way and continue on for a third term. One would love to be able to interview Wang Huning on this evolution of events.

In any case, I think this leads me back to point one above that China is a Leninist system which has failed to institutionalize succession, which has led to a personalization of power and to factions. Whether or not this leads to political instability remains to be seen.

And on that note, I think I will defer to Jessica.

**PREPARED STATEMENT OF JOSEPH FEWSMITH, PROFESSOR OF POLITICAL
SCIENCE, BOSTON UNIVERSITY**

January 27, 2022

Joseph Fewsmith

Professor, Pardee School of Global Studies, Boston University

Testimony before the U.S.-China Economic and Security Review Commission
Hearing on “CCP Decision-Making and the 20th Party Congress”

I have been asked to make some comments about China’s leadership, and it is a pleasure to do so. I have been asked to address some specific questions, but I think it will be easier to do so if I first make some general comments about the Chinese political system.

I approach the analysis of elite politics in China is through the lens of a Leninism. Often we generalize more broadly calling China’s system “authoritarian,” which it is, but authoritarianism is a broader term. Often it implies a system based on personal relations – often called patron-client relations – rather than organizational structures. China’s system is based on organizational structure, though personal relations are very important. But the Leninist system tends to structure relations.

One way in which it structures elite relations is by limiting the number of positions at the top of the system and the number of contenders for those positions. When looking at authoritarian systems in general we tend to see that the elite – the “inner circle” of the leadership – tends to be less structured, who gets into that inner circle and how many get included is usually fairly informal. It is based who has power and therefore needs to be included; in China, as in other Leninist systems, the top of the system is circumscribed by the number of people on the Politburo (usually around 25) and the number on the Politburo Standing Committee (usually, but not always, seven). The number of competitors for the top leadership position is rather small. For instance. In 1997, when Xi Jinping emerged as the heir apparent, only four people on the Central Committee fit the age criteria for leadership, and only three were serious contenders (Xi, Bo Xilai, and Li Keqiang). So, competition was rather limited, and limiting competition has, so far, helped stabilize the system.

Second, Leninism is a hierarchical system and so it both accepts and encourages the centralization of power. But that centralization of power is something that comes about (or doesn’t) by the leader selecting people to fill “critical positions.” Not all positions are created equal. Some, such as the heads of the Organizations Department and the Propaganda Department, tend to be more important. So, too, the security forces, including the military. This centralization of power is a process that can happen over time, sometimes years, or rather quickly. For instance, Jiang Zemin became general secretary in 1989, but it was not until late 1994, following the Fourth Plenum of the Fourteenth Party Congress, that one could talk of him “consolidating power.” In contrast, Xi Jinping used his campaign against corruption to

consolidate power rather quickly, moving against rivals, including Zhou Yongkang, Xu Caihou, and Guo Boxiong, within a year of taking over. The concentration of power in Xi's hands was even more apparent following the Nineteenth Party Congress in 2017.

It is the need to fill critical positions in order to consolidate power that breeds factionalism. One of the differences between "factions" today and in the Maoist era is that political leaders today have only rather small power bases compared to leaders in Mao's day. The revolutionaries who dominated the leadership in those days were powerful people who had built personal followings and had major accomplishments to their names. The political situation these days is quite different and the bases of power are accordingly different. Nobody would have said that Mao was the head of a "Hunan gang." The notion that Jiang Zemin relied heavily on a so-called "Shanghai gang" suggests two things: first that the basis of his power was narrower and second, that his followers were largely put into positions by Jiang. He was not a leader of a powerful faction within the party but rather someone who built a powerful group of followers after he came to power.

We see the same phenomenon with Xi Jinping. When he was named general secretary in 2012, he was not known as the head of a particularly influential or powerful group (faction) within the party, but over the years we have seen him promote a number of people who were close to him and has thus "consolidated" power.

With that introduction, let me turn to the questions you asked.

1. How completely does Xi dominate decision-making processes and the political system more generally? What kind of opposition does he face to his personal leadership and/or over any particular policy areas of importance, and how meaningful is this opposition?

The basic way that outsiders can try to judge this is to watch personnel appointments and look at the ways in which Xi seems to be influencing policy, including ideology. Judging by these standards, we have to say that Xi has been tremendously successful, getting rid of those he views as insufficiently loyal, promoting those he considers allies, reshaping China's ideology, and, more recently, putting his stamp on the contours of state-society relations. Does he face known opposition? I always assume that leaders face opposition. But the History Resolution (formally known as the "Resolution of the CCP Central Committee on the Major Accomplishments and Historical Experience of the Party over the Past Century") passed by the recent Sixth Plenum suggested that Xi is still very much in control of the policy process.

One thing that is different as we go into the Twentieth Party Congress later this year is that the party will have to make a decision as to whether it will allow Xi to serve a third term and, in all probability, a fourth and perhaps fifth term after that. Although there are many rumors circulating suggesting opposition, as I just stated, the adoption of the History Resolution suggests that Xi remains in control and that he will continue in office. Thus, it is my assumption that he will continue to be the dominant force in decision making. That does not mean that he controls everything and that he faces no opposition.

Economies are notorious difficult to control, and it would be surprising if there were not some push back on some of Xi's policies, such as his crackdown on high tech companies.

2. Some observers have assessed that Xi Jinping has reversed a trend toward institutionalization and consensus decision-making. To what extent is that the case, and is it attributable solely to Xi? What are the most important changes Xi has made to the organizational structure of the Party and the government?

The reason I prefaced this statement with an outline of the Chinese political system was to make the point that the system has never been well institutionalized, assuming we mean institutionalized along the lines of legal-rational authority (in Weberian terms). On the other hand, if one wants to think of leaders existing along a spectrum from personalist to collective, then the idea that China had an institutionalized and collective leadership was more approximated in the Jiang Zemin period. But that sort of "institutionalized," and "collective" leadership is associated with Jiang when he was relatively weak in his early days. As he got stronger, the system was less institutionalized (e.g., expanding the size of the Politburo Standing Committee from seven to nine, which effectively stacked that body to favor Jiang). Under Xi Jinping the system has veered to the personalistic side of the spectrum.

To the extent that Xi has moved the system toward the personalized side of the spectrum, this is largely a result of the crises the party was facing in the 1990s and early 2000s, namely corruption, weakened discipline, the emergence of some degree of civil society, and looser ideological controls. So, to a large extent, it is a systemic change of a system under strain.

3. To what extent has Xi Jinping been successful in mobilizing the Party and government to accomplish his political goals, such as increasing responsiveness to the Party center and bolstering the Party's legitimacy?

This is difficult to judge from the outside. Xi has made a point of greater discipline in the party, of reducing and hopefully eliminating corruption, and of breaking up "interest groups." The Discipline inspection bureaucracy was combined with the state's Supervision Department and higher-level organizations are now supposed to be playing a greater role in supervising lower-level organs, but it is uncertain how well this is working. It appears that lower-level units are not as entrepreneurial as before, fearing to make mistakes. This has the effect of slowing the economy and frustrating local-level governments which are less able to solve their own problems.

In the History Resolution, Xi declared that corruption remains a mortal threat to the party, so it appears that the campaign against corruption has not solved the issue. The Resolution also states that "the Central Committee's major decisions and plans were not properly executed as some officials selectively implemented the Party's policies or even feigned agreement or compliance and did things their own way." So implementation of central decisions is not as effective as Xi Jinping would like. But this issue of central

control and local implementation is one of those constants in Chinese politics that goes back centuries.

And the party, state, and the conduct of business all provide incentives for creating interest groups (as reflected in Desmond Shum's book, *Red Aristocracy*), so unless the incentives are changed, it is difficult to see how those problems can be adequately addressed.

4. What do you think are Xi Jinping's intentions for the forthcoming Party Congress? Where does he want governance (including, for example, over economic, foreign, and military policy) to go after the Party Congress?

Xi Jinping's intentions for the up-coming party congress are pretty clear. His number one priority will be to secure a third term as general secretary (or possibly some other title) for himself. In addition, he will want to secure a Politburo and Politburo Standing Committee that is friendly to himself. We saw in the 18th and 19th Party Congresses that he used the campaign against corruption and other measures to concentrate a great deal of power in his own hands. Xi was also able to secure a History Resolution at the recent Sixth Plenum. I have no doubt that there are many people who oppose Xi, but so far they have not been willing to do so openly, so it appears that Xi will be successful. But, as you know, nine months is a long time in politics, so we will have to wait and see.

Predicting policy, is, as always, extremely difficult. I think watching economic policy will be most interesting. It is clear that Xi Jinping would like to establish a system in which political authority is more important than economic actors. But continued movement in that direction risks killing innovation (as the New York Times recently reported) and stimulating corruption, as economic actors seek protection.

Would a more confident Xi Jinping be even more confident in foreign policy? Quite possibly. Xi has built his domestic and international reputation as an uncompromising nationalist, and it is difficult to see him retreat from this posture. However, as the costs of his assertive policies mount – and they are mounting – he may seek ways to maintain his posture but also seek ways to not exacerbate tensions.

The most obvious way to do that would be to reduce the number of military flights into Taiwan's airspace. It would be useful, if this happens, if the US reciprocate by stressing the status quo. China has made clear that what concerns it the most is what they perceive as the ever closer military relationship the US has with Taiwan. Certainly, some observers in China perceive that relationship as tantamount to restoring the defense relationship the US maintained with Taiwan prior to 1979.

5. Are there any changes of policy direction likely in 2022-3 stemming from the Party Congress?

This question seems to repeat part of the previous question, and the answer derives from the dynamics of the party congress – the degree to which Xi dominates the new central

Committee and the degree to which he perceives support for, or opposition to, his policies. As I just suggested, the most obvious place in which to look for differences of opinion is in economic policy. The Chinese economy seems to be suffering at the moment, and it seems possible that some will try to tie slower growth rates to Xi's policies.

6. How useful is the idea of “factions” in understanding the dynamics of the Party today? What role, if any, do factions play in decision-making and policy implementation?

I think one has to be careful about using the word “faction.” Often the term seems to imply a cohesive group of people with a similar policy orientation who rise and fall together. Perhaps the “Shanghai gang” is thought of that way. But the term is often used to mean a group of people with a similar policy orientation but not necessarily tied together politically ties. Thus, terms like “reformers” or “conservative” were often used this way in the past. But such groups are rarely cohesive. And sometimes there are surprising personal relations across groups. For instance, the very conservative general Wang Zhen admired the poet Ai Qing and thus protected him during the Cultural Revolution.

Moreover, the nature of factionalism changes over time. For instance, the term “Shanghai gang” is a distinctly reform era term because it implies people working together in the same area. In the Maoist era, people's experiences were much more widely dispersed, both in terms of the jobs they performed in the party and their geographical location. Deng Xiaoping was from Sichuan, but he is far more identified with the military, foreign affairs, and party administration than with the province of Sichuan.

In the contemporary period, it seems to me the term “faction” means something along the lines of “trusted follower.” That is to say, a leader is likely to promote a number of followers to significant positions because he trusts them and because he believes that they will give him advice that is good both in terms of policy and in terms of political impact. Such followers are not likely to prod a leader in a direction the leader is uncomfortable with but rather to provide advice on how to move in a direction the leader wants to go.

7. How do you assess the role of Party elders and their political networks in decision-making in the Xi era?

As far as I can tell, elders play little to no role in the current era. The role that elders played was a function of the Deng Xiaoping era. It is perhaps understandable that a relatively junior political leader such as Jiang Zemin would defer to “retired” elders such as Deng Xiaoping and Chen Yun. It appears that Jiang Zemin continued the practice into the Hu Jintao era, intervening substantially in the personnel choices of the latter. Xi appears to have been determined to stop such interference and he purged several followers of both Jiang Zemin and Hu Jintao to establish his own leadership.

- 8. Describe what you know about the people on Xi's personal staff as well as top Party staff and how they exercise their authority on Xi's behalf.**

I do not know.

- 9. What is the dynamic within the Politburo Standing Committee regarding Xi's major initiatives?**

I think the basic policy making process is very much as Xi Jinping described it for the writing of the History Resolution. A group is chosen to study an issue. In the case of the History Resolution, Xi Jinping headed the group and Wang Huning and Zhao Leji were vice chairs. Zhao Leji is head of the Central Discipline Inspection Commission and former head of the Organization Department, so he has been and is deeply involved in issues concerning how the party is run. Since this resolution involved governance issues, his appointment was reasonable. Wang Huning is the most intellectually sophisticated member of the Politburo Standing Committee (indeed, the only intellectual to serve on the Politburo Standing Committee since Chen Boda). He has written extensively about governance issues, so he is also a very understandable choice. They presided over a drafting group, which solicited opinions from party and non-party leaders at various levels. Drafting the resolution appears to have taken about six months, and, according to Xi Jinping's explanation of the drafting process, 547 revisions were made to the original draft.

Drafting the History Resolution was no doubt more elaborate than drafting proposals for other policy initiatives but the process is similar, that is to say, an agency usually takes the lead and considers one or more policy proposals. Different views are solicited and the advantages of a policy are debated. When there is a relative consensus, or when Xi Jinping feels strongly about something, it is circulated to the Politburo or its Standing Committee. Members can make comments on the proposal. If there are serious differences of opinion, the proposal is likely put aside for the time being.

It appears that Xi Jinping has strong opinions on a range of issues, particularly those relating to the management of the party, including discipline and ideology. On such issues, he appears to solicit opinion from a narrower range of opinion (compared to his predecessors).

- 10. The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What recommendations for legislative action would you make based on the topic of your testimony?**

My advice would be to follow the physicians' motto, "First, do no harm." Since the relationship between the US and China is competitive, things that enhance the competitive position of the US should be welcomed. That means supporting, in terms of funds and policy, innovation. There is considerable R&D expenditure in the US, both

from business and the federal government, but further support is essential. So is cybersecurity.

There is much talk about deterrence these days, but it is important to keep in mind that what we see as deterrence can seem like a provocation to China. I strongly support Taiwan, but some of the measures proposed by the Congress have been provocative without enhancing the security of Taiwan. Calls for “strategic clarity” fall into this category.

OPENING STATEMENT OF JESSICA TEETS, ASSOCIATE PROFESSOR OF POLITICAL SCIENCE, MIDDLEBURY COLLEGE

COMMISSIONER FIEDLER: Jessica Teets, please.

DR. TEETS: Thank you. Hearing Co-Chairs, Commissioners and staff and fellow panelists, it's a pleasure to speak with you today. My remarks are going to focus on the governance consequences of the increasing political centralization that Joe just spoke about. And they're based on my research for a current book project.

The central point I wish to emphasize is that Xi Jinping views centralization as a corrective to the governance problems he inherited, such as corruption and the loss of the Party's central leadership role that Joe just spoke about. And he believes that these problems threaten the existence of the Party and the development gains made by China, thus we shouldn't expect any changes to this push for political centralization, at least in my opinion.

As I detailed in my written testimony, political centralization has occurred through a number of mechanisms. All of these together though facilitate top down governance such that the governance structure is now less fragmented between Party and state and between the central and local levels of government. And this removes much of the previous policy discretion that we would see in the system. Thus, centralization results in less opposition and diversity and more mobilization and standardization.

So, for the consequences for local elites, which is my research focus, we see that the factional system of politics has been destroyed. Previously these factions allowed for policy opposition within the single party system, and leaders promoted faction members more quickly into key positions, and top positions were alternating between factions.

Now promotion is determined more on meeting governance targets in the cadre evaluation system and on loyalty to the Party. So this means that visible policy disagreement has disappeared but more importantly it also changes the logic for ambitious elites. So in a single party system, political ambition must be channeled through the system such that elites join the Party state and then they're promoted upward into top positions.

But Xi's personnel management changes have resulted in a slower and more uncertain career path for local cadres such that they might not know if their patience and loyalty will ultimately be rewarded. This results in less power, more responsibility, and uncertain rewards for local cadres.

Again, as Joe already said, we do not observe much direct opposition, but we do see frustrated ambition for local cadres and potential instability over leadership succession. And we should keep in mind that less information about dissatisfaction should not be mistaken for lack of dissatisfaction, but overall, Party leaders, local cadres and citizens seem to support many of these changes.

For local governance consequences, we see that political centralization has improved implementation of central policies to reduce corruption and its increased standardization or rule by law. However, centralization has also resulted in the same problems that all rigid bureaucracies face: less innovation to solve local problems, inadequacy of one size fits all policies, and lack of feedback.

In short, this approach is effective but not discriminating, and it lacks the adaptability that many argue create that authoritarian resilience in China that we don't see in other autocratic regimes.

As we approach the next Party Congress, I would expect that Xi Jinping's belief that the

Party's state system was facing existential threats under the previous system makes any deviation from political centralization unlikely.

So policy decisions will be made at the highest levels with less feedback or deviation from local officials and promotion decisions will be made based on effective implementation of central policies and loyalty to the Party. This is an era of authoritarian bureaucrats, not policy entrepreneurs.

So given these changes should U.S. policymakers, you, simply assume that all decisions are made directly by Xi Jinping? This would make my job easier and yours as well. But in reality, it isn't that simple.

This more centralized system has created power consolidation around a few key players, with Xi Jinping as the key decision- maker. In some ways, reduced political fragmentation makes understanding policy decisions easier if these policies are no longer the result of compromise. However, I think it's a mistake to simply accept that every political action is directly flowing from Xi Jinping for two important reasons.

One, officials might act more aggressively in the direction they think Xi Jinping wants to go to signal loyalty and improve promotion chances. Anyone who has read government directives from China knows that these are usually not clear, but they're open to differing interpretations. So the system is more centralized, but it's still open to mistakes or misinterpretations about intent or speed of desired changes.

Two, in new and complex policy areas, Xi Jinping might not know his preferences and instead these might develop through a process of trial and error.

Therefore, when determining how to understand political actions in China and design responses, I recommend that U.S. policymakers do four things. One, distinguish core policy areas from other issues because these will have less possibility for change regardless of internal or external pressure.

Two, expect more public opinion pressure because policy missteps will be attributed directly to Xi Jinping. The buck will stop there.

Three, instability is likely to come from local officials or those with distinct policy preferences who have lost opportunities for policy debate and political advancement.

And four, when we see visible opposition, we need to pay attention to these issues and actors. So we are entering a time of more centralization, but in some ways this might be more challenging for us to interpret policy decisions and political pressures in China.

So I think it will be vitally important to understand how best to interpret policy and personnel changes. Thank you. And I look forward to your questions.

**PREPARED STATEMENT OF JESSICA TEETS, ASSOCIATE PROFESSOR OF
POLITICAL SCIENCE, MIDDLEBURY COLLEGE**

Written Testimony of Dr. Jessica C. Teets

Professor, Middlebury College

For the U.S.-China Economic and Security Review Commission

“CCP Decision-Making and the 20th Party Congress”

January 27, 2022

Chairman Bartholomew, distinguished Commissioners and staff, and fellow panelists, it is a pleasure to join you today. Thank you for inviting me to testify about changing Chinese political governance.

My remarks will focus on the governance consequences of increasing political centralization in China, and are based on research conducted for my current book project. The central point I wish to emphasize today is that Xi Jinping views political centralization as a corrective to governance problems that he inherited in 2012, such as corruption, little ‘rule by law’, and the loss of the Party’s central leadership role. In response to these existential challenges to the political system, governance changes have focused on centralizing political power, resulting in less corruption and better policy implementation at the local level; however, these changes have also raised questions about the consequences, especially unintended ones, and the durability of this new governance system.

Process of Centralization

Political centralization has occurred through a number of mechanisms during the last decade:

- Creating **leading small groups** (LSGs) inside the Party to directly govern different policy areas, like economic reform and security, which moves power from the state to the Party
- Employing governance **campaigns**, like on environmental protection and poverty alleviation, to have Party work groups directly implement important policies at the local level
- Using **anti-corruption**/Party discipline campaigns and retirements/promotions to disrupt factional networks
- Providing more mandated **policy targets** for the promotion of local officials
- Using **digital governance tools** to directly monitor local governance

These mechanisms have shifted direct power to the Party and its leadership, and removed political opposition. Both facilitate centralized (or top-down) governance, in that the governance structure is less fragmented between Party and State, and between the central and local levels of government, removing much of the previous policy discretion in the system. Centralization results in less opposition and diversity, and more mobilization and standardization.

However, this does not mean that local discretion has entirely disappeared, or that Xi does not face policy opposition. However, local discretion is reserved for issues not prioritized by the central government, and opposition to policy directions is muted. Less information about dissatisfaction should not be mistaken for lack of dissatisfaction, but overall, Party leaders, local cadres, and citizens seem to support many of these changes in that they result in less corruption

and more standardization of rules and policies, including popular things like environmental enforcement (Gao and Teets, 2021).

Consequences for Elite Politics and Governance

Political centralization has resulted in less local discretion, more direct governance from the Party, and destruction of elite factions. These changes have important consequences for both elite politics and governance, which I outline below.

Elite Politics

Through personnel management strategies like retirement and promotion, and the anti-corruption and Party-discipline campaigns, Xi Jinping has destroyed the factional system of politics in China. Previously, factions allowed for policy opposition within the single-party system, and maintained power through promoting faction members more quickly and into key positions. To prevent conflict between factions and ensure support for a single leader, top positions were alternated between dominant factions. This made factions a powerful influence in policy outcomes and elite succession; however, this promotion power has now been removed and many faction leaders have faced retirement or corruption charges (Li 2019).

Now promotion is determined more on meeting governance targets in the cadre-evaluation system, and on loyalty to the Party (Manion and Li, 2021). This means that visible policy disagreement has disappeared, and it also changes the logic of ambitious elites. In a single-party system, political ambition must be channeled through the system such that elites join the Party-state and are promoted upward to top positions. Xi's personnel management changes have resulted in slower and uncertain career paths for new cadres. The ambiguity around the retirement age and the destruction of factions means that ambitious young cadres might not know if patience and loyalty will be rewarded with advancement into top rungs of power. Many of the past ways to accelerate promotion so that young cadres would reach top positions before aging out of the system no longer are viable, such as factional loyalty, local policy innovation, or fast economic growth. Instead, all cadres face the prospect of slow advancement through implementing central policies and Party loyalty, with the loss of local discretion and power. This results in less power, more responsibility, and uncertain rewards.

Although scholars do not observe much direct opposition, we do see frustrated ambition for younger cadres and potential instability over political succession. Xi will not be bound by previous conventions of alternating rule between factions, making it more unclear who might succeed him, which might be a source of potential instability (see McGregor and Blanchette, 2021).

Governance

Political centralization has a number of governance benefits, namely the reduction of 'policy implementation gaps' (non- or partial-implementation of central policies), less corruption, more standardization (rule by law), and increasing local-government transparency.

However, centralization has also resulted in reduced local discretion for policy experimentation, rigid policy implementation without local adaptation, and decreased morale among local officials.

Scholars and analysts often point to local discretion as an important source of regime resilience, in that local officials are able to adapt central policies to local conditions, such that the goals of the policy may be achieved without unintended consequences. For example, strict pollution standards might encourage firms in a wealthy province to invest in cleaner technology, while in a poor province will simply result in mass unemployment as polluting factories are forced to close. If local officials have discretion to implement certain parts of the regulation before others (sequencing) or slow down the implementation of the policy for those that need more time to transition (speed), they may be able to achieve both less pollution and less unemployment over time. Using the example of environmental regulatory enforcement, we see that this type of enforcement is a blunt-force instrument. For example, Gao Xiang and I (2021) find periods of under-enforcement followed by over-enforcement, with local officials shutting down factories regardless of unemployment impacts or factory progress toward environmental goals, and the policies adopted privilege technocratic solutions over citizen wellbeing and support (Li and Shapiro, 2020). In short, this approach is effective but not discriminating, and lacks the adaptability that many argue create ‘authoritarian resilience’ in ways that we normally do not see in other autocratic regimes.

Additionally, these tools rely mostly on punishment rather than incentivizing meaningful policy implementation and innovation, resulting in short-term enforcement at the loss of long-term innovation and citizen engagement. Previously, local policy discretion and promotion competition resulted in high levels of policy experimentation to solve local problems and improve governance. Under this new model, we observe mostly centrally designed and supervised policy experiments (Chen and Göbel, 2016). As local policy discretion was an important source of regime resilience, this is also a potential governance challenge for this more centralized model.

Overall, these changes result in less corruption (at least while the anti-corruption campaigns continue), standardized policy implementation (more “rule by law”), and loyalty directly to the Party leadership rather than to factional leaders. In short, this represents the development of a more centralized Party-state bureaucracy. This governance style faces the same problems that all rigid bureaucracies do: less innovation to solve local problems, inadequacy of “one-size-fits-all policies”, challenges of collecting enough information, and of regulating elite ambition within the system.

However, it is important to note that these changes are uneven, and local and bureaucratic discretion remains outside of the core issues identified in political campaigns. It is more accurate to think of this as an ongoing process of centralization and bureaucratization, rather than a comprehensive new model.

Future Directions

As we approach the next Party Congress, I would expect that Xi Jinping’s belief that the Party-state system was facing existential threats under the previous system makes any deviation from political centralization unlikely. Policy decisions will be made at the highest levels under ‘top-level design’, with less feedback or deviation from local officials or those with different policy preferences (see Ahlers and Schubert, 2022). Promotion decisions will be made based on effective implementation of central policies and zealous loyalty to the Party, with less space for officials with innovation

solutions to be quickly promoted to the top. This is the era of authoritarian bureaucrats, and not policy entrepreneurs.

Given this continued direction toward centralization, I would expect that as enough power accrues to the Party leadership and former veto players are pushed out of the system, we will observe policy reform in traditionally challenging areas, such as the urbanization-household registration nexus, advanced economic reform, and land reform. In the past, these reforms were not feasible because local or factional leaders opposed them, but now these changes may be made.

Policy Recommendations

Given these changes, how should U.S. policymakers understand governance and elite politics in this new system? Are all decisions directly made by Xi Jinping or are there other sources of political authority?

This more centralized system has created power consolidation around a few players with Xi Jinping as the key decisionmaker. In some ways, reduced political fragmentation makes understanding policy decisions easier, if these policies are no longer the result of compromise (consensus decision-making). However, it is a mistake to simply accept every political action as directly flowing from Xi Jinping for two important reasons. One, officials might act more aggressively in the direction they think Xi Jinping wants to signal loyalty and improve promotion chances. Anyone who has heard Xi's speeches or read government directives knows that these are usually not exceedingly clear but rather open to differing interpretations. This system is more centralized, but still open to mistakes or misinterpretations about intent or speed of desired changes. Two, in new and complex policy areas, Xi Jinping might not know his preferences, but these might develop through a process of learning and trial-error. In short, in policy areas where consistent trends develop or emerge as Xi's core focus, this is where observers should expect to understand these as governed by this new centralized 'top-level design' system. These areas will see more effective and rapid implementation at all levels.

Therefore, when determining how to understand political actions in China and design responses, U.S. policymakers should:

- | | | |
|----------------|---|--|
| Governance | { | <ul style="list-style-type: none">• Differentiate “core” policy areas from other issues because these will have less possibility for change despite internal or external pressure;• Expect more public-opinion pressure on officials because policy missteps will be attributed more to Xi Jinping with less blame redistribution to local governments directly impacting Party legitimacy; |
| Elite Politics | { | <ul style="list-style-type: none">• Understand that instability is likely to come from cadres at the local level or those with distinct policy preferences who have lost channels for policy debate and political advancement;• Pay attention to the <u>issues</u> and <u>actors</u> when visible opposition is observed, especially around the issue of Xi Jinping's successor. |

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OPENING STATEMENT OF NEIL THOMAS, ANALYST, CHINA AND NORTHEAST ASIA, EURASIA GROUP

COMMISSIONER FIEDLER: Mr. Thomas?

MR. THOMAS: Good morning. First of all, I'd like to just say thank you to the Commission for inviting me to testify. It's a real honor to contribute to the important work that you do. And thank you also to my distinguished co-panelists for their really insightful testimonies. I went into some detail in my written testimony answering the excellent questions posed by the Commission about CCP decision-making and the 20th Party Congress. So I just wanted to use these brief remarks to make three main points about Chinese elite politics.

First, in my view, Xi Jinping dominates the Chinese political system and is well placed to dominate the 20th Party Congress, which should be convened in Beijing in October or November of this year.

On the opening day of the Congress, Xi will deliver an authoritative report that will form a blueprint for CCP policymaking for the next five years and beyond.

In 2017, at the 19th Party Congress, Xi used this report to inaugurate a new era under his leadership. However, what's notable about this year's report is that if the sixth plenum last November is any guide, Xi is more likely to focus on advancing his existing policy agenda than on launching any radical new programs.

That means that we're likely to see stronger backing for Xi's established initiatives, including the common prosperity agenda to address inequality and quality of life issues. Also including regulatory campaigns to ensure the corporate sector and financial markets are better aligned with political priorities like innovation and de-leveraging and additionally including more assertive foreign policy stances and intensified competition with the West.

My second point is that Xi will entrench his personal leadership by installing more political allies in positions of power at the top. The 20th Party Congress will select a new 20th Central Committee, which comprises the Party's top 200 or so leaders plus 170 or so non-voting alternate members.

Right after the Congress, this new Central Committee will convene its first plenary meeting, or plenum, where it will select its elite 25 member Politburo, its top 7 member Politburo Standing Committee and its General Secretary.

In my view, Xi's powerful position means that he will be able to exempt himself from age retirement norms and secure a third term as General Secretary.

He will also increase a proportion of his allies on top Party bodies. Three of the six other members of the Politburo Standing Committee are likely to retire at this year's Congress, and at least six of the nine Politburo members who are young enough to be eligible to replace them have close ties to Xi.

In the wider Politburo, 12 of its 25 members should retire this year. And roughly 70 percent of the Provincial Party Secretaries, who are likely to fill many of these vacancies, also have strong links with Xi or Xi's close allies.

The Central Committee is also likely to see a turnover of at least 60 or 65 percent, if not much more, providing Xi with more scope to shape the Party elites by stacking it with cadres who owe their position to him and who are more likely to support his leadership and his policies. China's elite politics was previously characterized as a power balance between rival factions, but it is now better understood as being dominated by Xi and his networks.

My third point is that Xi's power consolidation increases political risks. The 20th Party Congress will likely be a triumph for Xi that empowers him to rule for many more years if not for another decade or even two. Sure, Xi's allies could pressure him to anoint a successor if he becomes frail or if he makes truly disastrous policy errors but neither situation is necessarily very likely.

Xi is 69 years old this year and has an ability to sometimes pull back from the brink out of policy disasters. It appears at present that Xi is under little to no pressure to pass on any of his responsibilities or titles.

But the concentration of power around Xi and his circle creates risks for China's long-term outlook. It creates great uncertainty about what would happen if Xi was suddenly incapacitated, raising the probability of a chaotic succession that creates political turbulence and economic turmoil.

It also makes for rigid top down governance that could inhibit the system's ability to address structural challenges that require a careful calibration between the state and the market and between central and local governments. And it places a rising burden on top leaders to make good decisions lest their errors permeate the system and cause crises.

In conclusion, Chinese elite politics is entering a new era of increased uncertainty and political risk, which makes it more important for policymakers in the United States and around the world to invest in China literacy.

U.S. policymakers should pay attention to Xi's activities because he is a key actor for several major foreign policy issues, such as Taiwan and the U.S.-China trade war.

And U.S. policymakers should also at the same time be cautious about their ability to influence leadership outcomes in China as Xi has used U.S. policy such as export controls and pandemic investigations to boost his nationalist credentials at home.

However, while Xi is a powerful leader, his power both stems from and operates through a complex Party hierarchy which governs a large and diverse country.

The U.S. will thus be more successful in its China policies if it has a nuanced understanding of what China's leadership is trying to achieve and its relative successes, failures, and constraints.

That's why I believe it's essential for Congress to invest in Sinology and Chinese language programs in schools, universities, and professional training institutes across the country and to make greater efforts to employ the skills and perspectives of Chinese Americans, Hong Kong Americans, Taiwanese-Americans, and other Americans connected to the Sinophone world. And I will leave it there. Thank you very much.

**PREPARED STATEMENT OF NEIL THOMAS, ANALYST, CHINA AND
NORTHEAST ASIA, EURASIA GROUP**

Testimony Before the U.S.-China Economic and Security Review Commission
Hearing on “CCP Decision-Making and the 20th Party Congress”
Panel I: Elite Politics in China and the 20th Party Congress

Neil Thomas
China Analyst, Eurasia Group

January 27, 2022

Introduction _____

1. How completely does Xi dominate decision-making processes and the political system more generally? What kind of opposition does he face to his personal leadership and/or over any particular policy areas of importance, and how meaningful is this opposition? _____

2. Some observers have assessed that Xi Jinping has reversed a trend toward institutionalization and consensus decision-making. To what extent is that the case, and is it attributable solely to Xi? What are the most important changes Xi has made to the organizational structure of the Party and the government? _____

3. To what extent has Xi Jinping been successful in mobilizing the Party and government to accomplish his political goals, such as increasing responsiveness to the Party center and bolstering the Party’s legitimacy? _____

4. What are Xi’s intentions for the forthcoming Party Congress? Where does he want governance (including over economic, foreign, and military policy) to go after the Party Congress? _____

5. Are there any changes of policy direction likely in 2022-3 stemming from the Party Congress? _____

6. To what extent is Xi under any kind of pressure to transfer any of his responsibilities or titles? Who or what comes after Xi? Is anyone being groomed to replace him? _____

7. Who are the most influential people in China’s political system today, aside from Xi Jinping? How might their political stature and influence change at the forthcoming Party Congress? _

8. Recommendations _____

*Appendix: Charts*_____

Introduction

The starting point for any analysis of the Chinese leadership should be to recognize how much we do not really know.¹ We do not really know how most decisions are made. We do not really know how factions operate or affect decision-making. And we do not know when or how Xi Jinping, the General Secretary of the ruling Chinese Communist Party (CCP), will leave office, or what will happen after he does so. The CCP exercises tight control over the Chinese information ecosystem, including what is said by and written about its leaders, which means that we have vanishingly thin access to the Party's internal political negotiations and policy discussions. This opacity means that outside observers of Chinese politics often miss signals, misinterpret directives, project unwarranted confidence, or fill factual voids with ungrounded speculation.

So, how should we analyze China's elite politics?² While it is hard to know what happens inside the "black box" of Beijing policymaking—especially at present, with expanding formal and informal restrictions on access to official archives and interview subjects—we know most of the inputs and the outputs. We know the institutional structure of the Chinese political system, as well as its levels of authority and lines of reporting. We know the individuals who hold or are purged from leadership positions in this system, as well as their family, education, and career backgrounds. We can consult data made available by government agencies, academics and researchers, and the Chinese internet. And, most important, we can read the policy documents and official media that the Party center publishes to transmit authoritative messages to around two million leading cadres, tens of millions of public employees, and over 95 million CCP members.³ These sources all require interpretation, and other productive research methods exist, but solid work is grounded in these fundamentals. I do not pretend to know Xi's mind;⁴ rather, I endeavor to use the facts available to offer informed estimations.

¹ See: Jessica Batke and Oliver Melton, '[Why Do We Keep Writing About Chinese Politics As if We Know More Than We Do?](#),' *ChinaFile*, 16 October 2017.

² See: Ryan Manuel, *[Strong State, Weak System: Social Health Insurance in Rural China, 1956-2007](#)*, DPhil Dissertation, University of Oxford, 2016, Ch. 3; Daniel Tobin, '[How Xi Jinping's "New Era" Should Have Ended U.S. Debate on Beijing's Ambitions](#),' Testimony Before the U.S.-China Economic and Security Review Commission, Hearing on 'A "China Model?" Beijing's Promotion of Alternative Global Norms and Standards,' 13 March 2020.

³ Hon S. Chan and Jie Gao, '[The Politics of Personnel Redundancy: The Non-Leading Cadre System in the Chinese Bureaucracy](#),' *The China Quarterly*, Vol. 235, 2018, pp. 622-643; Yuen Yuen Ang, '[Counting Cadres: A Comparative View of the Size of China's Public Employment](#),' *The China Quarterly*, Vol. 211, 2012, pp. 676-696; CCP Organization Department, *中国共产党党内统计公报*, 30 June 2021.

⁴ Though official sources can give us more of an idea: François Bougon, *[Inside the Mind of Xi Jinping](#)*, Hurst, 2018.

1. How completely does Xi dominate decision-making processes and the political system more generally? What kind of opposition does he face to his personal leadership and/or over any particular policy areas of importance, and how meaningful is this opposition?⁵

Xi dominates the Chinese political system. Since becoming General Secretary in November 2012, Xi has gained a level of power that exceeds his predecessors Hu Jintao (2002-2012) and Jiang Zemin (1989-2002) and evokes the supreme authority of former paramount leaders Deng Xiaoping (~1978-1994) and Mao Zedong (1949-1976). He launched a sweeping anti-corruption campaign that addressed legitimate governance issues but was also a tool to cripple rival power centers such as the Hu-affiliated Communist Youth League of China (CYLC) and the “Shanghai Gang” of Jiang acolytes. He seized control of policy by concentrating decision-making power in several new Party bodies that he leads, most notably the CCP Central Comprehensively Deepening Reforms Commission (CCDR). He remade the CCP in his own image through a propaganda offensive that fêted his individual leadership, extensive ideological campaigns to force fealty within the Party, and reclaiming the “core leader” title last held by Jiang (but bestowed on him by Deng). He stamped his mark on the armed forces and security services by purging scores of top officials and orchestrating a radical reorganization of the People’s Liberation Army (PLA). At the 19th Party Congress in October 2017, he established his position as on par with that of Mao and Deng by inserting his personal creed of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” into the CCP Constitution.⁶ He also defied norms by not anointing a successor and by fast-tracking the promotion of many political allies to secure control of the CCP’s elite 25-member Politburo and its top 7-member Politburo Standing Committee (PBSC). Then, in March 2018, the National People’s Congress (NPC), China’s legislature, abolished presidential term limits, allowing Xi to rule for life as Party leader (CCP General Secretary), military commander (Chairman of the CCP Central Military Commission), and head of state (President of the People Republic of China).

Xi made many enemies, but he seems to have crushed both elite and popular resistance, and now faces little meaningful opposition to his personal leadership. Xi’s bold power grab, brutal control of political expression, re-embrace of economic statism, and aggressive foreign policy generated a degree of “backlash” from policy elites and the public.⁷ Potentially formidable groups such as factional rivals, moderate technocrats, wealthy executives, and political liberals all count among the “losers” of Xi’s rule.⁸ High-profile dissidents and disillusioned insiders claim that opposition to Xi’s rule is significant and growing.⁹ Unfortunately for these voices of

⁵ This testimony draws on earlier work, especially: Neil Thomas, [‘Ties That Bind: Xi’s People on the Politburo,’](#) MacroPolo, 17 June 2020; Neil Thomas, [‘China Politics 2025: Stronger as Xi Goes,’](#) MacroPolo, 26 October 2020; Neil Thomas and Michael Hirson, [‘Xi Set to Secure Third Term, Brining Progress on Domestic Agenda and Continued Foreign Tensions,’](#) Eurasia Group, 2 June 2021; Neil Thomas and Michael Hirson, [‘History Resolution Signals Xi’s Resolve Advance His Economic and Political Agenda,’](#) Eurasia Group, 19 November 2021.

⁶ 中国共产党党章; Xi Jinping, [决胜全面建成小康社会 夺取新时代中国特色社会主义伟大胜利——在中国共产党第十九次全国代表大会上的报告](#), 18 October 2017.

⁷ E.g., Xu Zhangrun (trans. Geremie R. Barmé), [‘Xi’s China, the Handiwork of an Autocratic Roué,’](#) *The New York Review of Books*, 9 August 2021; Geremie R. Barmé, [‘Xu Zhangrun Archive,’](#) *China Heritage*.

⁸ See: Richard McGregor, [Xi Jinping: The Backlash](#), Penguin, 2019.

⁹ E.g., Cai Xia, [‘The Party That Failed: An Insider Breaks With Beijing,’](#) *Foreign Affairs*, January/February 2021.

conscience, there is little to no evidence of hostility toward Xi in the ~370-member Central Committee that forms the main “selectorate” of CCP politics.¹⁰ Xi’s grasp on the levers of power neutralized any opponents, and he has been ruthless in imprisoning people he sees as threats, from Party insiders to ordinary citizens. Prospective challengers face steep obstacles, including the collective action problem of coordinating a political move against Xi without detection or betrayal.¹¹ Additionally, Xi’s blend of domestic populism and foreign assertiveness appears to enjoy some grassroots appeal, and his ideological control makes him virtually synonymous with Party rule, factors that raise the public cost for elites to move against him. Moreover, purges of central CCP cadres (the few thousand leaders at the deputy ministerial level and above) and senior PLA officers (at the deputy army level and above) are down by over two-thirds since 2015, implying that Xi feels more secure in his political standing (see Chart 1 in Appendix).

While Xi sets overall priorities and can intervene decisively on any issue, much substantive decision-making occurs at lower levels, and other leaders have influence in specific policy areas. In China’s unitary Leninist Party-State, the central CCP institutions led by Xi make all major policy decisions, which are then implemented down a hierarchy of sub-national Party-led governments at the provincial, prefectural, county, township, and village levels.¹² In practice, central policies set broad directions and overarching goals, which lower-level authorities implement through local regulations of increasing specificity further down the hierarchy. This system requires local officials to decide how best to achieve the center’s goals in their jurisdiction, which gives cadres some scope to interpret, distort, or even circumvent central policies to suit parochial political or economic interests.¹³ Xi’s centralization of power and enhanced oversight of policy implementation has reassembled some pieces of this “fragmented authoritarianism,” but his crusades against “formalism” (shallow implementation) and “bureaucratism” (inefficient implementation) remain ongoing.¹⁴ Back in Beijing, officials and experts exercise some influence through policy advice, especially in technocratic areas such as economics, energy, and innovation. For example, reports suggest Xi limited the scope and now may delay the rollout of a property tax trial due to internal pushback about the likely economic costs.¹⁵ And we know that Xi at least consults with other PBSC and Politburo members.¹⁶

¹⁰ See: Susan L. Shirk, [The Political Logic of Economic Reform in China](#), University of California Press, 1993.

¹¹ See, e.g.: Jude Blanchette, [Testimony Prepared for U.S.-China Economic and Security Review Commission](#), Hearing on “What Keeps Xi Up at Night: Beijing’s Internal and External Challenges,” 7 February 2019.

¹² See: Susan V. Lawrence and Mari Y. Lee, [China’s Political System in Charts: A Snapshot Before the 20th Party Congress](#), Congressional Research Service, 24 November 2021.

¹³ See: Andrew Mertha, [“Fragmented Authoritarianism 2.0”: Political Pluralization in the Chinese Policy Process](#), *The China Quarterly*, Vol. 200, 2009, pp. 995-1012.

¹⁴ See: Minxin Pei, [Bureaucratic Strategies of Coping with Strongman Rule: How Local Officials Survive in President Xi Jinping’s New Order](#), *China Leadership Monitor*, 1 September 2019; Chun Han Wong, [Xi Jinping’s Eager-to-Please Bureaucrats Snarl His China Plans](#), *The Wall Street Journal*, 7 March 2021.

¹⁵ Lingling Wei, [In Tackling China’s Real-Estate Bubble, Xi Jinping Faces Resistance to Property-Tax Plan](#), *The Wall Street Journal*, 19 October 2021; John Liu, Lin Zhu and Jing Zhao, [China Property Tax Trial Likely Delayed During Real Estate Slump](#), *Bloomberg News*, 5 January 2022.

¹⁶ Bob Davis and Lingling Wei, [Superpower Showdown: How the Battle Between Trump and Xi Threatens a New Cold War](#), Harper Business, 2020.

*However, Xi's position appears as strong as ever heading into the 20th Party Congress. In November, the Sixth Plenum of the Central Committee passed the Party's third-ever "history resolution," a landmark document that effectively embedded Xi's personal leadership and policy agenda into the party's official worldview.¹⁷ This authoritative text introduced a new doctrine of the "two establishments" (两个确立) that declares the CCP "has established Comrade Xi Jinping's core position on the Party's Central Committee and in the Party as a whole, and has established the guiding position of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era." This new "formulation" (提法) is notable because it indicates that the economic headwinds and international opposition generated by Xi's policies have not diminished his ability to dominate elite politics. Furthermore, Xi's prominence in Chinese newspapers and journals, which roughly corresponds to a leader's political standing in China's censored and propaganda-infused public sphere, has continued to increase relative to other senior leaders (see Chart 2 in Appendix). Xi's strong position provides further impetus to his assertive "wolf warrior" diplomacy and to long-term progress on key domestic priorities such as "common prosperity" and financial de-risking. In short, the Sixth Plenum was a political triumph for Xi that could empower him to rule for many more years, if not decades. Party leaders simply do not get to write their own history resolution if they face meaningful opposition: Mao and Deng masterminded the Party's previous history resolutions to *begin* eras of political domination.¹⁸*

2. Some observers have assessed that Xi Jinping has reversed a trend toward institutionalization and consensus decision-making. To what extent is that the case, and is it attributable solely to Xi? What are the most important changes Xi has made to the organizational structure of the Party and the government?

The most important changes that Xi has made to the organizational structure of the Chinese system are to centralize power: from the state to the Party, from local Party bodies to the Party center, and from the collective Party leadership to the individual Party leader. Xi ended any notion of "Party-state separation" by integrating a raft of state functions into CCP agencies, establishing the CCDRC and several new CCP commissions to strengthen his policy leadership in the economy and finance—sidelining Premier Li Keqiang and his State Council (China's Cabinet) from their traditional roles in these areas—and in other key areas including national security, cyberspace, foreign policy, military-civil fusion, and legislation.¹⁹ Xi heightened central scrutiny of local cadres and public servants by transforming his anti-corruption campaign into a "forever journey" of "self-revolution" that uses inspections, investigations, and technology to enforce political loyalty, improve policy implementation, and implement organizational reforms.²⁰ Xi has progressively elevated his personal standing in the CCP leadership, from becoming "core leader" in 2016, to propagating the "two establishments" last year, and by permeating Party

¹⁷ CCP Central Committee, [中共中央关于党的百年奋斗重大成就和历史经验的决议](#), 11 November 2021.

¹⁸ See: Xi Jinping, [关于《中共中央关于党的百年奋斗重大成就和历史经验的决议》的说明](#), 17 November 2021.

¹⁹ See: Nis Grünberg and Katja Drinhausen, [‘The Party Leads on Everything: China's Changing Governance in Xi Jinping's New Era,’](#) Mercator Institute for China Studies, 24 September 2019.

²⁰ See: Christopher Carothers, [‘Xi's Anti-Corruption Campaign: An All-Purpose Governing Tool,’](#) *China Leadership Monitor*, 1 March 2021; CCP Central Committee, [习近平在省部级主要领导干部学习贯彻党的十九届六中全会精神专题研讨班开班式上发表重要讲话](#), 11 January 2022.

discourse since 2018 with the “two safeguards” doctrine to “resolutely safeguard General Secretary Xi Jinping’s status as the core of the Party’s Central Committee and the core of the whole Party, and to resolutely safeguard the authority and centralized and unified leadership of the Party’s Central Committee.”²¹ This centralization both enables Xi to get more done in the short-term and exacerbates policy risks in the longer-term (see Section 3).

Xi has therefore reversed a trend toward consensus decision-making in the Party leadership, but many elites may have supported this turnaround. However, this trend was as much a function of factional power shifts as a deliberate effort to institutionalize Party decision-making.²² Hu Jintao’s two terms as General Secretary, from 2002-2012, saw the peak of “collective leadership” in the PBSC, with Hu’s role being more “first among equals” than “paramount leader.” Hu led a PBSC with nine members, many of whom were allies of powerful ex-leader Jiang Zemin, each of whom controlled a different policy vertical, and all of whom often had to sign off on major decisions.²³ Hu’s associated weakness produced a so-called “lost decade” of rampant corruption, factional conflict, stalled reform, and public cynicism, which culminated in the takedown of rogue leadership contender Bo Xilai in a murder and corruption scandal.²⁴ Xi’s history resolution criticized “previously lax and weak governance” that “posed a significant test to the party’s governance of the country” as vested interests stymied the Party’s ability to counter systemic threats—political, economic, social, and environmental. This crisis likely gave Xi an elite mandate to restore the Party’s authority, which he used to consolidate power.²⁵

However, for Xi, political power also has a policy purpose. Xi is not a simple megalomaniac. His personalist rule is an effort to “concentrate power to do big things.”²⁶ He wants to achieve the CCP’s “second centenary goal” to make China a “great modern socialist country” that is “rich, powerful, democratic, civilized, harmonious, and modern” by the 100th anniversary of the People’s Republic of China in 2049.²⁷ But he believes this ambition requires the Party to “comprehensively deepen reforms” and “modernize China’s system and capacity for governance.”²⁸ That’s because the political system has to shift its focus from simply pursuing rapid growth to pursuing high-quality growth. Xi took the arcane but incredibly significant step in 2017 to change the Party’s definition of the “principal contradiction” (主要矛盾) in Chinese society, from that between “the ever-growing material and cultural needs of the people and backward social production” to that between “unbalanced and inadequate development and

²¹ CCP Politburo, [中共中央政治局召开会议 审议《中国共产党支部工作条例（试行）》和《2018—2022 年全国干部教育培训规划》](#), 22 September 2018; CCP Central Committee, [中共中央关于加强党的政治建设的意见](#), 31 January 2019.

²² See: Joseph Torigan, [‘The Shadow of Deng Xiaoping on Chinese Elite Politics,’](#) *War On The Rocks*, 30 January 2017; Ling Li, [‘Xi Jinping’s Succession: What Did the West Get Wrong?,’](#) *Made in China Journal*, 23 May 2019.

²³ E.g., Susan L. Shirk, [‘China in Xi’s “New Era”: The Return to Personalistic Rule,’](#) *Journal of Democracy*, Vol. 29, Issue 2, April 2018, pp. 22-36.

²⁴ See, e.g.: Geremie R. Barmé, [‘The Ten Grave Problems Facing China,’](#) *The China Story*, 8 September 2012.

²⁵ See, e.g., James Palmer, [‘The Resistible Rise of Xi Jinping,’](#) *Foreign Policy*, 19 October 2017.

²⁶ E.g., Xi Jinping, [在科学家座谈会上的讲话](#), 11 September 2020.

²⁷ Xi Jinping, [决胜全面建成小康社会 夺取新时代中国特色社会主义伟大胜利——在中国共产党第十九次全国代表大会上的报告](#), 18 October 2017.

²⁸ Neil Thomas, [‘Party All The Time: Xi Jinping’s Governance Reform Agenda After the Fourth Plenum,’](#) *MacroPolo*, 14 November 2019

the people's ever-growing needs for a better life."²⁹ Put simply, the Party must do more to ensure it can continue to deliver improved living standards to Chinese people in an age of slowing growth and rising expectations.³⁰ Xi is concerned because he believes a key reason for the Soviet collapse was that "the Communist Party of the Soviet Union was divorced from the people and became a privileged bureaucratic clique that only defended its own interests."³¹ Hence ambitious programs like "common prosperity" to reduce inequality and the "new development concept" for balanced and sustainable growth. But these policies demand painful and difficult redistributions of resources across regions, among income groups, and between a range of powerful sectors such as finance, property, and technology. That's why Xi believes that China needs more "top-level design" (顶层设计), to overcome the vested interests and bureaucratic resistance that could impede the implementation of his agenda. In the long-term, he believes the Party's future—and likely his own leadership—depend on it.

*Xi has strengthened the institutionalization of CCP rule through a concerted effort to improve "law-based governance."*³² Xi's personal power may approach that of Mao, but he governs in a very different style to the former Chairman. Where Mao urged Red Guards to create "great chaos in heaven," Xi is obsessed with bureaucratic control and political process. Xi may reverse the "institutionalization" of the top leadership succession (which only happened smoothly once, in 2012; see Sections 6 and 7), but he has made unprecedented efforts to institutionalize his own power. Last year alone he passed new CCP rules to strengthen central supervision of leading cadres, increase central control over personnel selection, tighten limits on public expression by party members, and elevate the General Secretary's control over the agenda, convening, and operation of the Central Committee, Politburo, and PBSC.³³ Indeed, Xi has now formulated or amended 70% of operational central Party regulations (see Chart 3 in Appendix). When it comes to policymaking, Xi has highlighted a focus on "law-based governance" (依法治国) to advance his policy agenda and improve execution. While the Party remains above the law, this concept emphasizes the greater use of laws and regulations to delimit the powers of officials, citizens, and firms throughout the country and establish more clear, consistent, and enforceable procedures for governing in all spheres. Under Xi's rule, the NPC has passed a record number of laws, hitting an all-time high in 2021 (see Chart 4 in Appendix), and the legislature has gained significant supervision powers over state economic policymaking.³⁴ Law-based governance can be understood as an effort to strengthen "rule of law" in areas that do not challenge CCP rule; the goal is to use laws to improve the Party's governance of China.

²⁹ See: Xu Lingui, '[Xinhua Insight: China Embraces New "Principal Contradiction" When Embarking on New Journey](#),' *China Today*, 21 October 2017.

³⁰ Bruce J. Dickson, [The Party and the People: Chinese Politics in the 21st Century](#), Princeton University Press, 2021.

³¹ Xi Jinping, [把握新发展阶段，贯彻新发展理念，构建新发展格局](#), 11 January 2021.

³² Neil Thomas et al, '[Legislative Agenda Mixed for Reforms But NPC Emerging as Bigger Player](#),' Eurasia Group, 13 April 2021.

³³ Neil Thomas and Michael Hirson, '[Xi's Rewrite of Party Rules Consolidates Authority but Reduces Flexibility and Increases Policy Risk](#),' Eurasia Group, 30 June 2021; Holly Snape, '[Watching the Number Ones: The Centre's "Opinion" on Overseeing the Party's Powerful](#),' *Sinocism*, 13 July 2021; Holly Snape, '[Regulations on the Rights of Party Members: New-Era Obligations in the Name of Rights](#),' *Sinocism*, 20 January 2021; Minxin Pei, '[Rewriting the Rules of the Chinese Party-State: Xi's Progress in Reinvigorating the CCP](#),' *China Leadership Monitor*, 1 June 2019.

³⁴ E.g., NPC Standing Committee, [全国人民代表大会常务委员会关于加强经济工作监督的决定](#), 24 December 2021.

3. To what extent has Xi Jinping been successful in mobilizing the Party and government to accomplish his political goals, such as increasing responsiveness to the Party center and bolstering the Party's legitimacy?

Xi has seen some success in mobilizing the Chinese system to achieve policy goals that are short-term, well-defined, and easily measurable. Xi is increasingly leaning into political discipline to increase responsiveness to the Party center, with the annual number of internal investigations and punishments more than tripling since Xi's first full year in power (see Chart 5 in Appendix). Record levels of internal monitoring, evaluation, and control may strengthen Xi's ability to correct lower-level noncompliance, improve policy execution, and deliver public services. Perhaps Xi's greatest success on policy responsiveness is his national implementation of a "Zero Covid" strategy. A somewhat broader yardstick of Xi's performance is progress on the "three decisive battles" (三大攻坚战) that he prioritized in 2017: "to forestall and defuse major [financial] risks, carry out targeted poverty alleviation, and prevent and control pollution."³⁵ While Beijing hailed "decisive success" in March 2021, data show more mixed outcomes.³⁶ On pollution, strict environmental policies achieved tangible reductions that clearly improved people's lives (see Chart 6 in Appendix). On poverty, Beijing won this battle, but only in the narrow sense of eradicating extreme poverty in rural areas and only with massive outlays of money and time (see Chart 7 in Appendix). On financial risks, a concerted effort to reduce leverage may have slowed credit expansion, but the debt-to-GDP proportion still rose significantly (see Chart 8 in Appendix). The more complex the issue, the harder for Xi.

*Xi has struggled to navigate the implementation of structural reforms that address long-term systemic issues.*³⁷ Xi's history resolution declared that, under his leadership, the CCP had "solved many difficult problems that we had wanted to solve for a long time but had never solved," and it does appear that Xi has made Beijing more capable overall. World Bank measures of government effectiveness, regulatory quality, control of corruption, and even rule of law all hit new highs for China last year (see Chart 9 in Appendix). However, Xi's top-down "campaign"-style governance appears less suited to resolving structural challenges that require careful calibration between state and market and between central and local governments.³⁸ These issues include slowing growth, sluggish productivity, declining demography, chronic debt, and lagging innovation. Failure to address these problems could increasingly weigh on China's economic and political outlook. Furthermore, Xi's centralized rule

³⁵ Xi Jinping, [决胜全面建成小康社会 夺取新时代中国特色社会主义伟大胜利——在中国共产党第十九次全国代表大会上的报告](#), 18 October 2017.

³⁶ Li Keqiang, [政府工作报告](#), 5 March 2021; Zhu Jun et al, [三大攻坚战取得决定性成就](#), 1 March 2021.

³⁷ See also: Daniel H. Rosen, [‘China’s Economic Reckoning: The Price of Failed Reforms,’](#) *Foreign Affairs*, July/August 2021; Jude Blanchette, [‘Xi’s Gamble, The Race to Consolidate Power and Stave Off Disaster,’](#) *Foreign Affairs*, July/August 2021.

³⁸ See, e.g.: Chris Buckley, [“Drive the Blade In”: Xi Shakes Up China’s Law-and-Order Forces,](#) *The New York Times*, 20 August 2020; Kristen Looney, [‘The Blunt Force of China’s Mobilisation Campaigns,’](#) *The Financial Times*, 26 January 2021; Josh Chin, [‘Xi Jinping’s Leadership Style: Micromanagement That Leaves Underlings Scrambling,’](#) *The Wall Street Journal*, 15 December 2021.

creates its own political risks that may weigh on long-term policy performance.³⁹ It distorts resource allocation by encouraging money to follow political rather than market signals, as shown by overinvestment and excess capacity in priority sectors like semiconductors and electric vehicles. It can reduce flexibility in local governance as cadres are increasingly bound by central dictates, as suggested by a 34% drop in mentions of policy pilots in Party discourse from 2015 to 2020 (see Chart 10 in Appendix). It risks policy overshooting as fear of punishment and competition for favor push local officials to overzealously implement central policies, such as Covid-19 lockdowns. It places a rising burden on top leaders to make correct decisions lest their errors permeate the system and cause crises, as may result from Xi's "wolf warrior" diplomacy and growing opposition to Beijing in Western capitals. Xi has shown some awareness of the need for flexibility, such as by slowing the pace of "common prosperity" policies following market blowback and by saying cadres should not be punished for "unintentional errors made to promote development."⁴⁰ But Xi also knows that the road ahead will be tough. That's why he urges cadres to develop a "crisis consciousness" (忧患意识) and make national security the dominant paradigm of policymaking. Ultimately, Xi is girding the CCP for an extended period of "struggle" wherein some level of growth and good relations with the West are sacrificed to implement structural changes to the economy and realize nationalist foreign policy goals.⁴¹

Xi's policy performance, populist policies, and patriotic posturing appear to have helped bolster the Party's popular legitimacy, although we should be cautious about assessing Chinese public opinion. Evidence shows that an increasing number of political elites express approval for Xi's policies, likely due to a combination of genuine support and greater coercion (see Chart 11 in Appendix).⁴² But Beijing's censorship, propaganda, and repression mean that opinion polling of Chinese public opinion is uncommon. What polls we do have consistently record high levels of support for the Chinese government, a finding that is at least partly attributable to approval bias in authoritarian countries, but which is also plausibly connected to the rapid rise in both China's material living standards and international standing under CCP rule.⁴³ Beijing also encourages Chinese netizens to provide feedback and make requests to local governments, which helps to improve governance and public opinion management.⁴⁴ Most meaningful, however, is data that reveal government approval ratings have improved over time, including during Xi's leadership and the Covid-19 pandemic. One study found that the proportion of Chinese people satisfied with the outcome of interactions with local officials had more than doubled since the early Hu Jintao era and had risen by over half since the end of Hu's tenure, from 31.7% in 2004 to 47.9% in 2011 to 75.1% in 2016. The study logged similar increases in

³⁹ Neil Thomas and Michael Hirson, '[Xi's Rewrite of Party Rules Consolidates Authority but Reduces Flexibility and Increases Policy Risk](#),' Eurasia Group, 30 June 2021.

⁴⁰ CCP General Office, 中共中央办公厅印发《关于进一步激励广大干部新时代新担当新作为的意见》, 20 May 2018.

⁴¹ Xinhua News Agency, 习近平在中央党校（国家行政学院）中青年干部培训班开班式上发表重要讲话强调 信念坚定对党忠诚实事求是担当作为 努力成为可堪大用能担重任的栋梁之才, 1 September 2021.

⁴² Neil Thomas, '[Xi Jinping is Gaining Support from Party Elites, the Numbers Say](#),' *SupChina*, 4 March 2021.

⁴³ See: Wenfang Tang, '[The "Surprise" of Authoritarian Resilience in China](#),' *American Affairs*, Spring 2018; Neil Thomas, '[These Numbers Show Why U.S. Policy Makers are Misjudging Popular Support for China's Government](#),' *MarketWatch*, 2 October 2019; Chang Che, '[Do Chinese People Support Their Government? Here's Why It's Hard to Tell](#),' *SupChina*, 25 August 2020.

⁴⁴ Neil Thomas, '[How Beijing Embraces Public Opinion to Govern and Control](#),' *MacroPolo*, 7 May 2019.

perceptions that local officials were “receptive to public opinion,” “serve the interests of the locality,” and “tax and collect fees according to the law” (see Chart 12 in Appendix).⁴⁵ Another study found that urban Chinese citizens’ average level of trust in the central government, as scored out of ten, rose from 8.23 in June 2019 to 8.87 in May 2020, with the proportion saying they “preferred living under China’s political system as compared to others” rising from 70% to 83% over the same period.⁴⁶ Of course, such data is scarce, and carries a risk of bias, and anecdotal reports and social media posts suggest rising dissatisfaction with Xi’s policies, especially around Covid-19 lockdowns. But the consistent findings of public opinion research imply that we should not discount the possibility that many Chinese citizens support Xi’s rule. If Xi struggles to manage China’s economic future, polling will be important data to watch.

4. What are Xi’s intentions for the forthcoming Party Congress? Where does he want governance (including over economic, foreign, and military policy) to go after the Party Congress?

Xi intends to use the Party Congress to consolidate control. The 20th National Congress of the Chinese Communist Party will likely convene in either October or November. Held every five years, a “Party Congress” brings thousands of CCP delegates to Beijing for a week of meetings to hear work reports from the Central Committee and the CCP Central Commission for Discipline Inspection (CCDI), deliberate and decide on major issues facing the CCP, discuss and pass amendments to the CCP Constitution, and select the next Central Committee and CCDI.⁴⁷

Xi will likely further entrench his policy agenda in his Party Congress Report. On the opening day of the Party Congress, Xi will deliver a “Report” (报告) on behalf of the 19th Central Committee that evaluates its work over past five years and outlines political priorities and policy objectives for the 20th Central Committee. This report is an authoritative document that provides a high-level blueprint for CCP policymaking over (at least) the next five years. At the 19th Party Congress in 2017, Xi used his Report to establish a “new era” in which the Chinese nation would “become strong,” in which “the Party leads everything,” and in which the Party now aims to “basically realize socialist modernization” by 2035 and complete its rise as a “socialist modern great power” by the middle of the century.⁴⁸ This year, Xi is likely to deliver a rosy assessment of his policy achievements over the last five years—such as realizing the CCP’s “first centenary goal” to achieve a “moderately prosperous society” by doubling 2010 per capita GDP by 2020—and double-down on economic restructuring and foreign assertiveness (see Section 5).

Xi will likely raise his profile in the CCP Constitution. The CCP Constitution (党章) is the most authoritative document that governs the Party’s internal operations. The Party Congress is the

⁴⁵ Edward Cunningham, Tony Saich and Jessie Turiel, [Understanding CCP Resilience: Surveying Chinese Public Opinion Through Time](#), Ash Center for Democratic Governance and Innovation, Harvard University, 2020.

⁴⁶ Lei Guang et al, [‘Pandemic Sees Increase in Chinese Support for Regime, Decrease in Views Towards the U.S.’](#), China Data Lab, UC San Diego, 30 June 2020.

⁴⁷ [中国共产党党章](#).

⁴⁸ Xi Jinping, [决胜全面建成小康社会 夺取新时代中国特色社会主义伟大胜利——在中国共产党第十九次全国代表大会上的报告](#), 18 October 2017.

only CCP body empowered to amend the Constitution and has done so every time that it has convened, usually to incorporate new theories and policies associated with current or former leaders. In 2017, the 19th Party Congress amended the constitution to enshrine “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” as a “guide to action,” consecrate Xi’s status as the “core” of the Party’s Central Committee and embed major Xi policies like the Belt and Road Initiative. This year’s Party Congress is likely to amend the CCP Constitution again, to entrench new Xi policies and ideological formulations, such as the “two establishments” introduced in the third history resolution. There’s also a chance that it will put Xi’s signature ideology on par with that of Mao by shortening it to simply “Xi Jinping Thought.”⁴⁹

Xi will likely stack the new 20th Central Committee with political allies. The Central Committee is formally the highest organ of CCP power when the Party Congress is not in session. According to the CCP Constitution, “Only the Party’s Central Committee has the power to make decisions about major national policy issues.” At recent Party Congresses, the number of candidates has exceeded the number of seats available on the Central Committee, although the list of candidates is drawn up by top CCP leaders after extensive consultations and negotiations.⁵⁰ In 2017, to select the 19th Central Committee, delegates at the 19th Party Congress chose 204 full members from 222 candidates and 172 non-voting alternate members from 189 candidates.⁵¹ Of these 204 full members, only 78 had been full members of the 18th Central Committee, producing a turnover rate for fresh members and promoted alternates of 64%, well above the average of 54% across the previous four Central Committees.⁵² This turnover—members who are not on the Politburo are normally not reappointed once they reach 63—provided Xi with added scope to shape the Party elite, and a similarly high turnover is expected this year.⁵³ Indeed, a key plank of Xi’s power has been his extraordinary ability to elevate personal associates and political loyalists into leadership positions, who can then support Xi’s rule and policies.⁵⁴ He has promoted an unusual number of leaders who worked with him in Zhejiang (“New Zhijiang Army”), Shanghai (“New Shanghai Gang”), and Fujian, plus some important allies with ties to his ancestral home of Shaanxi (“Shaanxi Gang”) and his alma mater Tsinghua University (“Tsinghua Clique”).⁵⁵ Xi has also shown an inclination to promote cadres with

⁴⁹ See: Bill Bishop, [Sinocism China Newsletter](#); David Bandurski, ‘[New Xi Jinping Diplomatic Thought Center Opens](#),’ China Media Project, 21 July 2020.

⁵⁰ Zhou Na, ‘[The 19th Central Committee for Xi Jinping’s “New Era”: Breaking Conventional Party Rules?](#),’ *China: An International Journal*, Vol. 18, No. 1, 2020, pp. 76-94.

⁵¹ Xinhua News Agency, ‘[领航新时代的坚强领导集体——党的新一届中央领导机构产生纪实](#),’ 26 October 2017.

⁵² Joseph Fewsmith, [Rethinking Chinese Politics](#), Cambridge University Press, 2021; Cheng Li, [Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership](#), Brookings Institution Press, 2016.

⁵³ Damien Ma and Joshua Henderson, ‘[Age Rules: The Arrival of the Post-60s Generation in Chinese Politics](#),’ MacroPolo, 31 December 2021.

⁵⁴ On the importance of factions in Chinese elite politics: Victor Shih, Christopher Adolph and Mingxing Liu, ‘[Getting Ahead in the Communist Party: Explaining the Advancement of Central Committee Members in China](#),’ *American Political Science Review*, Vol. 106, No. 1, 2012, pp. 166-187; David Meyer, Victor C. Shih and Jonghyuk Lee, ‘[Factions of Different Stripes: Gauging the Recruitment Logics of Factions in the Reform Period](#),’ *Journal of East Asian Studies*, Vol. 16, Issue 1, 2016, pp. 43-60; c.f., Pierre F. Landry, Xiaobo Lü and Haiyan Duan, ‘[Does Performance Matter? Evaluating Political Selection Along the Chinese Administrative Ladder](#),’ *Comparative Political Studies*, Vol. 51, Issue 8, 2018, pp. 1074-1105.

⁵⁵ See: Section 7; Cheng Li, ‘[Xi Jinping’s Inner Circle \(Parts 1-5\)](#),’ *China Leadership Monitor*, 2014-2015.

previous work ties to his key allies on the Politburo. Proximity to Xi now appears to offer more explanatory power for personnel promotions than previous models of factional competition.⁵⁶ Where once Chinese elite politics was characterized as a power balance between rival factions, it is now better understood as being led by a “dominant faction” under Xi.⁵⁷

The Central Committee is key because it selects higher bodies. Right after the Party Congress, the 20th Central Committee will convene its first plenary meeting (or “plenum”) to select a new Politburo, PBSC, and General Secretary, to select a new Central Military Commission, and to approve the new CCDI’s selection of its Standing Committee, Deputy Secretaries, and Secretary. While top appointments are decided in advance by an opaque process of negotiation and bargaining, the Central Committee functions as a “selectorate” of political elites who top leaders like Xi must control to secure power and approve policy. In 2007 and 2012, at the 17th and 18th Party Congresses, the Hu Jintao administration held straw polls for Central Committee members to express their opinion on Politburo candidates. The results were secret and non-binding but reportedly did influence leadership appointments, including Xi’s own victory over Li Keqiang to be anointed Hu’s successor in 2007.⁵⁸ However, in 2017, Xi tightened his grip by banning straw polls and replacing them with face-to-face consultations. Xi talked with 57 current and former senior officials, PBSC members interviewed 258 ministerial-level officials, and the Central Military Commission questioned 32 military cadres.⁵⁹ This more controlled process was likely one factor that helped Xi to increase the proportion of his associates from 20% on the 18th Politburo (2012-2017) to 60% on the 19th Politburo (2017-2022).⁶⁰ Xi is likely to add yet more allies to the 20th Politburo and PBSC, which in turn will make it easier for him to retain power and execute his priorities. Following the Sixth Plenum last November, the CCP began the process of selecting the ~2,300 delegates to the 20th Party Congress, with Party media emphasizing they must “firmly uphold General Secretary Xi Jinping’s core position in both the Party’s Central Committee and the Party as a whole.”⁶¹

Xi will likely consolidate more powers in Party organizations after the Party Congress. Like the CCP Central Committee, every five years there is turnover in the membership and leadership of the State Council, National People’s Congress (NPC), and Chinese People’s Political Consultative Conference (CPPCC). The change occurs at the annual meetings of the NPC and CPPCC National Committee in the March following a Party Congress (these meetings overlap and are together known as the “two meetings” [两会]). At that time, the CCP implements a twice-a-decade “State Council institutional reform” that tweaks the organizational structure of government ministries and agencies. In March 2018, however, six months after the 19th Party Congress, the CCP

⁵⁶ See: Neil Thomas, ‘[Eye on 2022 \(Part 1\): Rising Stars in the Provinces](#),’ MacroPolo, 26 January 2021; Neil Thomas, ‘[Eye on 2022 \(Part 2\): Rising Stars in Beijing](#),’ MacroPolo, 16 February 2021.

⁵⁷ Eun Kyong Choi, John Wagner Givens and Andrew MacDonald, ‘[From Power Balance to Dominant Faction in Xi Jinping’s China](#),’ *The China Quarterly*, Vol. 248, Issue 1, 2021, pp. 935-956.

⁵⁸ Susan L. Shirk, ‘[China in Xi’s “New Era”: The Return to Personalistic Rule](#),’ *Journal of Democracy*, Vol. 29, Issue 2, April 2018, pp. 22-36.

⁵⁹ Xinhua News Agency, ‘[领航新时代的坚强领导集体——党的新一届中央领导机构产生纪实](#),’ 26 October 2017.

⁶⁰ Neil Thomas, ‘[Ties That Bind: Xi’s People on the Politburo](#),’ MacroPolo, 17 June 2020.

⁶¹ Commentator, [高质量做好党的二十大代表选举工作](#), *People’s Daily*, 7 December 2021.

Central Committee published an unprecedented “Plan to Deepen Reform of Party and State Institutions.”⁶² The plan boosted Xi’s control by cutting the number of ministries, absorbing numerous state agencies and functions into the Party, and creating the National Supervisory Commission (NSC) super-agency to monitor corruption, policy implementation, and ideological conformity among public employees (whether CCP members or not). In March 2023, Xi is likely to pass another round of institutional reforms that further centralize decision-making in Party bodies, possibly in priority areas such as science and technology policy.

5. Are there any changes of policy direction likely in 2022-3 stemming from the Party Congress?

The Party Congress is likely to focus on continuity over change in Xi’s policy direction. A remarkable aspect of the third history resolution was its emphasis on continuity. Of Mao and Deng’s history resolutions, it said “their basic points and conclusions remain valid to this day” (the most notable departure was omitting Deng’s criticism of Mao’s “cult of personality”). It celebrated the contributions of all previous paramount leaders and celebrated Beijing’s post-Mao focus on advancing economic development through “reform and opening.” And the document appeared more an effort to entrench Xi’s existing agenda than to pursue radical new directions—it mostly recounted and affirmed policies Xi already has in place. While the Party Congress may bring new initiatives, it seems Xi is most set on advancing his current priorities.

That said, the very holding of a Party Congress can distort policymaking, as Xi will likely focus on domestic stability and risk control while he negotiates the turnover of senior officials. Power maneuvers in the run-up to previous Party Congresses produced significant political shocks. Hu Jintao arrested Bo Xilai the March before the 18th Party Congress of November 2012, presaging Xi’s anti-corruption campaign. Xi himself ousted rising political star Sun Zhengcai the July before the 19th Party Congress of October 2017, quieting potential opponents of his radical elevation. Yet, because Xi has now done much of the heavy lifting needed to secure his position, the political cycle of the 20th Party Congress is likely to see more of an emphasis on stability, with Xi cultivating a political environment that minimizes risks and visible pushback. Therefore, it is the easing of this focus after the Party Congress that could bring some significant policy shifts.

The CCP could put more weight on Xi’s “common prosperity” agenda and regulatory campaigns. The next few years will be a balancing act for Xi. He will have to weigh his regulatory agenda of reducing inequality, improving productivity, and escaping the middle-income trap with political imperatives to control Covid-19, maintain healthy growth, and project strength internationally. While Xi will want to avoid a major economic slowdown or foreign policy crisis, a successful Party Congress may provide backing to strengthen his “common prosperity” agenda to improve the equality of China’s income distribution while pursuing “high-quality” expansion in the overall economy. This would allow Xi to tolerate somewhat lower growth to press ahead with

⁶² CCP Central Committee, [中共中央印发《深化党和国家机构改革方案》](#), 21 March 2018.

what he considers politically essential long-term structural reforms to regulate the tech sector, reduce systemic financial risk, and boost the human capital of the Chinese population.⁶³

The CCP could begin to relax its “dynamic zero” approach to Covid-19 after the Party Congress. Xi has centered China’s Covid-19 response on “putting the people and human life above all else.” It uses mass testing, snap lockdowns, and travel restrictions to extinguish local outbreaks and keep cases extremely low. He has invested significant political capital in this strategy, which propaganda hails as a paradigmatic example of the CCP’s good governance and of China’s superior political model to Western democracy. In China, every day “living with Covid” would mean hundreds of thousands of infections, and likely thousands of hospitalizations and deaths, putting huge strain on the country’s second-rate vaccines and underdeveloped health system.⁶⁴ It is thus unlikely that Xi will relax China’s “zero Covid” strategy before the Party Congress, as this could undermine social stability and weaken Xi’s position as he looks to promote allies and win a third term as leader. If Xi achieves his goals at the Party Congress, then the economic cost of zero Covid may become more salient to his political calculus, especially if China records progress in developing a domestic mRNA vaccine or oral antiviral treatment. But any relaxation of Xi’s Covid strategy would come gradually, over many months or years, to control for risks.⁶⁵

The CCP could lean back into its assertive “wolf warrior” diplomacy. Before the Party Congress, Xi’s strong political position is a disincentive for him to engage in brinkmanship with the United States or to provoke diplomatic crises, as reckless incidents could create political risks for himself. Xi will certainly continue to respond to foreign criticism, retaliate against Western sanctions, and assert Chinese sovereignty claims, but his power gives him more breathing room to resist nationalist pressure for extreme responses while he focuses on the Party Congress. Indeed, the importance to Xi of controlling leadership turnover could mean that he and other senior leaders have less bandwidth for diplomacy this year, contributing to Beijing’s growing isolation in Western capitals and impeding global progress on economic recovery and climate change. After the Party Congress, however, China’s foreign assertiveness will likely grow, and US-China “strategic competition” become more ideological.⁶⁶ Indeed, Xi’s history resolution said the CCP “must not be misguided or intimidated” by foreign opposition in “the contest between the two ideologies and two social systems of socialism and capitalism.”

⁶³ Neil Thomas et al, [Xi’s drive for “common prosperity” embeds a more muscular regulatory agenda](#), Eurasia Group, 24 September 2021.

⁶⁴ Yuan Zhang et al, [‘On Coexistence with COVID-19: Estimations and Perspectives,’ China CDC Weekly](#), Vol. 3, Issue 50, 2021, pp. 1057-1061.

⁶⁵ Allison Sherlock et al, [“Zero Covid” Policy Likely to Persist Through 2022](#), Eurasia Group, 23 November 2021; Michael Hirson et al, [‘Greater Disruption in Store as Beijing Declares Zero Tolerance for Omicron,’ Eurasia Group](#), 5 January 2022.

⁶⁶ See: Neil Thomas et al, [‘Beijing’s Assertive Diplomacy is Here to Stay,’ Eurasia Group](#), 27 April 2021; Neil Thomas et al, [‘Xi’s Push to Promote “Chinese Solutions” Abroad Will Deepen US-China Competition in Developing Countries,’ Eurasia Group](#), 12 July 2021; Neil Thomas et al, [‘Beijing’s Broad Economic Diplomacy with Developing World Will Partially Offset Washington’s Deep But Narrow Security Diplomacy With Allies and Partners,’ Eurasia Group](#), 10 December 2021.

The CCP could use its PLA to re-escalate tensions in territorial disputes. If Xi remains in control ahead of the Party Congress, then his incentive to significantly escalate tensions in security hotspots would seem to decrease. For example, it's highly doubtful that Xi would pursue decisive action against Taiwan this year, because the possibility of failure creates an unacceptable risk to Xi's position. Drastic moves are similarly unlikely in the East China Sea, South China Sea, and Sino-Indian border areas. The conclusion of the Party Congress would not suddenly make any invasion scenarios likely, but it could encourage Xi to escalate gray-zone tactics to advance China's contested territorial claims and expand the global reach of the PLA.

6. To what extent is Xi under any kind of pressure to transfer any of his responsibilities or titles? Who or what comes after Xi? Is anyone being groomed to replace him?

Xi appears to be under little pressure to transfer any of his responsibilities or titles. The selection of CCP leaders results from internal political wrangling among the Party elite and given that Xi dominates Chinese politics in a way not seen for decades, it is difficult to see where any such pressure would come from. And, given Xi's obsession with law-based governance and the formalization of his own rule, it appears likely that he would rather hold positions of formal power than "rule from behind the curtain" (垂帘听政) as an informal paramount leader, like Deng Xiaoping did from ~1978-1994. The NPC's deletion of presidential term limits from the PRC Constitution in March 2018 removed the only formal barrier to Xi's indefinite tenure as head of the Party, state, and military. Xi would only have to exempt himself from the "seven up, eight down" (七上八下) norm, introduced in 2002, that leaders aged 68 years or older do not win reappointment to the Politburo. For Xi, this move seems well within his political abilities, and CCP officials early on suggested that Xi may not abide by this norm.⁶⁷ The only circumstances under which it seems plausible that Xi could face serious pressure to transfer any of his power at the 20th Party Congress is a crisis so severe that even Xi's allies come to see his leadership as a threat to regime survival, such as an economic depression or a failed invasion of Taiwan.

We do not know who or what will come after Xi because he has not anointed a successor. When Xi became General Secretary in 2012, prevailing norms suggested that he would serve only two five-year terms and would designate a successor by promoting a Politburo member aged 57 or younger to the PBSC at the 19th Party Congress in 2017.⁶⁸ That this did not happen is further evidence that Xi plans to rule indefinitely. Xi seems to have no incentive to identify an heir apparent, as to do so would risk making himself a lame duck, empowering a dangerous rival, and alienating allies who lack strong ties to the chosen replacement. If we assume that Xi faces no meaningful opposition or pressure to transfer power, then it is unlikely that he will indicate a successor at the forthcoming 20th Party Congress. This means that he will probably either elevate no potential successors to the PBSC or promote several potential successors who all lack clear claims to the role. Xi's supporters may pressure him to name a successor if he becomes frail, or if he begins to make truly calamitous political errors or policy mistakes, but

⁶⁷ E.g., Ting Shi and Keith Zhai, '[Will Xi Bend Retirement "Rule" to Keep Top Officials in Power](#),' *Bloomberg News*, 31 October 2016.

⁶⁸ An age that would allow for three PBSC terms, including two as leader, under the "seven up, eight down" norm.

absent these situations Xi could conceivably rule for decades. In 2035, for example, Xi would turn 82, still three years younger than Deng when he left formal office in 1989.

Xi may resurrect the office of Party Chairman but this move seems unnecessary. There is some speculation that Xi could reintroduce a supreme office of Party “Chairman” (主席)—which was held by Mao Zedong from 1945-1976 before being abolished in 1982—and thereby transfer one or more of his current roles to a potential successor while remaining in control of the Party.⁶⁹ But this step would produce the same downsides outlined in the preceding paragraph, while appearing unnecessary for Xi to consolidate his power. Xi faces no legal barrier to retaining his top posts. Removing presidential term limits was a requirement for Xi’s continued rule; becoming Party Chairman is not. Ultimately, personal power trumps formal titles, and holding the Chairmanship did not stop Mao’s successor Hua Guofeng from being toppled. Xi just got a “history resolution”—a triumph virtually unimaginable for Hu Jintao or Jiang Zemin—making it unlikely that he feels the need to spend political capital on appointing himself Party Chairman.

*A disorderly post-Xi succession is a significant and underappreciated political risk.*⁷⁰ If Xi does not specify a clear succession plan, which seems unlikely for at least the next few years, then his unexpected demise or incapacitation would create the risk of disorderly succession. If Xi “goes to meet Marx,” the CCP Constitution suggests that the Central Committee would meet to select a new General Secretary from the current PBSC and to select a new CMC Chair (who may or may not be the same person as the new General Secretary).⁷¹ The PRC Constitution says the Presidency would be assumed by the Vice President (who is unlikely to be a viable candidate to become the new General Secretary), although this appointment may have to be confirmed by the National People’s Congress.⁷² In reality, the one or more persons who end up being appointed to these three leadership positions will be decided by informal bargaining by Party elites. Many people inside and outside of China may want to see the end of Xi’s rule, but there is no way of knowing if what comes next would be better, worse, or about the same. Could Xi’s removal enable Party elites to return to more market-oriented reforms and constructive diplomacy? Could there be a seamless power transition to a Xi acolyte who continues Xi’s policy agenda? Could a factional power struggle between rival groups of former Xi supporters herald an extended period of political uncertainty and economic turbulence? Could PLA generals seize control in a military coup and launch a period of extraordinary domestic repression and foreign aggression? These possibilities all exist. We just do not know which is most likely.

⁶⁹ Ling Li, ‘[The Third Road: Where Will Xi Jinping Go in 2022?](#),’ *Made in China Journal*, 1 November 2021; Donald Clarke and Ling Li, ‘[Xi Jinping’s Third Road: A Response](#),’ *Made in China Journal*, 3 November 2021.

⁷⁰ See: Richard McGregor and Jude Blanchette, ‘[After Xi: Future Scenarios for Leadership Succession in Post-Xi Jinping Era](#),’ Center for Strategic & International Studies, 21 April 2021.

⁷¹ [中国共产党党章](#), Article 23.

⁷² [中华人民共和国宪法](#), Articles 79-84; McGregor and Blanchette, op cit.

7. Who are the most influential people in China's political system today, aside from Xi Jinping? How might their political stature and influence change at the forthcoming Party Congress?⁷³

The most influential people in China's political system are notionally the seven members of the CCP Politburo's Standing Committee (PBSC). The CCP's Leninist organizational structure relies on a rigid hierarchy to process information, make decisions, and enforce compliance among its officeholders and members. The PBSC is the top authority. The General Secretary is thought to convene a PBSC meeting roughly weekly to address domestic and foreign issues of national concern, such as Covid-19, Five Year Plans, Xinjiang, natural disasters, economic policy, and Xi's anti-poverty campaign. PBSC members are the only CCP leaders who rank at the "full-national level" (正国级), a half-level above other members of the Politburo, who are at the "deputy national level" (副国级). The CCP only rarely publishes readouts of PBSC meetings (but it does so regularly for Politburo meetings and study sessions).⁷⁴ While all PBSC members are important, Xi's dominance means those who are not politically aligned with him, such as Li Keqiang and Wang Yang, wield less power over national policymaking than their positions suggest.

Xi likely wants to consolidate his influence in the CCP by installing more political allies on the PBSC after the Party Congress. Predicting personnel appointments after a Party Congress is a notoriously fraught exercise. Back-room politicking is the decisive factor in who gets promoted, who gets sidelined, and who gets purged. But a few credible assumptions make the task more tractable, even though there's no guarantee they will hold perfectly:

- Xi will not spend political capital to break Party norms unless necessary (e.g., Xi did not force Li Keqiang into early retirement at the 19th Party Congress in 2017, despite media speculation to the contrary).
- Xi will thus exempt only himself from the "seven up, eight down" retirement norm and other leaders turning 68 or older this year will retire (e.g., Xi ally Wang Qishan left the PBSC in 2017; this norm also helps avoid long-time deputies becoming rivals).
- Xi will respect most current conventions about the structure of elite politics and the experiences necessary for cadres to win promotion to certain roles (e.g., that the PBSC has seven members who occupy the same roles as listed below).
- Xi will prefer to promote "allies" to expand the "faction" of cadres who owe their roles to him and are more likely to support his leadership (e.g., people who Xi knows through family, friendship, education, and work, or who have such ties to Xi's inner circle).

⁷³ This section is based on analysis of open-source information available from Chinese government websites and media publications. Some parts of it draw on earlier work: Neil Thomas, '[Ties That Bind: Xi's People on the Politburo](#),' MacroPolo, 17 June 2020; Neil Thomas, '[Eye on 2022 \(Part 1\): Rising Stars in the Provinces](#),' MacroPolo, 26 January 2021; Neil Thomas, '[Eye on 2022 \(Part 2\): Rising Stars in Beijing](#),' MacroPolo, 16 February 2021; Neil Thomas and Michael Hirson, '[Xi Continues to Consolidate Power, Signaling Gradual Progress on Structural Reforms](#),' Eurasia Group, 28 October 2021; and various Twitter threads published through the account [@neilthomas123](#). Also: Cheng Li, '[Xi Jinping's Inner Circle \(Parts 1-5\)](#),' *China Leadership Monitor*, 2014-2015; Sebastian Heilmann (ed.), *China's Political System*, Rowman & Littlefield, 2017.

⁷⁴ CCP Organization Department, [中共中央政治局常务委员会会议](#); CCP Central Committee, [中央政治局会议](#); CCP Central Committee, [中央政治局集体学习](#).

The list below provides a snapshot of each current PBSC member and a cautious assessment of their political prospects after the 20th Party Congress (listed in rank order):

1. Xi Jinping 习近平 (very likely to stay in his current roles)
 - Age in 2022: 69
 - Faction: Himself
 - Key Roles: General Secretary of the CCP Central Committee, Chairman of the CCP Central Military Commission, President of the PRC
 - Explanation: See discussion above.
2. Li Keqiang 李克强 (more likely than not to retire)
 - Age in 2022: 67
 - Faction: Tuanpai (Communist Youth League of China)
 - Key Role: Premier of the PRC State Council
 - Explanation: Li Keqiang was Xi's main rival when they were both emerging as future leaders in the 1990s and 2000s, and both were catapulted directly onto the PBSC from the Central Committee in 2007. Li was an economic "liberal" who rocketed up the CYLC ranks and was seen as closer to Hu Jintao, while Xi was helped by his status as the "princeling" scion of a revolutionary family and was favored by Hu's predecessor and rival Jiang Zemin. Li served as Party Secretary of Henan, Party Secretary of Liaoning, and First-Ranked Vice Premier before becoming Premier in 2013. Since becoming General Secretary, Xi has usurped the Premier's leadership in economic policy and sidelined the Tuanpai faction, leaving Li a powerful administrator but a weak decision-maker. The PRC Constitution limits the Premier to two five-year terms, so Li will step down in March 2023. He is just young enough to stay on the PBSC, but he can only move downward in the political hierarchy and his retirement would allow Xi to place another ally on the top body. In the post-Mao era, the precedent for departing Premiers is that the first two, Hua Guofeng and Zhao Ziyang, became the top CCP leader, then Li Peng became NPCSC Chairman before retiring, before the last two, Zhu Rongji and Wen Jiabao, went straight into retirement. Li is a weaker figure than all five of his forerunners and is therefore more likely to retire.
3. Li Zhanshu 栗战书 (likely to retire)
 - Age in 2022: 72
 - Faction: Xi Jinping
 - Key Role: Chairman of the Standing Committee of the PRC National People's Congress (NPCSC)
 - Explanation: Li Zhanshu leads China's top legislative body, a key role in Xi's law-based governance. Li became close with Xi when they overlapped as Party Secretaries of neighboring counties in Hebei from 1983-1985. Li spent his early career in his native Hebei, followed by stints in Shaanxi and Heilongjiang, before serving as Governor of Heilongjiang and Party Secretary of Guizhou. Li was then promoted to the Politburo as Director of the CCP General Office—the powerful administrative organ of the Central Committee—from 2012-2017, before he became NPCSC Chairman in 2018. Li will retire due to age.

4. Wang Yang 汪洋 (likely to stay in his current role or perhaps become Premier)
 - Age in 2022: 67
 - Faction: Tuanpai
 - Key Role: Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC)
 - Explanation: Wang Yang leads China's top political advisory body, which is the premier institution of the CCP's "United Front" system to co-opt non-Party members, professional and social groups, and ethnic minorities to support CCP interests. Wang came up in Anhui, was brought to Beijing to work at the central planning agency and the State Council, then served as Party Secretary of Chongqing and made the Politburo in 2007 as Party Secretary of Guangdong, where he was an advocate for market-oriented reforms. Wang should stay on the PBSC and could take over as Premier—he was a Vice-Premier from 2008-2013—but such a move would be unusual (see item on Hu Chunhua below). Two of his three most recent predecessors as CPPCC Chairman served a second term.
5. Wang Huning 王沪宁 (likely to stay in his current roles)
 - Age in 2022: 67
 - Faction: None (loyal advisor to Jiang Zemin, Hu Jintao, and now Xi Jinping)
 - Key Roles: First-Ranked Secretary of the CCP Central Secretariat, Director of the Central Guidance Commission on Building Spiritual Civilization (CGCBSC)
 - Explanation: Wang Huning is thought to be Xi's top ideologue and the intellectual architect behind many of his major policies. His position as CGCBSC Director means he leads propaganda and ideology work. His role in the Central Secretariat places him atop the working agency that controls the day-to-day administration of the Politburo and the PBSC. Wang also served as a deputy chief (along with Li Zhanshu) of the working group that oversaw the drafting of Xi's history resolution. Wang started out as a star professor of international politics at Fudan University in Shanghai, before Jiang Zemin recruited him to Beijing in 1995 to work at the CCP Policy Research Office, which he led from 2002-2020, entering the Politburo in 2012. Wang's lack of other experience means that he is best suited to his current roles on the PBSC, for which he appears indispensable.
6. Zhao Leji 赵乐际 (likely to stay in his current role or be promoted to NPCSC Chairman)
 - Age in 2022: 65
 - Faction: Xi Jinping
 - Key Role: Secretary of the CCP Central Commission for Discipline Inspection (CCDI)
 - Explanation: Zhao Leji leads the CCP's internal watchdog, which is responsible for enforcing regulations and implementing Xi's anti-corruption campaign. Zhao spent the first three decades of his career in his birth province of Qinghai, eventually serving as Party Secretary of Qinghai before moving to become Party Secretary of Shaanxi and then win a Politburo seat in 2012 as Director of the CCP Organization Department, which oversees personnel appointments. Zhao is thought to have developed close ties with Xi through their shared family connections to Shaanxi Province, where both Li and Xi's parents are from. Xi's

control of the CCDI has been crucial to his consolidation of power within the CCP, and so Xi may want Zhao to stay put. An alternative, given the last two-term CCDI Secretary left office in 2002 and Zhao has not served as a Vice Premier, would be a promotion to oversee law-based governance as NPCSC Chairman.

7. Han Zheng 韩正 (likely to retire)

- Age in 2022: 68
- Faction: Jiang Zemin/Xi Jinping
- Key Roles: First-Ranked Vice Premier of the PRC State Council
- Explanation: Han Zheng spent his entire pre-PBSC career as a cadre in Shanghai, serving as Mayor from 2003-2012 and on the Politburo as Party Secretary from 2012-2017. Han was associated with the “Shanghai Gang” of Jiang Zemin allies (Jiang was a city leader from 1985-1989) that dominated Chinese politics in the 1990s and 2000s. However, Han worked under Xi when the latter served as Party Secretary of Shanghai from March to October of 2007, a connection that likely contributed to his appointment to the PBSC in 2017. Han will retire due to age.

Many Xi allies are likely to see their political stature and influence grow at the forthcoming Party Congress, but especially those that win promotion to the PBSC. The analysis above suggests that at least two, and likely three, PBSC members will retire this year, creating vacancies that Xi will attempt to fill at the Party Congress. While Xi does not appear to be grooming anyone to succeed him, PBSC members still matter because they hold significant administrative power in the institutions that they lead, which gives them some leeway to emphasize specific policy agendas within the political boundaries set by Xi-dominated national decision-making. The composition of the next PBSC will also provide hard information about the extent to which Xi continues to dominate the Chinese political system. If we assume that Xi respects the strong post-Mao norm that new PBSC members are selected from the previous Politburo, and that Politburo members who turn 68 or older this year will retire, then nine non-PBSC Politburo members will step down this year while nine will stay on and be eligible for promotion to the PBSC. The nine set to retire are: Xi allies Chen Xi, Wang Chen, Yang Xiaodu, Xu Qiliang, Zhang Youxia, and Liu He (more on Liu below); Tuanpai ally Sun Chunlan; Jiang Zemin ally Guo Shengkun; and foreign policy specialist Yang Jiechi. The list below provides a snapshot of each non-retiring Politburo member and a cautious assessment of their political prospects (listed in stroke order of Chinese surname, as in CCP documents):

- Ding Xuexiang 丁薛祥 (more likely [than others in this list] to win promotion to the PBSC)
 - Age in 2022: 60
 - Faction: Xi Jinping
 - Key Roles: Second-Ranked Secretary of the CCP Central Secretariat, Director of the CCP General Office, Director of the Office of the CCP National Security Commission, Director of the Office of the PRC President
 - Explanation: Ding is Xi’s closest personal aide and is effectively his chief-of-staff. The General Office he runs is the working body of the Central Committee and controls key administrative functions like information flows, meeting agendas, and document drafting. Official media show that Ding accompanies Xi to virtually

all his political engagements and domestic and foreign travels. Ding enjoyed a rapid rise after serving as Xi's principal secretary when Xi was Party Secretary of Shanghai in 2007. Most new Politburo members were full members of the previous Central Committee, but Ding was one of four alternate members who won direct promotion to the Politburo in 2017 (along with fellow Xi allies Li Xi, Li Qiang, and Huang Kunming). Ding's predecessor, Li Zhanshu (also a close Xi ally), was promoted to the PBSC as NPCSC Chairman, but should retire this year. Ding could follow directly in Li's footsteps. Ding's main weakness is that, unlike most previous PBSC members, he has not served as a provincial Party Secretary or Governor. However, some leaders, such as Wang Huning and Wen Jiabao, have been elevated to the PBSC before without such experience. Ding is also one of only three Politburo members who are young enough to serve two five-year terms on the PBSC, along with Hu Chunhua and Chen Min'er (see below).

- Li Xi 李希 (somewhat less likely to win promotion to the PBSC)
 - Age in 2022: 66
 - Faction: Xi Jinping
 - Key Role: Party Secretary of Guangdong Province
 - Explanation: Li Xi is thought to have become close with Xi after working for an associate of Xi's father in Gansu in the 1980s. Li also worked closely with Zhao Leji when the latter was Party Secretary of Shaanxi and sat on the Shanghai CCP Standing Committee with several Xi allies from 2011-2014. Li's ties with Xi mean that he certainly has a shot at the PBSC, but his role suggests he may be less of a chance than other Xi allies. The last three leaders of Guangdong all next served as the Third-Ranked Vice Premier, a central promotion but not on the PBSC. The Guangdong job is also usually given to a young rising star—Hu Chunhua was 49, Wang Yang was 52, and Zheng Dejiang was 56 in the years they started—but Li was appointed in the year he turned 61, the oldest appointee since 1985.
- Li Qiang 李强 (somewhat more likely to win promotion to the PBSC)
 - Age in 2022: 63
 - Faction: Xi Jinping
 - Key Role: Party Secretary of Shanghai Municipality
 - Explanation: Li Qiang was a senior cadre in Zhejiang when Xi was provincial Party Secretary from 2002-2007 and worked closely with Xi after becoming Secretary-General of the provincial CCP Committee in 2004. The choice of Li to lead Shanghai suggests he is destined for promotion. Since 1987, every Party Secretary of Shanghai has gone on to win a PBSC seat (the exception is Chen Liangyu, a Jiang Zemin ally who Hu Jintao purged on corruption charges in 2006). Like his predecessor Han Zheng, Li could become First-Ranked Vice Premier.
- Li Hongzhong 李鸿忠 (unlikely to win promotion to the PBSC)
 - Age in 2022: 66
 - Faction: Jiang Zemin/Xi Jinping
 - Key Role: Party Secretary of Tianjin Municipality
 - Explanation: Li Hongzhong was a frontrunner in promoting Xi as the "leadership core" of the CCP, which he first did in January 2016, while Party Secretary of

Hubei. Li became Party Secretary of Tianjin—a position associated with a Politburo seat since 1987—in September 2016, just one month before the Central Committee officially elevated Xi to “core” status and 13 months before the selection of the new Politburo after the 19th Party Congress. However, for most of Li’s career he was closely associated with Jiang Zemin’s faction, and his strenuous assertions of loyalty may not be enough to beat Xi’s long-time allies to the PBSC. Li could stay on the Politburo as a Vice Premier or CCP agency director.

- Hu Chunhua 胡春华 (wildcard to win promotion to the PBSC)
 - Age in 2022: 59
 - Faction: Tuanpai
 - Key Role: Third-Ranked Vice Premier of the PRC State Council
 - Explanation: Hu Chunhua is perhaps the biggest wildcard for promotion to the PBSC. On the one hand, Hu is a rising star with the strongest claim to replace Li Keqiang on the PBSC as Premier, as every Premier since Hua Guofeng (1976-1980) was appointed directly from a Vice Premier position, and all the current Vice Premiers except Hu are due to retire from the Politburo this year. Also, all but one Premier since Li Peng (1987-1998) has served two terms, and Hu is one of only three Politburo members young enough to stay on the PBSC for that long. On the other hand, Hu is the leader in this list with the weakest ties to Xi, and is strongly associated with the Tuanpai faction, having led the CYLC from 2006-2008. Hu’s political future is where the assumptions about Xi’s decision-making come most into conflict with each other. What could tip the balance in Hu’s favor is that Xi has significantly weakened both the Premier role and the Tuanpai faction, so promoting Hu would create little political threat and avoid possible speculation about succession if Xi appointed an ally to the role. However, elevating Hu would deprive Xi the opportunity to reward a loyalist.
- Chen Quanguo 陈全国 (unlikely to win promotion to the PBSC)
 - Age in 2022: 67
 - Faction: Tuanpai
 - Key Role: None; ex-Party Secretary of Xinjiang Uyghur Autonomous Region
 - Explanation: Chen Quanguo served as Party Secretary of Xinjiang from 2016 to December 2021, but the CCP has yet to assign him a new position. Chen oversaw the CCP’s draconian ethnic assimilation policies toward Uyghurs and other Muslim peoples in Xinjiang, many of which were approved by Xi himself. His recent removal from office was not necessarily a punishment or a promotion, as it aligned with standard periods for rotating provincial-level leaders. However, Chen is unlikely to make the PBSC, and may even retire from the Politburo, because he lacks strong ties to Xi and was more aligned with Li Keqiang’s Tuanpai faction earlier in his career. Additionally, Chen’s predecessor, Zhang Chunxian, lost his Politburo seat in 2017—despite being younger than Chen at the time and tipped for big things—possibly due to his links with Jiang Zemin.
- Chen Min’er 陈敏尔 (more likely to win promotion to the PBSC)
 - Age in 2022: 62
 - Faction: Xi Jinping

- Key Role: Party Secretary of Chongqing Municipality
- Explanation: Chen Min'er is seen as one of Xi's closest political allies. Chen was the provincial propaganda chief when Xi served as Party Secretary of Zhejiang from 2002-2007 and has close professional ties with other Xi allies who worked in Zhejiang. He later served as Vice Governor of Zhejiang and Governor then Party Secretary of Guizhou. Chen's role in Chongqing means that little precedent exists about what his next move might be. Chongqing has only had a Politburo seat since 2007, and its last two full-time holders, Bo Xilai and Sun Zhengcai, were both purged and imprisoned. More generally, Chen's relatively strong background in provincial leadership means he would be a candidate for the PBSC as First-Ranked Vice Premier and perhaps even as an outside chance for Premier, although becoming CCDI Secretary or NPCSC Chairman are also possibilities.
- Huang Kunming 黄坤明 (somewhat less likely to win promotion to the PBSC)
 - Age in 2022: 66
 - Faction: Xi Jinping
 - Key Roles: Sixth-Ranked Secretary of the CCP Central Secretariat, Director of the CCP Propaganda Department
 - Explanation: Huang Kunming is another one of Xi's closest associates from his provincial career, having worked under Xi both in Fujian (as a prefectural official in Fuzhou while Xi was the city's Party Secretary from 1990-1996) and Zhejiang (where he led Huzhou and Jiaxing cities while Xi was provincial Party Secretary from 2002-2007). Despite these close ties to Xi, Huang appears less likely to win a PBSC seat than other Xi allies because only one propaganda chief has been promoted to the PBSC since 1980. That was Liu Yunshan (2002-2012), who headed the CCP Central Secretariat and CGCBSC from 2012-2017, roles that Wang Huning now holds and is likely to retain after the Party Congress. Huang could stay in his position; two of his last three predecessors served two terms.
- Cai Qi 蔡奇 (less likely to win promotion to the PBSC)
 - Age in 2022: 67
 - Faction: Xi Jinping
 - Key Role: Party Secretary of Beijing Municipality
 - Explanation: Cai Qi enjoyed a meteoric political rise under Xi. In 2017, he and Yang Xiaodu were "helicoptered" from outside the Central Committee straight into the Politburo, an extremely rare promotion that was last seen in 1992. Cai had overlapped with Xi in Fujian from 1985-1999, and then again in Zhejiang from 2002-2007, and must have made an impression. Cai will likely remain on the Politburo, perhaps as a Vice Premier or as Director of the CCP Organization Department, but the PBSC is unlikely. Cai has experienced leadership difficulties and a Party Secretary of Beijing has not made the PBSC since 2002.

Ultimately, the most influential people in China's political system today are those closest to Xi, which means that this group also includes cadres outside the PBSC or even the Politburo. The list below, while far from exhaustive, provides a snapshot of some important Xi allies unlikely to make the next PBSC and an assessment of their prospects (listed in rough order of importance):

- Liu He 刘鹤 (likely to retire from the Politburo but may become PRC Vice President)
 - Age in 2022: 72
 - Faction: Xi Jinping
 - Key Roles: Fourth-Ranked Vice Premier of the PRC State Council, Director of the Office of the CCP Central Financial and Economic Affairs Commission, Chair of the PRC State Council Financial Stability and Development Committee
 - Explanation: Liu He is widely seen as Xi's closest economic adviser and a key figure in macro policy, financial de-risking, and US-China trade negotiations. More influential than his formal roles would usually indicate, he accompanies Xi to many of his meetings and on many of his domestic and foreign trips. Liu and Xi go way back to their childhoods in Beijing as the privileged offspring of senior officials in the 1960s (before the Cultural Revolution). However, Liu's age means he should retire after his first term on the Politburo ends in 2022, which is why Xi may try to keep him close to the center of power by appointing him to the high-ranking but largely ceremonial role of PRC Vice President. Liu would replace Wang Qishan, a close Xi ally who became Vice President in 2017 after having to retire from the Politburo (and PBSC) due to age norms. Wang is likely to step down because no Vice President has ever served more than one five-year term. Whatever position Liu receives after the Party Congress, he will keep Xi's ear.
- He Lifeng 何立峰 (contender for promotion to the Politburo)
 - Age in 2022: 67
 - Faction: Xi Jinping
 - Key Roles: Director of the National Development and Reform Commission (NDRC), Vice Chairman of the CPPCC
 - Explanation: He Lifeng, like Liu He, attends an unusual number of Xi's meetings and accompanies him on many domestic and sometimes foreign travels. He rose through the political ranks in Fujian while Xi worked there from 1985-2002 and was Deputy Director then Director of the municipal Public Finance Bureau in Xiamen when Xi was Vice Mayor there from 1985-1988. The appointment of He as NDRC Director in 2017 meant Xi had a close associate in charge of the agency responsible for overseeing China's Five-Year Plans. The next year, He won an unusual appointment to serve concurrently as a CPPCC Vice Chairman, a role that elevated his political rank from ministerial level to deputy national level. This move likely reflected Xi's desire to keep He around, as the retirement age of 65 for ministerial level officials would otherwise have forced He out before the Party Congress, while the retirement age for deputy national level officials is 67. If He wins promotion, he will likely become a Vice Premier of the State Council.
- Meng Xiangfeng 孟祥峰 (contender for promotion to the Politburo)
 - Age in 2022: 58
 - Faction: Xi Jinping
 - Key Role: First-Ranked Deputy Director of the CCP General Office
 - Explanation: Meng Xiangfeng is a solid contender to replace Ding Xuexiang as Director of the CCP General Office, a Politburo position since 1997. Since 1986, every new Director, except for Li Zhanshu in 2012, has been promoted from

serving as a Deputy Director. Meng's appointment to Deputy Director in October 2020 suggests that he is trusted by Xi to run this extremely sensitive "nerve center" of CCP operations. He is also young enough to serve two Politburo terms and previously worked under Xi allies Cai Qi in Hangzhou and Chen Xi in Liaoning.

- Chen Yixin 陈一新 (contender for promotion to the Politburo)
 - Age in 2022: 63
 - Faction: Xi Jinping
 - Key Roles: Secretary-General of the CCP Central Political and Legal Affairs Commission (CPLAC); Deputy Director of the CCP Central Comprehensive Law-Based Governance Commission
 - Explanation: Chen Yixin has for some time been fancied the frontrunner to replace Guo Shengkun (who is due to retire) as CPLAC Secretary, the top law enforcement official, and a Politburo role since 1998. That's because Chen worked closely under Xi when the latter was Party Secretary of Zhejiang from 2002-2007 and now leads Xi's political rectification campaign of the law enforcement apparatus. Counting against Chen, however, is that the last three CPLAC Secretaries were all promoted from being Minister of Public Security. The current Minister, Zhao Kezhi, is too old for the next Politburo, but, last November, Beijing promoted the top-ranked Vice Minister Wang Xiaohong to replace Zhao as the Ministry's Party Secretary and made Wang a CPLAC member. Wang, who turns 65 this year, worked in Fujian throughout Xi's tenure there from 1985-2002, and was a senior public security cadre in Fuzhou while Xi was the city's Party Secretary from 1990-1996. Wang's recent elevation casts some doubt on Chen's prospects. Wang is also a full Central Committee member, while Chen is only an alternate member. Other senior law enforcement leaders, such as Minister of Justice Tang Yijun (who also worked under Xi in Zhejiang) and Minister of State Security Chen Wenqing (who serves concurrently as First-Ranked Deputy Director of the Office of the National Security Commission), are also in the mix for CPLAC Secretary. Regardless, Chen will likely remain an important figure in domestic security and could potentially win a different Politburo seat, such as Director of the PRC National Supervisory Commission.
- Song Tao 宋涛 (contender for promotion to the Politburo)
 - Age in 2022: 67
 - Faction: Xi Jinping
 - Key Roles: Director of the CCP International Liaison Department (ILD), Member of the CCP Central Foreign Affairs Commission (CFAC)
 - Explanation: Song Tao is a dark horse candidate to enter the next Politburo as the CCP's top diplomat. In 2017, Xi elevated foreign policy in the Chinese system by appointing Yang Jiechi, Director of the CFAC Office, to the Politburo. But both Yang and Wang Yi, Foreign Minister since 2013 (and a State Councilor, with deputy national rank, since 2017), are due to retire. This leaves no obvious replacement for Yang. The Party Secretary of the Ministry of Foreign Affairs (MOFA), Qi Yu, lacks foreign policy experience, and the top Vice Minister, Le Yucheng, does not yet seem to have even attained ministerial rank. That appears

to leave Song—a ministerial level leader who has served as a Vice Foreign Minister and as Ambassador to the Philippines and Guyana—as the most senior foreign policy official left. He is just young enough for a Politburo seat, he was a cadre in Fujian when Xi and his ally Cai Qi served in the provincial leadership, and his appointment would align with Xi’s rising focus on the ILD’s party-to-party diplomacy. Alternative scenarios include promoting Qi Yu or Le Yucheng, or dropping the foreign policy portfolio, but the elevation of lower-ranked “wolf warriors” like Hua Chunying or Zhao Lijian is very unlikely.

Every person on the above lists is both a man and a member of the Han ethnic majority. This fact highlights the lack of diversity in the Party elite. The next 25-member Politburo will likely include only one woman—probably Shen Yiqin, Party Secretary of Guizhou Province (and the only female head of a province), who is also a member of the Bai ethnic minority—and no Politburo has ever contained more than two (2012-2017). Previously, the only non-Han person to serve on the Politburo after 1985 was Hui Liangyu, from the Hui ethnic minority, who held a seat from 2002-2012. No female or member of an ethnic minority has ever served on the PBSC.

8. Recommendations

First, Congress should not overestimate the United States’ ability to influence Chinese politics. Some recent analysis has suggested the United States could change the balance of power in Beijing. Last January a “former senior government official” wrote a report that claimed “the CCP is significantly divided on Xi’s leadership and his vast ambitions” and that therefore “the central focus of an effective US and allied China strategy must be directed at the internal fault lines of domestic Chinese politics in general and concerning Xi’s leadership in particular.”⁷⁵ Just months later a leading university press published a book that argued the United States should aid in “creating the conditions” whereby “Xi Jinping will very soon be removed from office in a coup d’état mounted by rivals in the top leadership” who then “launch a transition to democracy.”⁷⁶

In my view, the observable facts of Chinese elite politics do not support such conclusions, and the United States should not base its China strategy on either ousting Xi or overthrowing the CCP. For all his policy missteps, Xi is a ruthlessly brilliant political operator, and signs point to his ongoing consolidation of personal power within the Party. Neither is there much evidence that CCP rule is close to ending: the Party continues to use censorship and coercion to monopolize power, to build performance legitimacy by overseeing improved living standards for most people, and to deploy increasingly sophisticated tools of propaganda and public engagement to foster popular support. There are no serious alternatives to Xi or the CCP that the United States could support. Moreover, such US support may backfire as it could mark out political leaders for purging and generate nationalist backlash from the Chinese public. Xi has also used strong US policy against Beijing to bolster his political position through “rally-round-the-flag” appeals.

⁷⁵ Anonymous, ‘[The Longer Telegram: Toward a New American China Strategy](#),’ The Atlantic Council, 28 January 2021.

⁷⁶ Roger Garside, [China Coup: The Great Leap to Freedom](#), University of California Press, May 2021.

Second, neither should Congress underestimate the United States' ability to influence Chinese politics. Despite the limited ability of the United States to influence the composition or the fundamental policies of the Chinese leadership, US actions can influence the decision-making of Chinese leaders, in both intended and unintended ways. For examples, US-led pressure against Xi's policies in Xinjiang may have pushed Beijing to moderate its worst abuses,⁷⁷ while US sanctions on Chinese tech firms have turbocharged Beijing's drive for indigenous innovation.⁷⁸ The United States therefore must consider Beijing's reaction function when making new policies. Additionally, when it comes to grassroots politics, research about Chinese students in the United States suggests that encountering anti-Chinese discrimination "significantly reduces their belief that political reform is desirable for China and increases their support for authoritarian rule."⁷⁹ Discrimination and racism should never be acceptable, and they directly undermine US foreign policy interests, so the US government and its leaders must condemn offensive terminology, ethnic stereotyping, and racial profiling. The best way for the United States to boost its influence relative to China is it to offer a positive and welcoming alternative.

Third, Congress should invest in improving "China literacy" in the United States. It has never been more important for the United States to understand what is happening in China. Chinese leaders make decisions every day that have consequences for the United States and its citizens. Washington must navigate a challenging new era of "strategic competition" with Beijing while trying to avoid miscalculations and miscommunications that could cause conflict. The US government, as well as US firms and other US non-governmental organizations, need to enhance their ability to understand the Chinese language, Chinese government, and Chinese society. Congress should therefore devote significant resources to supporting programs for more Americans to learn the Chinese language—as well as the politics, economics, history, and culture of China—in schools, universities, and professional training institutes across the country.⁸⁰ Congress should also push the US government to make greater efforts to employ the expertise and skills of Chinese Americans, Hong Kong Americans, Taiwanese Americans, and other Americans connected to the Sinophone world. Measures that federal, state, and local governments could implement include targeted recruitment, tailored career paths, and updated security clearance procedures that ensure both rigor and non-discrimination.⁸¹

⁷⁷ Dake Kang, '[Terror & Tourism: Xinjiang Eases Its Grip, But Fear Remains](#),' *Associated Press*, 10 October 2021; Jeremy Goldkorn, '[What is Happening in Xinjiang as 2021 Draws to a Close?](#),' *SupChina*, 16 December 2021.

⁷⁸ Adam Segal, '[China's Move to Greater Self Reliance](#),' *China Leadership Monitor*, 1 December 2021.

⁷⁹ Yingjie Fan, Jennifer Pan, Zijie Shao and Yiqing Xu, '[How Discrimination Increases Chinese Overseas Students' Support for Authoritarian Rule](#),' 21st Century China Center Research Paper, No. 2020-05, 2020.

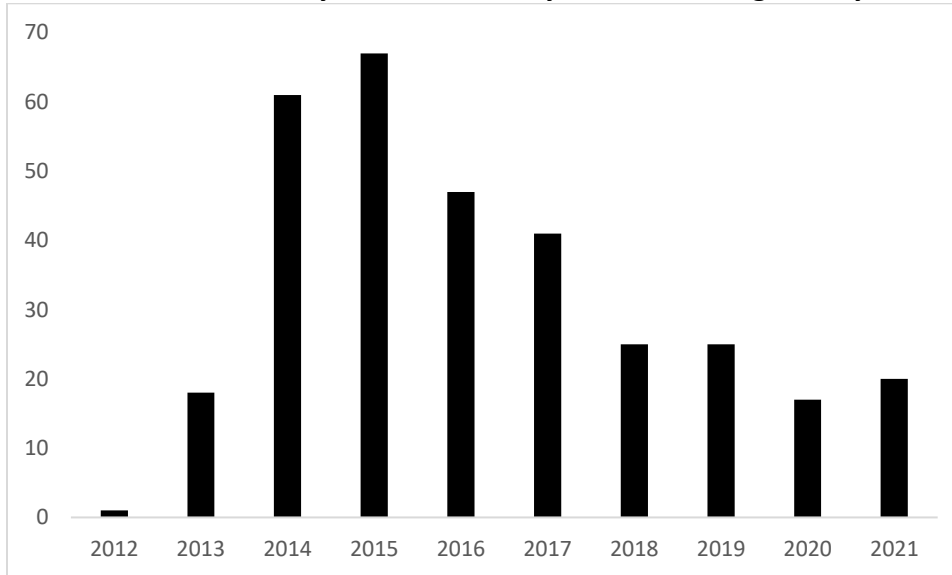
⁸⁰ Unsurprisingly, I am not the first testifier to make this recommendation. See, e.g.: Jude Blanchette, '[Testimony Prepared for U.S.-China Economic and Security Review Commission](#),' Hearing on "What Keeps Xi Up at Night: Beijing's Internal and External Challenges," 7 February 2019.

⁸¹ On this general point, this report from Australia is also relevant to the United States: Yun Jiang, '[Chinese-Australians in the Australian Public Service](#),' The Lowy Institute, 12 April 2021.

Appendix: Charts

Chart 1

Number of Central Party, State & Military Cadres Investigated by CCDI Has Declined

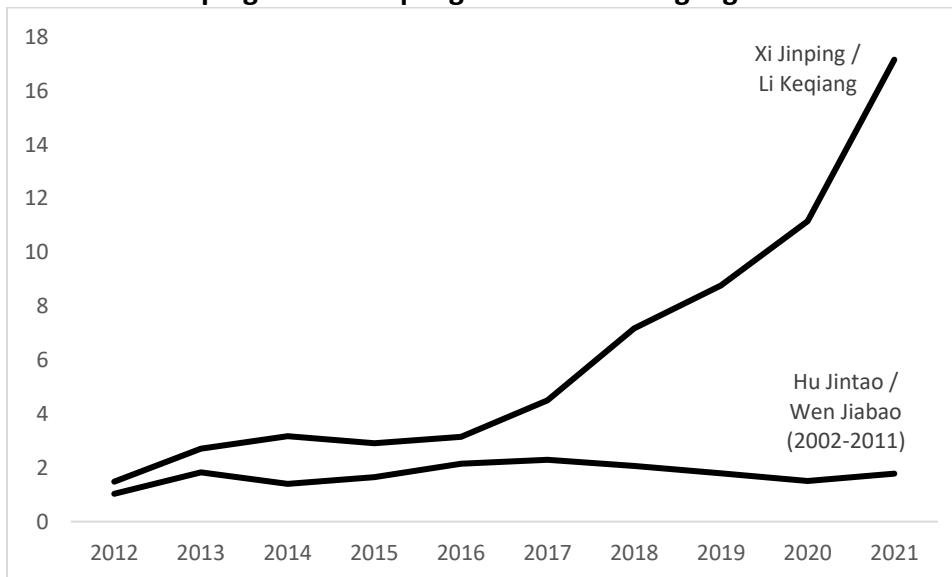


Note: Data record the year that investigations were announced into CCP cadres at the deputy ministerial level or above and into military cadres are deputy army level or above. Most investigations lead to CCP expulsion and criminal punishment.

Source: CCP Central Commission for Discipline Inspection.

Chart 2

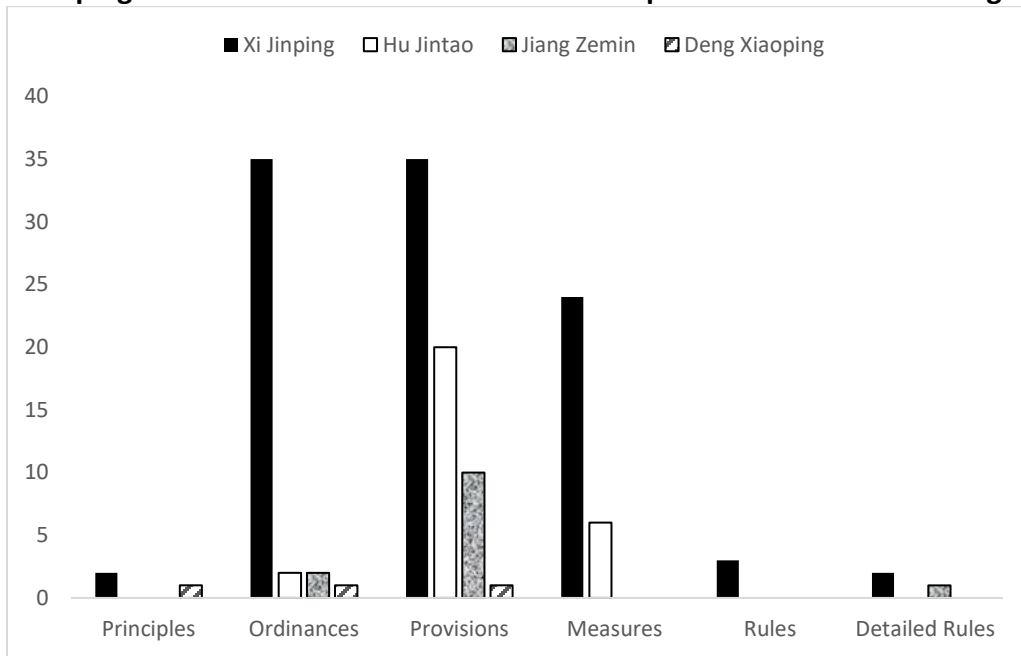
Ratio of “Xi Jinping” to “Li Keqiang” in Chinese Language Publications Continues to Rise



Source: China National Knowledge Infrastructure (CNKI).

Chart 3

Xi Jinping has Formulated or Amended 70% of Operational Central CCP Regulations

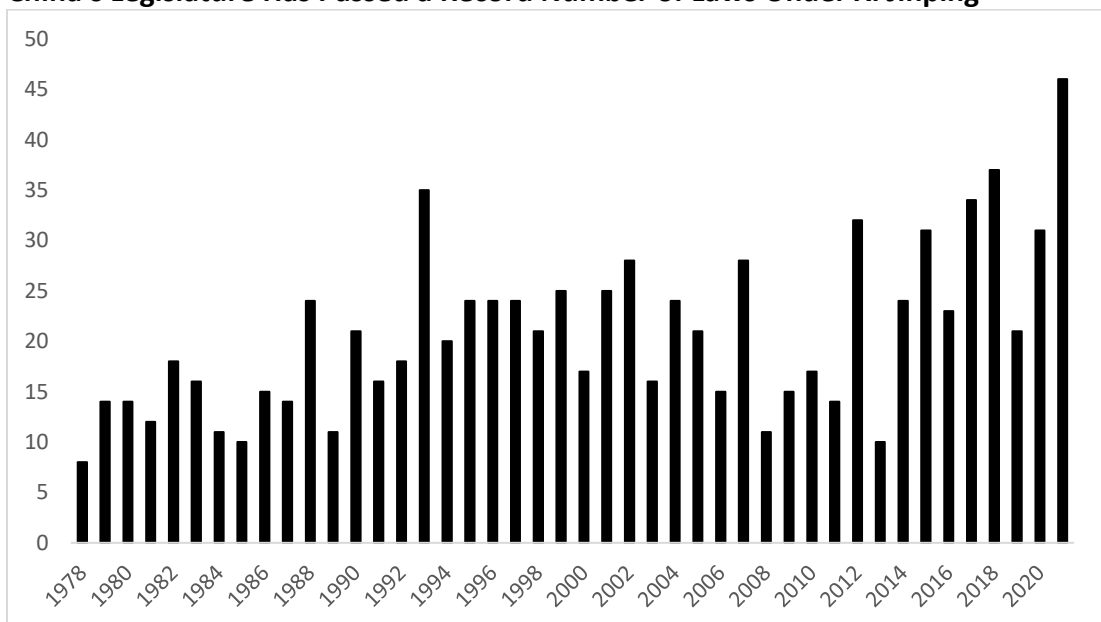


Note: Types of central regulation are listed in descending order of authority.

Source: CCP Organization Department.

Chart 4

China's Legislature Has Passed a Record Number of Laws Under Xi Jinping

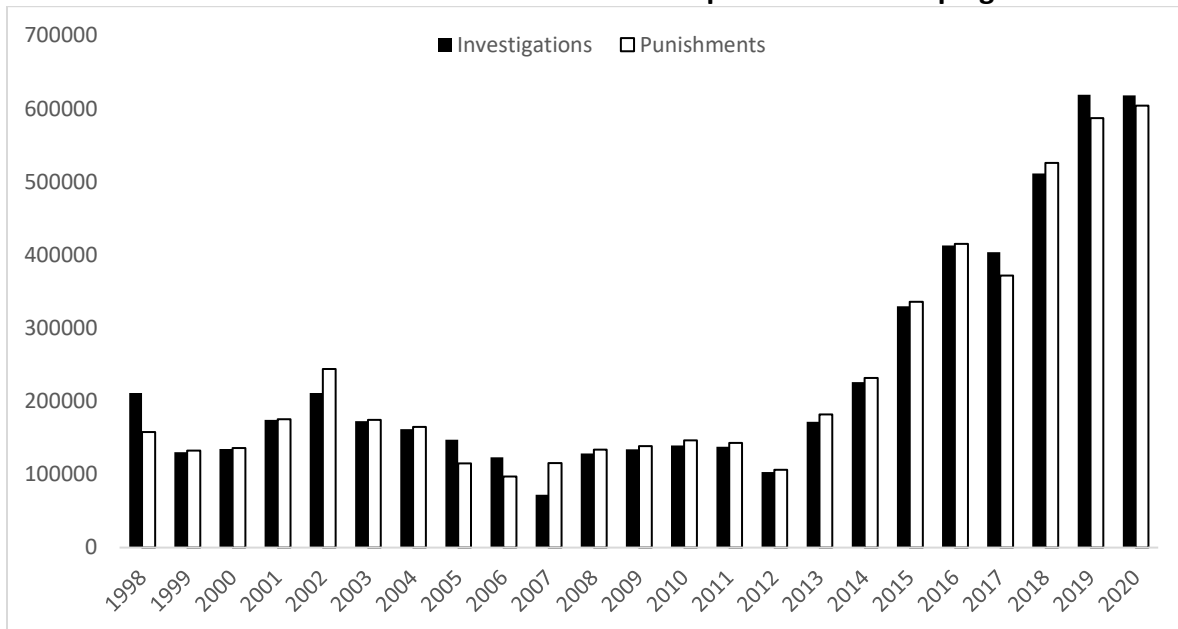


Note: Laws, amendments, and legal decisions made by the NPC and its Standing Committee.

Source: National People's Congress Standing Committee Reports.

Chart 5

Record Numbers of CCP Members Face Political Discipline Under Xi Jinping

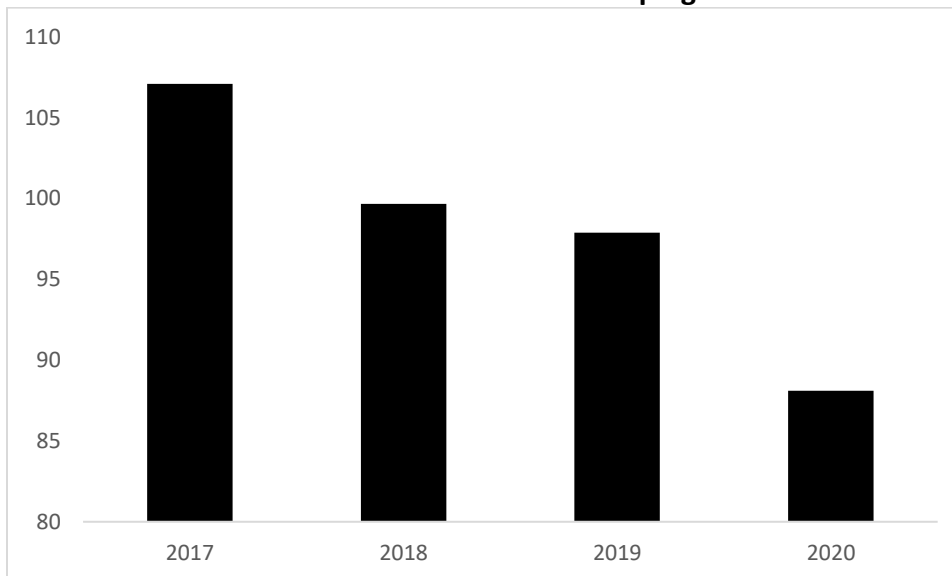


Note: Due to missing data the number of punishments in 2007 and the number of investigations in 2018 are both interpolated.

Source: CCP Central Commission for Discipline Inspection.

Chart 6

China has Reduced Air Pollution as Part of Xi Jinping's "Three Decisive Battles"

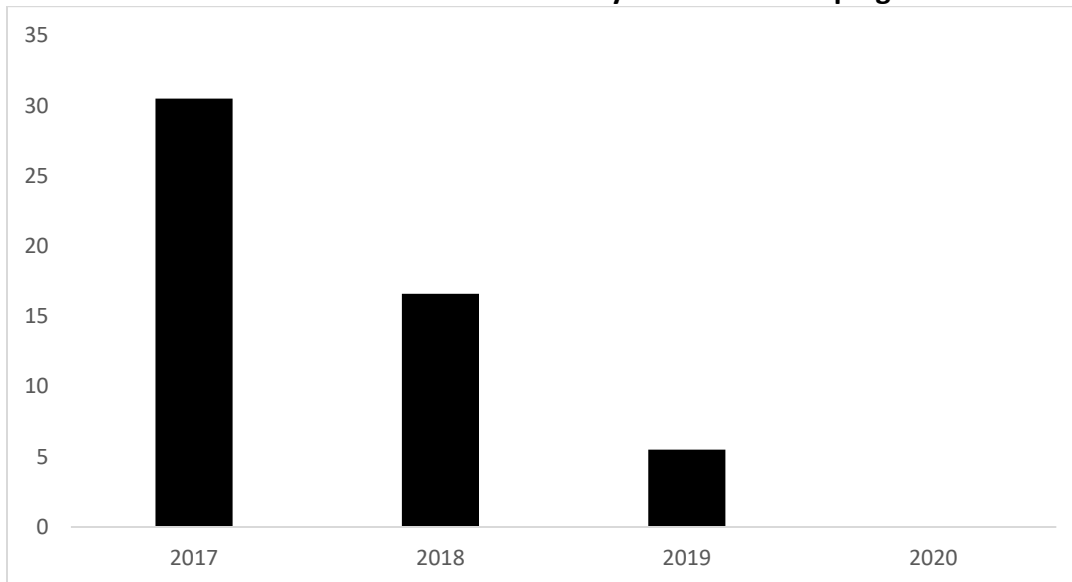


Note: Chart shows average of the annual average Air Quality Index of PM2.5 pollution in Beijing, Guangzhou, Shanghai, and Shenyang. Covid-19 shutdowns likely aided the 2020 figure.

Source: AirNow (US Department of State & US Environmental Protection Agency).

Chart 7

China Lifted Millions of Citizens Out of Poverty as Part of Xi Jinping's "Three Decisive Battles"

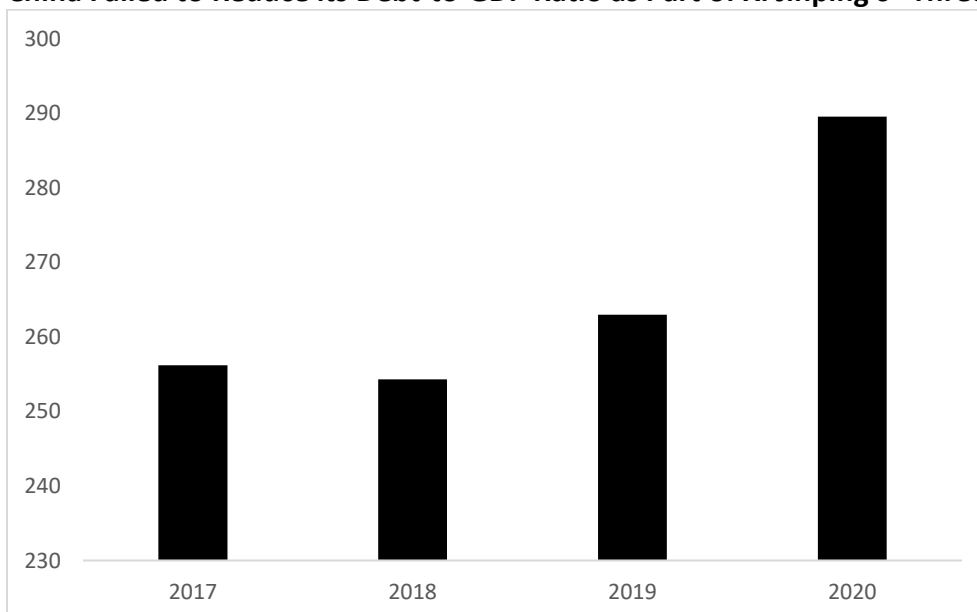


Note: Chart shows official estimates of the number of millions of impoverished rural citizens based on the 2010 national poverty line of 2300 yuan per capita (in 2010 prices).

Source: PRC National Bureau of Statistics; Terry Sicular, 'Will China Eliminate Poverty in 2020?,' *China Leadership Monitor*, 1 December 2020.

Chart 8

China Failed to Reduce its Debt-to-GDP Ratio as Part of Xi Jinping's "Three Decisive Battles"

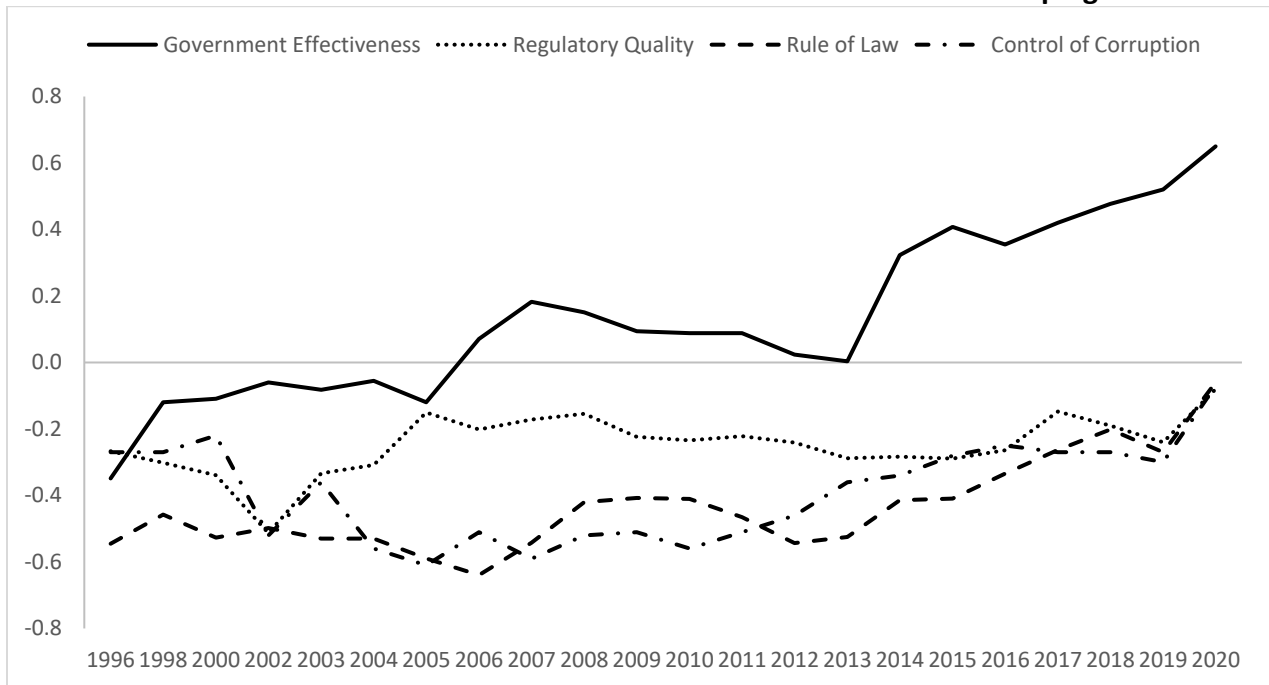


Note: Chart shows total credit to the non-financial sector as percentage of GDP.

Source: Bank of International Settlements.

Chart 9

China's Scores on Practical Governance Indicators Have Increased Under Xi Jinping

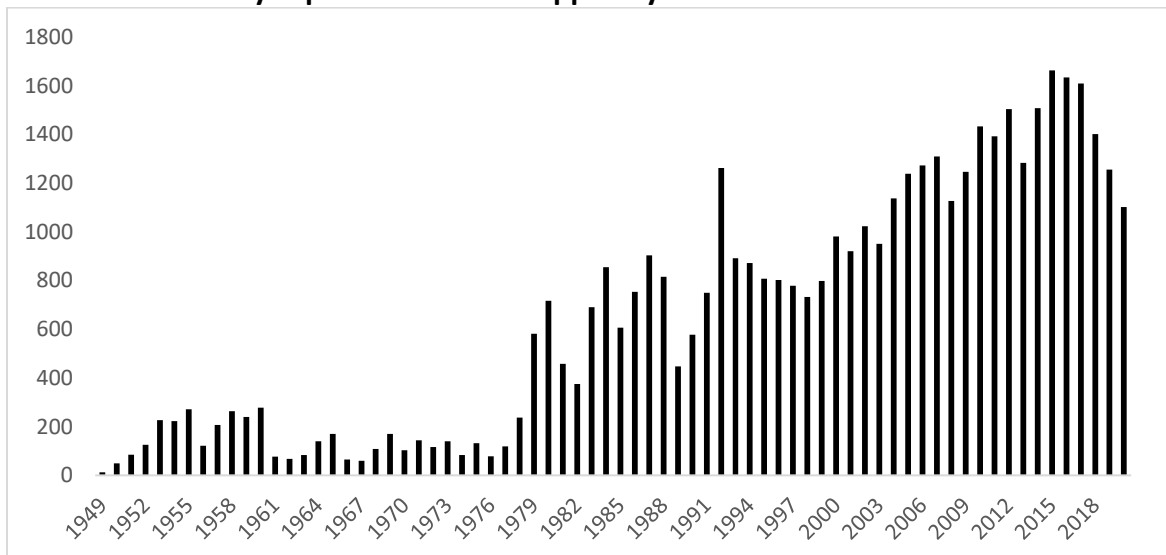


Note: Scores range from -2.5 to +2.5.

Source: World Bank Worldwide Governance Indicators Project.

Chart 10

CPP Focus on Policy Experimentation Dropped by 34% from 2015-2020

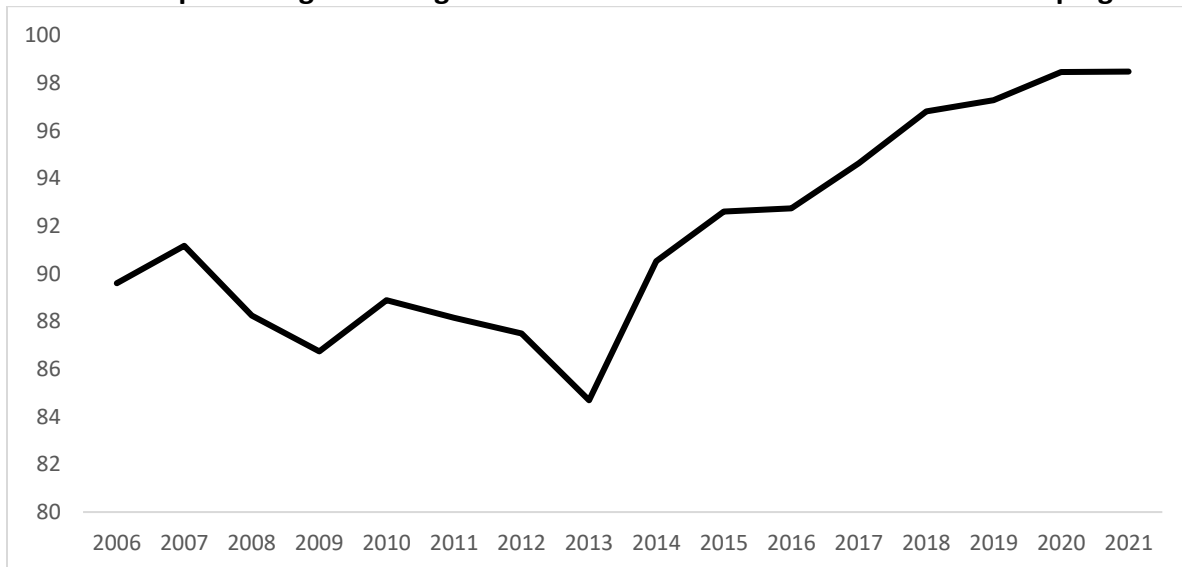


Note: Chart shows the annual number of People's Daily articles from 1949-2020 that mention "pilot programs" (试点). Data are standardized to adjust for the changing size of the newspaper.

Source: People's Daily.

Chart 11

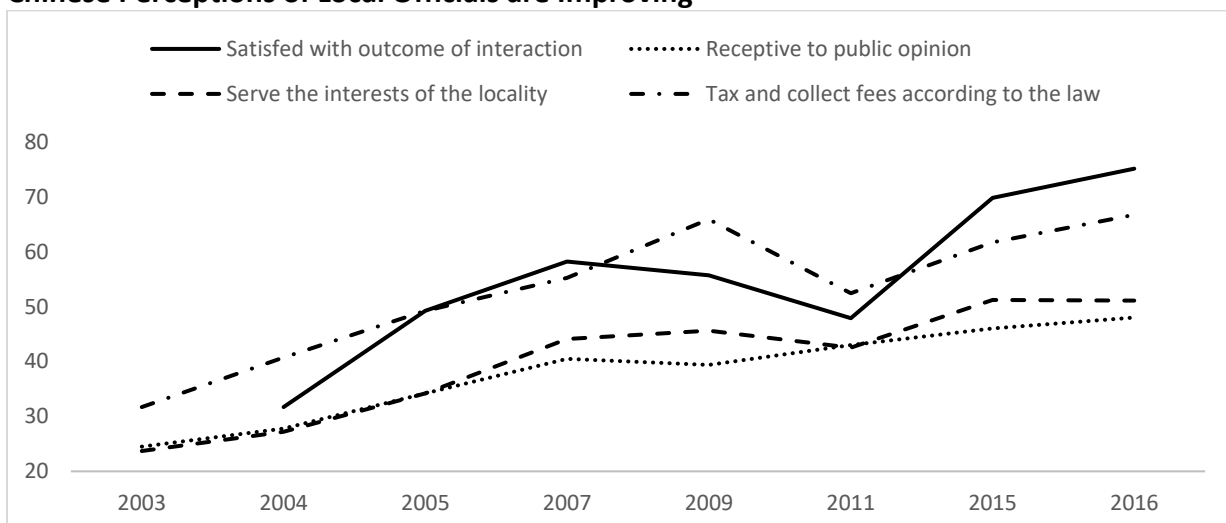
National People's Congress Delegates Cast More Affirmative Votes Under Xi Jinping



Note: Chart shows the average percentage of yes votes (out of yes, no, and abstaining votes) for six annual reports passed at the NPC: the Government Work Report, National Economic and Social Development Report, Central and Local Budgets Report, NPC Standing Committee Work Report, Supreme People's Court Work Report, Supreme People's Procuratorate Work Report. Source: Official media reports.

Chart 12

Chinese Perceptions of Local Officials are Improving



Note: Chart shows percentage of survey respondents who agreed regarding local officials. Source: Edward Cunningham, Tony Saich and Jessie Turiel, *Understanding CCP Resilience: Surveying Chinese Public Opinion Through Time*, Ash Center for Democratic Governance and Innovation, Harvard University, 2020.

PANEL I QUESTION AND ANSWER

COMMISSIONER FIEDLER: Thank you. And we will begin Commissioner questioning with Chairman Bartholomew.

CHAIRMAN BARTHOLOMEW: No. I'm going to pass on this round. And if there's time when we've gone through everybody else, I'll have some questions.

COMMISSIONER FIEDLER: Commissioner Borochoff.

COMMISSIONER BOROCHOFF: Good morning. First, I want to just say thank you to Dr. Fewsmith, Dr. Teets, and Mr. Thomas for testifying today. What a fascinating view. I really enjoyed reading each of your written testimony. And it makes it difficult to decide the question I'm going to ask.

The primary thing that I got from all of this and that I think all of you are saying, is that the style of management that's occurring in China right now creates instability in the management below.

You know, as a guy in the business world, when one goes to acquire a business, you spend time trying to figure out what are the structural defects. Is it the leadership? Usually there's a problem with leadership. Is it the product they are selling? You know, what's causing that?

So, Dr. Teets, listening to you, I have a question. Is the opacity that we're seeing a result of poor management because its top down driven or is it intentional opacity?

I think listening to you is that what you're saying is that the reason we can't figure out what's going on isn't that they're intending it to be that way. It's because they themselves may not know exactly what's happening as you get further down the pyramid.

DR. TEETS: Yes. I think that's true. The system of governance because it's an authoritarian regime and there are penalties for, you know, saying what you think and being on the wrong side of politics, it makes people not as willing to come forward when they disagree.

We used to see that there was more space for this because, at the local level, officials could decide. If there was some central regulation, they could decide, well, I'm going to implement this part of it first and then move onto this other more problematic part later, or they could decide just to hold off on implementation for a little bit. They had a little bit of flexibility or discretion. And now that that's lost it's really challenging to have any way to react.

So if you can't stand up and say, I disagree with this policy direction and you can now no longer try to shape the policy direction on your own, it doesn't really give you many channels for feedback. And I think that's really problematic.

COMMISSIONER BOROCHOFF: And do any of our other witnesses have any comment on that issue?

DR. FEWSMITH: I would just add to that that I think that the main form of, if you will, resistance to central policy is simply not to do anything.

If you are a bureaucrat at the local level, unless your immediate supervisor says go out and do X, you may very well sit in the office and do nothing because you're afraid of making a mistake or because you disagree with the policy.

One of the things which I think Jessica is suggesting is that this top down tightening up centralization has really made a system that had a lot of flexibility at the local level. These are the people that brought you the agricultural reforms. That was not a central directive. These are people trying to figure out things in the ground, responding to local problems.

And anybody that knows China knows that whatever problems there are in Guangdong are different problems than Gansu faces. It's a big place. So I think they're going to be dealing with these centralization issues for a long time into the future.

By the way, these are long, longstanding problems. You can go back to Gu Yanwu at the beginning of the Qing Dynasty complaining about these sorts of issues.

So this is just one of those issues that China has faced for many, many years. Thank you.

COMMISSIONER BOROCHOFF: Thank you. Mr. Thomas, we have a little bit of time if you'd like to chime in.

MR. THOMAS: I would just add that especially this year, the year of the 20th Party Congress, will likely see that dynamic to become even more intense as Xi Jinping focuses on creating environments of political stability that minimizes risk to his consolidation of power.

So we've seen at a Politburo meeting at the very end of last year and at the study session that Xi ran for ministerial level cadres earlier this month, that there was a new emphasis on ensuring no deviants or flexibility in upon the CCC. It's slower, more uncertain. And there's a level of inadequacy of feedback in the system.

So, I'd like to understand from you all how the anti-corruption campaign is actually being executed. What does it mean?

I mean, there's the kind of corruption where cops get paid a bribe so that you don't get a ticket. That's pervasive in a lot of developing countries. But there's also the kind of corruption where your salary is inadequate so there's a whole system put in place to provide benefits for you and your family, which is compensating for the lack of formal compensation actually.

So, I'm curious how you see that word corruption because it's been integral to political and economic campaigns.

And then the second question I have is what is the risk? Where is the risk of error in Xi's decision-making? Is it in financial services where we are very integrated? Where do you see the greatest risk? And that's really just sort of a one sentence answer. But I'd like to hear your views on corruption first.

DR. FEWSMITH: I'll take a crack at that. If you have not read Desmond Shum's recent book, *Red Roulette*, it's a wonderful read. And he really talks about getting rich through *guanxi*, through these personal relationships.

If you are in certain circles, you can direct all sorts of benefits to yourself and to your cronies, and you can live the high life.

When Xu Caihou, the Vice Chairman of the Central Military Committee was cashiered for corruption, according to the Chinese press, it took 12 trucks to clear out the ill-gotten gains from his apartment. You're talking about corruption on a scale that you can hardly imagine and that is a tremendous risk to that.

I link that to some of the things that Jessica was saying. One of the really interesting lines in the history resolution that was adopted last fall was that cadres should not be promoted simply because they have filled certain targets or because they've gotten a certain number of votes or any of those sort of more objective criteria. But the supervising Party organization should play a much bigger role in just deciding who was the loyal Party member. Well, they're all loyal Party members. They're just loyal to different people.

And, you know, it seems -- you know, we'll have to see how this plays out. But it seems like this really just opens the door to a systematic sense of corruption that you promote your allies. And that gets you right back to where you were when this whole campaign against corruption started.

So, you know, as that report says, this is the one issue that can kill the Party. Basically, that is existential. And yet they seem to be doing exactly the wrong things. We would be recommending tightening the rule of law. They're tightening the Party, which is not the rule of law.

The risk is Taiwan. I don't like to leave that decision in the hands of Xi Jinping who has made it, I think, quite clear that he would like Taiwan to come back in one way or another. I'm not predicting military force although there's likely to be a military component to it.

There are clearly people in the system who disagree with Xi Jinping's hard line on Taiwan. They will not get a voice. I'm sorry. I took too much time.

VICE CHAIRMAN CLEVELAND: All right.

DR. FEWSMITH: Somebody else.

DR. TEETS: I could add to the risk for Xi's decision-making style. One thing that I'm seeing is that this more centralized system, it doesn't have any feedback mechanisms.

So there's a policy that then is adopted at the central level, like trying to stop companies from polluting. It looks great on paper. It sounds really good. But what we see then when it goes to the local level is that sometimes local officials are not implementing anything, either because they're not sure of what to do or they don't want to take the risk.

And then when they're, you know, Xi Jinping or somebody from the Center is paying attention to them, they all rush out and close down all of the factories, just in case they're polluting.

And so that type of governance style, it's effective in that if you look at pollution measures, you can see that, you know, they do show these decreases. But it's not really good for economic development, right? You throw all of those people out of work. You don't differentiate between a company that's trying to invest in clean technology and one that's just continuing to pollute.

So I don't think that this governance style is very effective ultimately.

VICE CHAIRMAN CLEVELAND. Mr. Thomas, do you want to -- thank you. I appreciate that. And I thought your example in the written testimony on pollution was really compelling. Mr. Thomas, do you want to add anything, particularly on the corruption issue? I'm interested in your --

MR. THOMAS: Sure. I'd add another area of concern for Xi's decision-making is about how to balance his structural perform agenda so, you know, entries of property tax to de-leverage the financial sector with continued economic growth. And he said that growth is still a foundation of the Party's rule and the degree of public legitimacy that it does enjoy. So there's going to be a lot of risk in balancing those two competing impulses.

On the anti-corruption campaign, it is still a political tool that's being used to take down potential opponents of Xi as Professor Fewsmith has discussed. But it's also something that is enforced through inspection teams, that's dispatched to all the provinces, ministries, agencies across the country that, you know, do monitor political loyalty but are also there to try and implement organizational reforms, to implement central policymaking.

So there is a more kind of salubrious governance upside to some of what is, you know, referred to under this anti-corruption campaign. It's a tool of governance as well as a tool of politics. It is part of the centralization drive which does come with all the downside that was mentioned. But it is also a tool to make local governments do more of what the center wants. And sometimes that can be a positive thing.

VICE CHAIRMAN CLEVELAND: Can I just -- is anybody willing to say yes or no on

whether or not corruption touches Xi himself? A resounding silence.

DR. FEWSMITH: If you talk about Xi's family, I think the answer is yes. If you talk about himself, the answer is probably no.

VICE CHAIRMAN CLEVELAND: That's why you have family, for them to take the blame.

DR. TEETS: I also think that it's really challenging. We don't necessarily have evidence to say that. But what we do see about the system is the system by design has corruption built into it. That's why this anti-corruption campaign is so easy to use to take out political rivals.

I mean, basically we see that this, you know, if we think about it sort of as an informal fee structure, people are being charged these fees for access to get permits and things like that.

That revenue is going to the people who lead those committees, but it's also going to their departments. So it's sort of institutionalized corruption. So everybody is a part of it. We just don't know at the personal responsibility level versus just being part of the system. So I think that's really hard for us to pull apart with the information that we have.

COMMISSIONER FIEDLER: Thank you.

VICE CHAIRMAN CLEVELAND: Thank you, Jeff. I'm sorry I went over. But very interesting. Thank you.

COMMISSIONER FIEDLER: We'll go to Commissioner Friedberg.

COMMISSIONER FRIEDBERG: Thank you very much. It's a pleasure for me to be here. Thank you all for your thoughtful and interesting testimony.

It strikes me in listening to you and reading your statements and reading the statements of the witnesses we're going to hear later, there's a remarkable degree of agreement in describing what it is that's happened in China in the last 10 years. And it's all about the concentration of power in the Party relative to the state within the Party in Xi Jinping's hands.

But there seems also to be large questions about what it really means, what does it imply for the stability and longevity of the system? What does it imply for its efficiency and effectiveness? And what does it tell us, if anything, about the purpose? What is it that is to be achieved through this concentration of power? So I wanted to try to ask a few questions on those issues.

I guess I would start with the one, and this is for anyone who wants to take it on, going back to Commissioner Scissors' comment at the beginning that we sort of didn't necessarily catch on quickly enough to where Xi was going at the beginning.

It seems to me now there may be a tendency for people to say, this concentration of power is inevitably counterproductive. It's going to undermine efficiency. It's going to make various problems worse. It's going to make the system more rigid.

And I wondered if any of you could comment on the possible alternative hypothesis, which is suggested in some of your testimony in a number of areas that this concentration of power could allow Xi to break through interest groups that have blocked reform in the past.

It could allow him to focus key resources on the most important national tasks like innovation. It could allow him to put the fear of, if not God, the fear of Marx into the military and make them more professional and more effective.

So could it work? Professor Fewsmith, maybe we could start with you.

DR. FEWSMITH: Okay, well, I think it can work on some things. As you said, from Xi Jinping's point of view, I think, a major part of the problem was that a lot of political power was held by groups other than his own. And I would have even a sneaky suspicion that one of the

reasons why he was chosen for leadership was because he did not have a large group of his own people. He set about building that group over time. And so I think you will see at the 20th Party Congress a lot of Xi Jinping's loyalists promoted to the highest level.

So his way of fighting factionalism is to create a huge faction of his own, that is amenable to his own leadership. It's a very strange way of going about it, because it leads to the probability when Xi does go to see Marx that there are going to be a lot of people who have felt passed over or marginalized by this, and they're going to resent that. So I don't think it solves the problem of instability.

But in that time between now and when he does go to see Marx, you know, there are certain things that he can do. Yes, he can cut through interest groups if he chooses to do so. An interesting problem there is a lot of the interest groups that you can point to are held by princelings and sons and daughters of high-level officials. And that is probably one group that he does not want to offend.

So I think he's caught on a dilemma there of having the power, but it's dangerous to use that power. Now he has attacked some princelings, Bo Xilai. I'm sure there are others. But as a group, I don't think he wants to take on that group because they are the inheritors of Red power. And, you know, so he will have the power to cut through those groups, but it's dangerous to use it.

COMMISSIONER FRIEDBERG: Thank you. Professor Teets?

DR. TEETS: I agree with you that I think that there are a lot of governance benefits especially at the local level. So even though this governance style is more rigid, it also means that the good laws that are passed by the central government are now being implemented at a pretty standardized rate across all the different places.

So if you're a local citizen and you go into an office, whatever is posted on their website as far as the documents you need in order to get a permit, that's actually what you'll be asked for when you approach that government office. People like that, right? So you like having rules that are in one area match rules that in another area. So I think that that sort of stability and standardization is really a good thing.

COMMISSIONER FRIEDBERG: Commissioner Fiedler, do we have time for Mr. Thomas to answer?

MR. THOMAS: I can just –

COMMISSIONER FIEDLER: Go ahead.

MR. THOMAS: -- just very quickly say that I think it depends on what type of policies we're talking about. We've seen, for example, through Xi's zero COVID strategy a high degree of success at achieving local compliance with central objectives.

We've seen Xi make progress on anti-poverty, on air pollution, a lot of key issues which are easily measurable. They're easily defined. They're observable. And they are mostly things that can be achieved in a relatively short time frame.

But where I think this, you know, top down, centralized approach to governance may fall short is in these longer term issues that I mentioned in my oral testimony. So how do you reform the structure of the Chinese economy to make its growth more sustainable in the long-term? By making it more equal, by making it more green, by making it less driven by debt in the property sector?

And I think we have seen Xi has struggled to make decisive breakthroughs on those issues and may struggle to do so in the future.

COMMISSIONER FRIEDBERG: Thank you very much.

COMMISSIONER FIEDLER: Thank you. Commissioner Glas.

COMMISSIONER GLAS: I just want to thank all of you for testifying before the Commission today and the thought that went into the written testimony that you submitted.

You know, I'm trying to square something up, I think, in my head. Mr. Fewsmith, or Dr. Fewsmith, you mentioned how the system is opaque. But reading Mr. Thomas' testimony, I actually think we know a lot about at least the top hierarchical structure within China.

So can maybe both of you and Professor Teets if you'd like to chime in as well, square up where you think we don't know a lot or we don't know as much as we did maybe 10 years ago and information that we really do know in terms of key decision-makers who are key influencers.

And then the third question here is now that we know or don't know certain information, what is our recommendation to Congress related to this? So as congressional leaders are thinking about the strategic relationship with China, you know, can you elaborate on some of your recommendations a little bit more?

COMMISSIONER FIEDLER: Why don't we start with Mr. Thomas this time? We'll reverse the order.

MR. THOMAS: Thank you for the question. I think it's very difficult to know what is happening behind the closed doors of Zhongnanhai, the leadership compound in Beijing. We don't really know how the sausage gets made so to speak.

We know the inputs into that system. We know the policy problems. We know the statistics that oftentimes are relied upon to make these decisions, and we know the outputs. We know the policies, the speeches, the articles in Party media that get published.

In terms of decision-makers, at the very top, the most clear information we have is about which politicians get appointed to which positions. And in this, you know, very hierarchical system under which the Party operates, that's extremely important as both Dr. Fewsmith and Teets have also emphasized in their testimonies.

So the fact that Xi Jinping is the General Secretary is an extremely important fact. Who is on the Standing Committee, who is on the Politburo, that's real hard information about the distribution of power within the Chinese Communist Party.

And that's where a lot of my testimony draws on in terms of analyzing these leadership groups and the networks of power under Xi. It's publicly available information on Chinese government websites about the career backgrounds, about the kind of histories, the personal relationships of Chinese leaders.

So we can see who worked together earlier in their careers. We can see who went to the same university. That's not dispositive proof that there's a connection or an alliance between different people. But if we see Xi Jinping promoting large numbers of people that he worked with in Fujian, in Zhejiang, in Shanghai, we can make some fairly good assumptions that there is a factional dynamic at play between Xi and these people that he's awarded, you know, hugely accelerated promotions to.

So we know the extent to which Xi Jinping has a hold on the system. And we know what that system is doing. What we really don't know is how the system is reaching the decisions that it makes on the inside. Who exactly has Xi's ear on any given policy issue?

We can make guesses. We think we know that Liu He has a log of influence in economic policy-making. We know that Xi's personal Chief of Staff, Ding Xuexiang, is with him a lot. He Lifeng, you know, the ally who runs the National Government Reform Commission, is often in Xi Jinping's company at events as is Liu He. We can infer that they have a bigger say than many other leaders. But we still don't exactly know what happens in the highest rooms of power.

And I've gone on for a while so I'll hand it on.

COMMISSIONER FIEDLER: Jessica Teets?

DR. TEETS: All I would point out is that even though we do know what Xi Jinping -- we know the inputs into the policy and everything that my co-panelist just talked about, we have to remember that this is a big and complex system, and there are lots of decision-makers, not only as decisions are being made at the central level, but then as they're being implemented throughout the system.

And so we do want to keep in mind that, you know, in any big complex system, individual's decision-making and individual's logic and incentives are going to play a role here. And so that's part of the challenge.

If this were a smaller country, it might be easier to understand decision-making at the central level and at the local level. But it's a big complex system. And that is going to introduce some uncertainty.

COMMISSIONER FIEDLER: Thank you. Joe?

DR. FEWSMITH: If I can take just one second. Just to do a simple example, when Xi Jinping took over, economic reforms had reached a point where all the economists said what they really need to do now is transfer assets from the state sector to the market sector because the market sector is simply much more efficient.

Liu He has the reputation as a fairly open-minded, reform minded advisor. But what we have seen, of course, is anything but that. It's been a greater state intrusion on the market, particularly, of course, with the crackdown in the tech sector, Alibaba, Tencent and so forth.

And so how did we get from what seems like an obvious decision to move forward in marketizing reforms to reversing that decision?

And, you know, you want to kind of know how the sausage is made? How did this get reversed?

And, you know, in the 1980s, we really did know which economists were in favor of which policies. They argued in the pages of economic, uh, jingji yanjiu, economic research and other places. You could really trace these arguments. That's really hard to do these days.

So in some ways we know a lot. But there are an awful lot of things we would like to know that we simply don't know.

COMMISSIONER FIEDLER: Thank you. I'm going to go to Commissioner Scissors now assuming that Randy Schriver has not yet arrived.

COMMISSIONER SCISSORS: And I'll just talk over him if he has. I have hopefully a quick question for Professor Teets.

You said the U.S. should differentiate core Chinese policy areas from others because the core policy areas will be inflexible and the others will be more flexible. That sounds very good. It's easier to say than to do. And I think one way to see that is for you to give us a couple examples of a core policy area and a non-core policy area.

DR. TEETS: Exactly, right? It's easy to give advice, much harder to actually apply it.

I think that, and this is what Mr. Thomas was talking about also. I think that the areas that Xi Jinping has made his signature policies, we should understand that those are very set and that all the incentives in the system will be for people to execute exactly as that policy is written, right?

So if you're a local government official and you want to get promoted, you need to do common prosperity, right? That's the policy. It's being laid out pretty clearly. Central work teams are going out to all of the provinces and making sure that those policies are implemented

exactly as intended.

So in those areas, if you want to think about it as sort of a slogan or a name around the policy, those are the areas where I would expect that as the policy is written is exactly the way we should expect it to be implemented with very little deviation, very little change.

But then there are lots of areas, like the one that Joe just brought up, about looking at financial technology. We don't have a policy there yet for what economic reform will look like. And what we're seeing instead is this sort of trial and error process where the government creates policies, there are some outcomes and they either sort of pull them back a little bit or they pivot and go in a different direction.

So in areas where you see these signature policy initiatives, those are the ones that we should say this is just going to be what happens. In these other areas, this is where we don't know yet exactly what's going to happen. And we might be surprised, just like we were with the financial technology decisions.

Does that help or should I try to give more examples?

COMMISSIONER SCISSORS: No, that does help. Obviously, we could spend a lot of time arguing over what's core and what's non-core. But that wasn't my point. It was to get exactly what you just said. Thank you.

Mr. Thomas, I want to follow-up on something you said in response to Kim's question. You seem to feel pretty confident that we will be able to reliably identify Xi Jinping's allies after the 20th Party Congress or lack thereof, either one.

I'm glad you're confident. I hope your confidence is justified. But in light of my own assessment of the last 10 years, especially 2013, 2014, I'd like you to talk a little bit, just use the last two minutes to say where we might be surprised.

In other words, not that, oh, Xi Jinping didn't get all of his allies because we identify his allies. We can identify that failure. But where we think we know what happened, but we're wrong. He looks like he got his allies, but he didn't. He looks like he didn't get his allies, but he did. If you could talk about that a little bit.

MR. THOMAS: Sure. That's an excellent question. And I'd say we're reasonably confident about some of these judgments about who is, you know, Xi Jinping's ally and who is not. But to the earlier question, we really don't definitively know a lot of these things. I just want to emphasize, you know, just exactly how much we don't know about Chinese elite politics. That's a really important kind of asterisk to bear in mind on, you know, a lot of the testimony we've been giving.

We really don't have the same kind of access to insights to these decision-makers as we would in the United States. There's no, you know, New York Times interviewing Politburo Standing Committee members after their latest meeting. We mostly don't know what the Politburo Standing Committee talks about on a week-to-week basis. So I want to emphasize that point.

In terms of surprises, I think this goes to -- I think a common issue with analysis of Chinese elite politics that I, myself, am totally culpable of as well, is that the same set of facts can also be interpreted in different ways.

So, for example, I think one of the big wildcards with this upcoming Party Congress is, you know, what is the fate of Hu Chunhua? Hu Chunhua is the natural successor to Li Keqiang as Premier. Every Premier has been appointed from the previous list of Vice Premiers. And Hu is the only Vice Premier who is not due to retire this year. He should be the next Premier.

So what happens if he does get appointed Premier? This could be a sign that Xi Jinping

is weaker than we thought. That he's being forced or feels he needs to appease other factions, the Tuanpai, or the Communist Youth League faction, to which Hu Chunhua is a member and which is associated most with previous General Secretary Hu Jintao. It is also associated with Li Keqiang.

But it could also be a signal that Xi Jinping has slowly disempowered the Premier role. It doesn't really matter if someone like Hu Chunhua occupies it because someone like Hu, he'll look after a few administrative reforms through the state council, but he won't really have any decisive power over economic policy-making because Xi Jinping already has that control over economic and reform agendas.

So that promotion could be read in two basically opposite ways, which goes to my broader point about how little we actually know about the backroom dealings of Chinese elite politics.

So I think that would be a surprise if Hu Chunhua doesn't become Premier or doesn't make the Politburo Standing Committee. We can probably surmise that, you know, this is another sign of Xi's power. And Xi, you know, really feels that he doesn't need to pay any attention to the previous norms of factional politics and power balancing.

But it is really hard to make a definitive call about what some of these, you know, less certain promotions and personnel movements could mean. So that's one, I think, really important move that I'll be watching very closely.

COMMISSIONER SCISSORS: Thank you.

COMMISSIONER FIEDLER: Commissioner Wessel.

COMMISSIONER WESSEL: Thank you all for your testimony. It's very helpful. I unfortunately suffer from wondering whenever I hear this is, what does it mean for us? And so I want to ask questions relating to, I don't want us to call it a transition, but a reaffirmation of Xi's leadership later this year. You know, Derek's comments about looking to the past to understand what may happen in the future.

The U.S. and I think international approach to China for the last 20 years has been hoping that China would conform or adopt Western norms.

What I hear from this discussion today is that Xi's power is dependent on confining dissent and reform in our context, openness, market driven, et cetera. If each of you could just help me as to whether you see any change in Xi's posture?

Can he tolerate more dissent and openness? Again, my view is no. We see it in Xinjiang. We see it with state owned enterprises and markets but, you know, here in the West we're always hoping that China wants to be more like us. Why don't we go through the list? Dr. Fewsmith, do you want to start?

DR. FEWSMITH: Well, I don't know why you think that China wants to be more like us.

COMMISSIONER WESSEL: I don't.

DR. FEWSMITH: You know, I think, you know, Jessica was talking a little while ago about some of the really serious existential problems facing the Party prior to Xi Jinping. And I think that one of those existential problems was that a lot of people in China did like the United States. Democracy is a good word.

I don't think that that meant that China was about to democratize or anything like that. But they did like the idea that they had more personal space. That they could do more things than they used to be able to do.

And from the Party's point of view, that's a lot of people just not listening. It's, you

know, this lack of discipline equals some form of passive resistance. And they did see that.

From Xi Jinping's point of view, peaceful evolution is the enemy. You know, they look at what happened in the Soviet Union, Ukraine, you know, even Kazakhstan, other places, and they talk about counter-revolutions.

And so, with Xi Jinping I think for the first time in the reform era, well, maybe not the first time but close to the first time, we really see an effort to differentiate China from the West. We don't like Western norms. We like Chinese norms.

And I think that these are -- I think this is going to get China into trouble eventually because, well, because China lives in the world. It interacts with the world. And assuming that the COVID crisis eventually ends and we go back to having 500 flights a week between China and the U.S., there's going to be a lot of interaction. And they are going to face these problems.

But right now, you know, we really have a campaign. This is what wolf warrior diplomacy is about. It is saying China good, U.S. bad. And so I think that's, again, part of a survival technique, if you will, on the part of the Party.

DR. TEETS: And I would add to that that I don't think that Xi Jinping likes the political parts of democracy. But one thing that he does like is he likes the rules based governance of democracies, right? Whether you're in one province or another province, the government treats everybody the same, follows the same rules. It's very predictable. It's a very stable type of governance. So he does like that part of democracy and has learned from us a lot.

As far as the question of dissent, I think you're right that there isn't much space for dissent. I think that there isn't any space for dissent about the goals where the system is going and what they want to achieve. But I do think there is still some space for dissent about how to get there.

So we do see some examples of policy experimentation. So if you want to alleviate poverty, you know, we can test out maybe two or three different models in two or three different provinces and see which one performs the best. So that's where I think we might see a little bit more dissent.

MR. THOMAS: I would just agree with my two co-panelists and also add that in terms of direction of ideology in China, I think it is moving in a tighter direction still.

An example of this is that one part of the common prosperity agenda is a so-called spiritual prosperity, which is where a lot of recent campaigns to homogenize the portrayal of, you know, genders in entertainment, television, is going under. So a part of this huge, new policy agenda that Xi Jinping is pushing is likely to be, you know, further embedded at the Party Congress, common prosperity. Part of that is, you know, tighter ideological control.

COMMISSIONER WESSEL: Thank you.

COMMISSIONER FIEDLER: Commissioner Wong?

COMMISSIONER WONG: Thank you. I have a couple questions. But the first one is for Mr. Thomas. I read with interest the section of your testimony about the impending retirement of Yang Jiechi and Wang Yi and at least Yang Jiechi's replacement perhaps by Song Tao or somebody else.

You know, when I was in government, Yang Jiechi and Wang Yi, to a lesser extent Wang Yi, were chief interlocutors at the Secretary of State level. And, you know, a question in our minds, as always, how influential was he? Was he a decision-maker? Did he have influence with Xi? How direct was his line to Xi?

As he moves on or likely moves on and perhaps Song Tao or someone else takes his place, will that person be empowered in your view? Will Song Tao be empowered in that role

of, you know, the foreign affairs individual on the Politburo or should we look to try to find someone else to be the interlocutor on foreign affairs even if that person's portfolio is not explicitly foreign affairs?

MR. THOMAS: Thank you. It's a great question. I think the answer is a bit of yes and a bit of no.

We have seen Xi Jinping raise the relative power within the system of foreign policy professionals. So, the fact that Yang Jiechi is on the current Politburo, the fact that Wang Yi is not just Foreign Minister, he's also State Councillor, a half level above other ministers in the Party's rank system, that's important.

I mean, it does show how important Xi Jinping believes China's international economic, security, political exchanges are for China's comprehensive national power. But in terms of who is having the most decisive influence, I think you're right. I mean, obviously it's Xi Jinping calling the shots. Major foreign policy decisions are made by the seven-member Politburo Standing Committee so that's, you know, major decisions about relations with the United States, Russia, Japan, these great power countries. So those decision-makers are, you know, the ones to be looking out more for.

I think we've seen Liu He has had an influential role in U.S.-China negotiations in recent years. And the fact that he was coming to the U.S. and leading those negotiations is quite a strong sign of that. And we know that he's close to Xi Jinping personally from their childhood days in Beijing.

Liu He, I think, is likely to stay somewhere near the top of the Chinese political system and potentially likely to continue playing an important advisory role on U.S.-China relations and China's foreign policy. Particularly with an economic dimension. He could become the next Vice President of the PRC. Wang Qishan is likely to retire. Vice Presidents have only served one five year term.

So someone like Liu He could be a natural choice for that to keep him close to the center of power in a role that doesn't have informal age limits and that is still very high ranking in the system.

He's not a shoe-in for that role. Someone like Li Zhanshu, you know, a close Xi ally, is retiring as chair of the legislature this year is another candidate. But I think we will see Liu He and other, you know, close Xi allies play more important roles than necessarily in the top foreign policy professional advisor in the system.

COMMISSIONER WONG: Thank you. And Dr. Teets, in your recommendations, in your third one, you mention we have to understand that instability will likely come, if it comes, from the local cadres.

Could I just ask, what do you mean by instability there? Is that popular protest? Is that violence or simply not implementing policy directives?

DR. FEWSMITH: No. I think it's mostly the latter, not implementing policy directives. I certainly would not be forecasting any local officials at the head of the line of unhappy peasants storming into the cities. I don't think that's going to happen.

It's more resistance to central directives. And maybe that you could find some political instability there. That's all I meant.

COMMISSIONER WONG: Great. Dr. Teets, do you have a view on that?

DR. TEETS: Yes. I mean, I agree with Joe that this isn't going to be people storming into the central government. I think more of what we're going to see is that if you think about the structure of a single party system, the only way that you get power in that system is by joining

early, getting promoted up through the ranks and then sort of consolidating power inside of that party.

And what we're seeing now is that we -- if you're somebody that's joining the Party right now, increasingly your promotion is going to be really slow. And so you might age out of the system before you get to the central level. And it's not clear exactly how to get promoted in the system. So everybody's competing to be the most loyal Party member that they can be but what does that look like and how is that rewarded?

And so when that's unclear, what we see are incentives for people to not be as loyal to the system but to start to think about other ways to amass political power.

So in a single party system, you want everybody focused on the party success is my success. Once they start thinking if the party success isn't my success, how else do I get political power? That's really dangerous. And that's what I'm concerned about.

COMMISSIONER WONG: Thank you.

COMMISSIONER FIEDLER: Commissioner Bartholomew.

CHAIRMAN BARTHOLOMEW: Thank you to all of our witnesses for your expertise and for sharing it with us and to my colleagues for trying to get a handle on some of the issues that I'm grappling with in my own head.

But one of the things, Dr. Teets, I suppose particularly to you because you're really focused on this issue of what's going on at the local level, but it's really difficult for me to see that a system based on loyalty, which is really what this is, doesn't just lead to stagnation but it actually leads to ossification.

And so when you talk about different kinds of ways, right, if you have one locality doing one thing to try to achieve something and another one trying something else, isn't the incentive to lie about what your accomplishments are? I mean, you don't want to make it look like you have not succeeded in whatever innovation and what is the impact on innovation of that kind of ethos?

DR. TEETS: Well, it used to be that, you know, if you solved a problem, you could then take that policy innovation, and it would accelerate your promotion. So that really long path up to the center, you could sort of jump a couple of spots. And that sort of incentive of getting that quick promotion made people willing to risk possible failure, right?

Every time we try to create a policy experiment, we think it will succeed, but we don't really know until we enact it what will happen. So in order to offset that risk, you have this big political reward of, you know, jumping ahead in your promotion. It was more likely that you could get to the central level of politics.

Now that's not so much the case. It's really challenging to see how to speed up your promotion. And so you're absolutely right. People just aren't willing to take that risk. And instead what we see is much more of what Joe talked about, which is, you know, people just doing the bare minimum or not trying to do anything until they absolutely have to.

So it's turned these sort of local officials that we used to see as policy entrepreneurs, like they're trying to solve these problems at the local level, it's turned them more into bureaucrats, waiting for direction from above before they proceed and not really trying to solve the problem but just doing what they need to do in order not to get in trouble.

And I think that that change in Chinese politics is something that's really troubling from my perspective because China used to have a system more like the U.S. where we see different states will try to solve problems. It gives us a lot of models to look at and say what works best in trying to solve a problem at the national level. And we've lost that kind of mechanism for feedback in learning.

CHAIRMAN BARTHOLOMEW: Dr. Fewsmith, anything to add?

DR. FEWSMITH: No. No, I think this relates back to some of the things we have said before about corruption. And as I see it, first of all, you have to understand that local Party cadres are not well paid. They do have some privileges in the system. Their kids go to good schools, things like that. But they're really not very well paid, which is a real incentive to look for sources of less honest income.

And I think as Jessica has said, promotions seem to be very slow. So if you went to a good university, one of the top universities, and you got a job in a nice government department and you're sitting there doing boring work. And, you know, five years later nobody has come by, tapped you on the shoulder and said by the way, we're going to promote you. You're really good. You're going to the top.

You start looking around. Your classmate picks you up in his Mercedes Benz and says, don't worry. I'll pay for the lunch. You know, you begin to say, I think it's time to leave and get a job. And you know everybody in the office.

So when you're now on the outside, you can call and say, well, John, how about if we get permission on this particular thing? Oh, we can do that. Okay. You have a form of -- I don't whether that's major or minor corruption, but that's a major way of how things work.

So its recruitment of good people and then retention and promotion of those people. I think it becomes a really systematic problem for the system. That's where I see it perhaps grinding down and being less innovative.

CHAIRMAN BARTHOLOMEW: Interesting. Mr. Thomas, anything to add?

MR. THOMAS: Nothing much to add on that point, just agree with my co-panelists that, yes, Xi Jinping's top down governance is creating more problems for the system working as it used to, which creates potential roadblocks for implementing these more complex, long-term structural reforms that the Chinese economy needs.

CHAIRMAN BARTHOLOMEW: Thank you.

COMMISSIONER FIEDLER: So let me take a step back and just simply do a quick power analysis. So Xi has consolidated power. He controls the gun. He controls the security services. He controls foreign policy.

Number one, what areas of further consolidation are necessary for him? Two, the survivability of the Party seems to be the underlying motivation for much of what he does.

So for instance, the crackdown on Jack Ma in the high tech sector, in a power way, is saying, you know, we don't control those guys. So, we better, in order for the Party to survive. And I'll kill a couple of chickens to scare the rest of the monkeys, and I'll start at the top. That is raw power motivated for, you know, power reasons. Survival of the Party is a power reason. Am I wrong in any of that?

DR. FEWSMITH: Well, I would never disagree with a Commissioner.

COMMISSIONER FIEDLER: Well, you should.

DR. FEWSMITH: No, I'm kidding. No, the first question you asked was what else would he like to control?

Look at public security. There has been a wonderfully complex, I wish I could decipher it all for you, but he has been going through the Ministry of Public Security --

COMMISSIONER FIEDLER: Yes, organize.

DR. FEWSMITH: -- and he replaces a bunch of people with his own people. And, you know, he needed to clean that up because that was mainly Zhou Yongkang's bailiwick before. So he brought in a bunch of other people who weren't really his people. And now he's going

through another iteration of cleaning those people out, which is part of the Sun Lijun story that I started out with.

So, yes, there are a couple of places like security that he really wants to control.

The Alibaba problem, I think you're right that it is power, but it's also a form of political economy. He does not like the American model. We could have problems if some of the people up on Capitol Hill have problems with some of the high tech industries. We're not quite sure how to regulate them. China is even less certain.

It doesn't want the Jack Ma's of the world to, you know, be able to go into the Zhejiang government and say, you know, I need this. I need that. They don't like that model. It's more of a control model.

You know, I think you can trace this way back in Chinese history. There were dialogues on salt and iron, controlling those, back in the Han dynasty. There's a long 2000-year tradition of the state trying to control at least the heights of the economy. And I think that Xi Jinping has inherited that. So it's not just Party control, but you're really talking about a cultural approach to how the state and society interact with each other.

COMMISSIONER FIEDLER: Well, the Party doesn't need free actors for running around, right?

DR. FEWSMITH: No, of course, of course.

COMMISSIONER FIEDLER: Now it also seems to me that the economy is the most difficult thing to control.

DR. FEWSMITH: It is.

COMMISSIONER FIEDLER: Maybe impossible to control. The military, the security services, the foreign policy establishment are all eminently doable. The economy is much more complex.

DR. FEWSMITH: And if they do control it, it won't do as well and China won't do as well.

COMMISSIONER FIEDLER: Well, yeah.

DR. FEWSMITH: They have a real dilemma on that issue.

COMMISSIONER FIEDLER: Dr. Teets, do you have a comment or?

DR. TEETS: I would just point out, and this is purely my opinion, but there's a point at which power consolidation has diminishing returns. So from my perspective, Xi Jinping has gained power where he needs it. And sure, there are probably a couple more people or areas where he could try to consolidate even more power, but the challenge facing him is the next stage. So that now he has consolidated all of this power that used to be dispersed around him, what does he do with it? How does he get other people to buy into his vision and continue it?

So even if he has another term, you know, he's not going to be in power for another 50 years. So when he's thinking about the future, how does he get people on board to continue his work in the ways in which he would like it to be continued?

And this is about creating mechanisms to share power more than it is to consolidate power. That's the next challenge facing him, which is how do you share out power with elites to help you achieve your vision in the future without really giving it up? And that's the challenge that I see facing him.

COMMISSIONER FIEDLER: Mr. Thomas.

MR. THOMAS: Thank you. I would just add that another shift that we've see under Xi Jinping is that he's really made the main lens of national policy-making national security, which also means the political security of the Chinese Communist Party. That includes economic

policy as well, so ensuring sustainable growth and achieving common prosperity. That, you know, is good in itself, but the real main motivation of that to become more explicit under Xi Jinping is to ensure the political security of the Party.

I think that's why we're seeing the increasing use of, you know, political crackdowns and even the public security apparatus to enforce compliance in these business and economic areas because, you know, this is seen as something that's of vital importance to the Party's own political future, which is why I would agree with Professor Fewsmith that, you know, where the most active political discipline campaign at the top of the Party right now is in the public security and law enforcement apparatus.

You can always have more control. I think Xi Jinping is not under great threat. But a part of being the leader, you know, for an authoritarian system is maintaining constant vigilance against potential threats and continually reassessing your own authority. So it's important not to confuse any of these crackdowns with, you know, any kind of existential insecurity that certainly exists at a background level throughout everything that goes on under Xi. But in terms of it being an indicator of, you know, natural imminent threats, I think that's a mistake to avoid. But, yeah, I would agree with my previous co-panelists on the other questions.

COMMISSIONER FIEDLER: Thank you very much. Do any of my colleagues have questions for a second round? Do you want to raise your hand? Carolyn and Aaron and hold on, let me see the screen for anyone else, Michael. Okay.

CHAIRMAN BARTHOLOMEW: Yeah.

COMMISSIONER FIEDLER: Carolyn, go.

CHAIRMAN BARTHOLOMEW: Again, thank you all very much. And I'm sort of torn between asking more about the risks of living in an echo chamber, right? That it also takes a certain kind of arrogance to believe that you know enough that everybody around you agrees with you. But there are certainly risks inherent in not being able to or not willing to listen to people who might disagree.

But the other thing that I'm particularly interested in when we talk about corruption is the elite corruption, right? So it's very difficult for me to believe that the people around Xi Jinping do not have significant levels of corruption within their families. Perhaps it's not them individually. The smart way of being corrupt is you get the benefit, but you don't necessarily get the blame because you can say it was my wife, my brother, my aunt, my nephew, whatever.

That kind of corruption in a leadership structure or a rulership structure also gives Xi Jinping a fair amount of power over these people, right? I mean, you can use it as a cudgel.

Is there any evidence that this anti-corruption campaign is actually stopping some of the corrupt activities that some of the people in the ruling hierarchy in their families might be engaged in?

DR. FEWSMITH: I don't know that -- well, first of all that goes back to how much do we really know? And I certainly do not know the bank account of the top leaders of China. Some of them do seem to have apartments in Hong Kong or Tokyo or San Francisco or whatever.

I do think if we're talking about lower level cadres that the accounting procedures have really gotten a lot tougher. You know, you used to be able to send in the receipt for a nice lunch or dinner that you're taking people out to dinner. You send that in for reimbursement. You can't do that anymore. There's a lot of other expenses that you cannot write off.

So I think the accounting procedures, the supervision of local level cadres is really pretty tough. And how much of the corruption that stops, I don't know. But certainly there is a

significant effort to do that.

You know, when you start getting into the really elite, the inner core, I just don't think we have information on that.

CHAIRMAN BARTHOLOMEW: Dr. Teets?

DR. TEETS: I would say what I see at the local level is that there have been pretty drastic changes. So it used to be that when I would go and do interviews, you know, we would go out for a meal, and it would be really, really nice. And it would be expensed, and we would invite lots of people, not me, but they would invite lots of people.

And now most of the government offices have their own dining rooms and so people eat their meals in the dining room, and it's fairly controlled as to what's available. So I see that at the local level, people are paying attention to these rules just because they don't want to get caught up in these investigations.

So I do see that happening more at the local level. But as Joe was saying, at the higher levels, it's really hard to tell.

For your question about the risks of no feedback, I really shared these with you. I think the best way to think about this is as a technocratic government, they're using this top level design principle so it's not that you don't get any feedback, it's just that you pick the feedback, right? So it's not this democratic cacophony of anyone who has an interest speaks up.

Instead, it's like I would pick the three experts, and I would go to them and solicit their opinion and then I would decide how to use that in making the policy. So that's much more, I think the way to think about it is that the feedback is not democratic in grassroots. It's more technocratic.

So it is there, but obviously, the perspectives you're going to hear and how much information is shared is going to be a lot less.

CHAIRMAN BARTHOLOMEW: But just quickly, even if you go to those three experts, the incentive among those experts is to say what you think they want to hear, right? I mean, that -- if it is risky to say something that doesn't reinforce the message or the policy, then where are the incentives for people to be honest or to give dissenting views?

DR. TEETS: Yeah. So, I mean, these experts, they have really strong opinions about the best way to do things. And so they want to share those. So they're not going to say your policy is a bad idea.

What they're going to try to do is shape the ways in which you might implement it or some of the smaller policy goals inside of the big goal. So what you do is you say, you know, poverty alleviation is a great idea. Here are some specific things that we think will work to help you achieve that. And so that's more at the level where the feedback matters, not saying whether something is a good idea or a bad idea.

CHAIRMAN BARTHOLOMEW: Thank you.

COMMISSIONER FIELDER: Aaron?

COMMISSIONER FRIEDBERG: I wanted to ask you a question about what's the point? Is there a higher purpose to all of this concentration of power? If so, what it might be?

And it seems to me there are, you know, you could hypothesize about the motivations behind this. One would be to say Xi Jinping is sort of a megalomaniac, and he wants to concentrate power. He gets personal gratification from doing that and maybe that's the end of the story.

Two might be, he's a Leninist. Whatever else he is, he's a Leninist. And as Commissioner Fiedler's question suggests, his principle objective may be to secure the indefinite

permanent rule of the Chinese Communist Party. And maybe that's all there is to it and whatever he has to do to accomplish that objective, he will.

A third hypothesis might be that somewhere deep down in some way he really is still a believer in Marxism, and he sees himself guiding and driving a process that's eventually going to revolutionize China and bring heaven on earth.

And then the last possibility, which to me seems like the most plausible one, is that he's a nationalist. So the real purpose of all of this, in addition to securing the Party, is to build the power of China on the international stage.

And so perhaps he's, although he can't admit it, he's not really a Marxist-Leninist, but he's sort of Leninist-Nationalist. And I wonder if our panelists might comment or give their thoughts on that.

DR. FEWSMITH: I'm not sure if you're making a distinction with a real difference there. He clearly is a Leninist.

You know, he has tremendous respect and admiration for his father, who is a military leader. So he sees command coming from the top down. But, yes, he has emphasized in many speeches that China is now really on the edge of being able to restore it to its rightful place in the world.

This project of so-called national rejuvenation, it's very palpable for Xi Jinping. I always find it a little bit ironic that the model of China's place in the world seems to be based on the Qing Dynasty when China was controlled by the Manchus. And in any case, you know, they don't harken back to the Ming Dynasty because the Ming Dynasty was fairly weak. They have to go back in time and memories just don't go that far.

COMMISSIONER FRIEDBERG: Okay.

DR. FEWSMITH: But, yes, capitalism is all very much a part of the story. What is the point of legitimacy? There aren't a lot of Chinese people that you can go out and say, wow, that Marx is really sharp. He's really taught us something. The Party is a ruling mechanism. It can achieve modernizing goals and, yes, China's place in the world is a very real part of that.

COMMISSIONER FRIEDBERG: Professor Teets?

DR. TEETS: I would agree with a lot of what Joe was saying as far as I think the point is that Xi Jinping is worried about the loss of Party leadership, that the Party just wasn't all that important, that people weren't joining it. People weren't, you know, deferring to the Party. There were other sources of authority that were developing in China, and he sees that as a danger.

Now as far as does he pull his own personality apart from this idea of the Party? I don't get the sense that he does. I think his identity and the Party identity are sort of fused in his mind.

Also because the Party hasn't been all that ideologically pure, right? So each successive leader has adapted what they see as Marxism for their own purposes. And so I think that, you know, the success of the Party is also the success of Xi and his ideas. So I think that that's the point of all of this.

COMMISSIONER FRIEDBERG: Thank you. Mr. Thomas?

MR. THOMAS: I just once again agree with the very insightful comments made by my co-panelists. And, yeah, also kind of give all of the above in answer to your question.

But on the last point of, you know, what's the purpose of Xi's power? I mean, I think there is a real policy purpose. It's something that's sometimes missed when people think about Xi.

I think Xi would consider himself, you know, a patriot. He wants to, you know, make

China great again so to speak. But he wants to do so or he believes the best way and the only way to do so is through the Chinese Communist Party. And that's where obviously, you know, he would differ from a lot of patriots in other countries.

So I think, yeah, for Xi, he really does have serious policy goals that he wants to use the Party to achieve and that's for the economy, for the military, for China's, you know, foreign policy. And, I mean, that I think is part of the reason why he has, you know, decided he needs to concentrate so much power in himself.

There are, you know, increasingly some personal incentives to stay in power. I mean, as this, you know, panel has discussed, if you do accumulate power and sideline rivals, you do, you know, create a lot of upset people throughout the system who right now are really disempowered.

But, I mean, you have to be vigilant. And if you were to leave power, then you have less control over who is then in positions of power and who could then turn the Party's anti-corruption campaigns, discipline organs against you. So increasingly, as Xi stays at the top, he has incentive to remain there for a long time.

COMMISSIONER FRIEDBERG: Thank you.

COMMISSIONER FIEDLER: Michael. we only have three minutes left.

COMMISSIONER WESSEL: I can do it in three. It's a question of whether our witnesses can. You know, feel free to provide information later.

But, you know, Jessica, I was interested in your comment about having sat down with government officials in the past. I assume the last two years have been a difficult time for all of you in terms of research. And that leads to my question, what have you seen in terms of access to the information you need to do your assessments?

Are you seeing that access to information is being limited? Are some of the things you need being taken offline, et cetera?

We've focused at times on open source research which is, you know, an increasing priority for us. But it seems that China is maybe going backwards.

Jessica, if you could start and then the other witnesses, and again if time goes, please let us know what you're seeing and whether there are limits and how government potentially can help.

COMMISSIONER FIEDLER: Briefly.

DR. TEETS: Yes. I would agree that it's been really challenging getting access in China recently. And that's something that we really need to focus on, you know, how can we get more academic access in China, get more people who speak the language who are studying in China? I think that's really important.

A lot of us, though, have been able to use technology to shift over to surveys and web scraping and other tools. So we are doing that to the best of our ability. And most of us have also built really strong networks of academic partners in China. And so we're still talking to them and getting feedback through them.

So we have found some workarounds, but it's obviously not as good as getting our own information.

COMMISSIONER WESSEL: But in terms, for example, of the scraping, are you seeing information being taken offline so that you have less access?

DR. TEETS: It is. It's sort of a cat and mouse game. So each sort of hurdle or roadblock that's put up people learn to adapt to. So a lot of my colleagues who do web scraping will constantly get access to the small amounts of data that they can and store it.

And so even though things are taken down, they still have access to what they took before. So we've managed to develop strategies. But, again, it's not ideal, it's just what's possible.

COMMISSIONER WESSEL: Thank you.

COMMISSIONER FIEDLER: Okay.

DR. FEWSMITH: The answer is it's more difficult, yes.

COMMISSIONER WESSEL: Thank you.

COMMISSIONER FIEDLER: All right. We will end this panel. I would like to thank you very much. It's been very interesting. And we have to study more closely your written testimony for our annual report.

We will reconvene Panel II in 10 minutes at 11:05.

(Whereupon, the above-entitled matter went off the record at 10:56 a.m. and resumed at 11:07 a.m.)

PANEL II INTRODUCTION BY COMMISSIONER DEREK SCISSORS

COMMISSIONER SCISSORS: We're back to our second panel of the day. Our second panel examines the economic policy decision making process.

That is not the economic policy that we're used to discussing. But it is vital to the making of that policy. We will begin with Dr. Victor Shih, Associate Professor of Political Economy at the University of California San Diego.

Next will be Dr. Nis Grünberg, lead analyst at the Mercator Institute for China Studies. Then we will hear from Dr. Yuen Yuen Ang, Associate Professor at the University of Michigan.

I asked the witnesses to please hold their remarks to seven minutes. We greatly look forward to your testimony. Dr. Shih, please start us off.

OPENING STATEMENT OF VICTOR SHIH, ASSOCIATE PROFESSOR OF POLITICAL SCIENCE AND HO MIU LAM CHAIR IN CHINA AND PACIFIC RELATIONS, UNIVERSITY OF CALIFORNIA SAN DIEGO

DR. SHIH: Okay. Great. Let's see here. So distinguished members of the Commission, thank you for the opportunity to appear before you today.

I would like to acknowledge the support I have received from my colleagues at the School of Global Policy and Strategy at the University of California at San Diego.

I see the value of publicly funded higher education every day as I lean on my esteemed colleagues and students for new ideas and research support every day.

So below are my key findings of the testimony. Number one, since 2013, Xi Jinping has sidestepped potential vetoes by his Politburo Standing Committee colleagues by setting up and chairing powerful leading groups and channeling policy decision making to them.

The members of leading groups are Politburo-level ministerial-level officials who had lower Party ranks and thus could not resist decisions made by Xi Jinping himself.

This set up has allowed Xi Jinping to shape the agenda across economic, financial, internet, legal, Party building, environmental, cultural development, education, ethnic and religion, and national security issues.

In March of 2018, the majority of these leading groups was further consolidated into commissions. The transition to Party commission likely meant larger permanent staff and even their own office buildings.

This transition also empowered heads of the administrative offices of these commissions which run the day-to-day information flow and agenda setting for these commissions.

Besides their Party and State Council positions, the heads of these leading group administrative offices have included officials like Wang Huning, Liu He, Yang Jiechi, the new one is Jiang Jinqun, Han Wenxiu, Zhuang Rongwen, you know, who heads the internet office, Ding Xuexiang, who is also Xi Jinping's private secretary, and Cheng Wenxin, who, you know, by being heads of the administrative offices of these commissions, these officials, some of them well known, some others are more obscure, have gained additional power because they run the information flow through those policy areas.

Looking more broadly at policy making by the central Party apparatus, power has flowed to Xi Jinping. By the end of his first five-year term, Xi Jinping chaired 80 percent of all elite level policy meetings in the Chinese Communist Party including Politburo meetings and leading group meetings.

These meetings discuss policies, issues, and decrees on a large number of areas as I mentioned. This has led to a very busy schedule for Xi Jinping.

In the first 16 months of his rule, he likely attended upward of 300 policy, elite policy meetings on a wide range of topics. We can observe 219 of those meetings and what they discussed.

There are at least 80 unobserved meetings on defense and national security and I know that there's a later panel that will discuss that.

In addition to over 100 leading group meetings in his first five-year term, Xi Jinping also attended Politburo meetings, Politburo study sessions, and also a subset of the national work meetings, and also special topic meetings with senior officials as well as all of the unobserved national security related meetings.

Elite policy discussions and policy making are driven by three main factors. Number

one, medium term agendas set forth at the Party Congress report. Number two, external shocks like COVID. Number three, finally, personal preferences of top leadership.

Tracking the topics discussed in these elite policy meetings allow us to validate some of these claims. So, for example, after the 19th Party Congress in 2017, Xi Jinping has put a high priority on several issues, including high quality growth, financial stability, equalizing the playing field for businesses, and controlling housing prices.

Most of those issues are mentioned at the 19th Party Congress political report. Subsequently we see, you know, a fair number of elite policy meetings like Politburo meetings, Central Finance and Economic Leading Group meetings discussing these issues.

The one exception is housing prices. So housing prices was not mentioned at the 19th Party Congress congressional report, but because of high housing prices as you all discussed, in China also and in America, it went on to the agenda of these top level meetings starting in 2018 and continued to stay there.

But not all issues mentioned in the Party Congress continued to be important. SOE reform, free trade zones, leased housing, and rural land ownership, these were issues mentioned at the 19th Party Congress congressional report, but since then have received very little attention.

But interestingly, disaster and pandemic control was briefly mentioned in 19th Party Congress report, but was neglected until the end of November in 2019 when suddenly there was Politburo meeting discussing that and, of course, going into 2020 it completely consumed the attention of the Chinese political elite as COVID took off in China.

One of the benefits that China enjoyed, the elite enjoyed, in 2020 is that after they controlled COVID in the first half of the year, they were able to go back to discussing these other issues on economic growth, quality growth, financial stability and so on and so forth.

The consolidation of power in the hands of Xi Jinping means numerous special interests, including even foreign countries, must compete for his limited attention.

In the meantime, information manipulation by officials around him may lead to policy missteps. Recent defaults by Chinese real estate companies may be a manifestation of this kind of limited information environments faced by Xi Jinping.

In terms of my recommendation, first and foremost, Congress should continue and even intensify support for area studies and language expertise at the university level, both language training and advanced research. My own career has benefitted enormously from such support.

Second, Congress generally should be supportive of the administration's effort to hold high level bilateral meetings with Chinese counterparts, ideally, with Xi Jinping himself. Because he's by far the most powerful leader in China, a prolonged absence of engagement with high level officials, the United States may allow his attention be dominated by ultranationalists voices around him. High level bilateral meetings are much needed to gain additional information on the United States which updates his beliefs. And that may reduce the chance of unnecessary tension between the two countries. Thank you for your time.

**PREPARED STATEMENT OF VICTOR SHIH, ASSOCIATE PROFESSOR OF
POLITICAL SCIENCE AND HO MIU LAM CHAIR IN CHINA AND PACIFIC
RELATIONS, UNIVERSITY OF SAN DIEGO**

Testimony Before the U.S.-China Economic and Security Commission
Hearing on “CCP Decision-Making and the 20th Party Congress”
Testimony by Victor Chung Shih, Associate Professor and Ho Miu Lam Chair in China and Pacific Relations,
University of California at San Diego
January 27, 2021

Chair Bartholomew and distinguished Members of the Commission, thank you for the opportunity to appear before you today to discuss China’s economic policy making in the run-up to the 20th Party Congress of the Chinese Communist Party (CCP). I would like to acknowledge the support I have received from my colleagues at the School of Global Policy and Strategy at the University of California at San Diego. I see the value of publicly funded higher education everyday as I lean on my esteemed colleagues and students for new ideas and research support. Much of the discussion below is based on a database on elite policy meetings that I collected from official press reports with the financial support from the Carnegie Corporation of New York and from the 21st Century China Center at UC San Diego.

Key Findings:

-Xi has side-stepped potential vetoes by his Politburo Standing Committee (PSC) colleagues by setting up and chairing powerful leading groups and channeling policy decision making to them.

-By the end of his first five-year term, Xi Jinping chaired 80% of all elite level policy meetings in the CCP, including Politburo and leading group meetings. These meetings discussed policies and issued decrees on a large number of areas encompassing the economy, propaganda, technology, national security, and internal party affairs.

-With the consolidation of these leading groups into party commissions, the administrative directors of these commissions have become powerful officials in their own right because they control the information flow and agendas of these commissions.

-Elite level policy discussion and policy making are driven by three main factors: medium term agendas set forth at the party congress, external shocks, and personal preferences of the top leader.

-After the 19th Party Congress in 2017, Xi put a high priority on high quality growth, financial stability, equalizing the playing field for businesses, and controlling housing prices, but he neglected SOE reform, free trade zones, leased housing, and rural land ownership reform. Disaster/ pandemic control was neglected until 2020, when it consumed the leadership’s attention.

-The consolidation of policy power in his hands means numerous special interests, including foreign countries, must compete for his limited attention. In the meantime, information manipulation by officials around him may lead to policy missteps. Recent defaults by Chinese real estate companies may be the manifestation of such missteps.

Economic Decision Making Under Xi

Since the beginning of the reform era in China (1978-), economic policy mainly had resided in the State Council with overall guidance from the Central Finance and Economic Leading Group (CFELG), which is a party organ (Miller 2008). With the formation of numerous party leading groups on various issue areas, economic policy making authorities have migrated from the State Council and even from the PSC to these leading groups. Because Xi Jinping sits as the chair of most of these party leading groups, he in effect has centralized final decision making authorities in his own hands and away from his State Council and even Politburo Standing Committee colleagues (Johnson and Kennedy 2015).

Unlike the PSC, where every member had an equal vote on important issues, leading group meetings were chaired by Xi with one or two vice-chairs who specialized more on an issue area. The members of leading groups were Politburo level and ministerial level officials who had lower party ranks and thus could not resist decisions made by Xi himself. This set up has allowed Xi to shape the agenda across economic, financial, internet, legal, party building, environmental, cultural development, education, ethnic and religious, and national security issues. Even in the observed data, we see that he gave speeches on every one of these issues, which shaped policies in these areas. Judging from the flow of decrees issued by these leading groups, Xi is by far the most powerful official in China making decisions unilaterally on a large number of issues.

In March of 2018, the majority of these leading groups was further consolidated into commissions. Leading groups had borrowed cadres and office space from more permanent party organs or State Council ministries in the past. Thus, the transition to party commissions likely meant larger permanent staff and even their own office buildings. This transition also empowered heads of the administrative offices of these commissions, which ran the day-to-day information flow and agenda setting for these commissions. Table 1 lists the directors and executive vice directors of the administrative offices of some of the most powerful leading groups (commissions). While Wang Huning, Liu He, and Yang Jiechi were all well known officials with high profile positions, Jiang Jinqun, Han Wenxiu, Zhuang Rongwen, Ding Xuexiang, and Chen Wenqing tended to be powerful figures behind the scenes. Yet, their positions in the administrative offices of these commissions allowed them to shape or nudge the agenda and even policy outcomes. Moreover, some of these officials such as Liu He, Zhuang Rongwen, and Ding Xuexiang are officials who share past working history with Xi and are generally considered members of his faction.

Table 1: Directors and Executive Vice Directors of Administrative Offices of Leading Groups (Commissions) Chaired by Xi Jinping

LG/Commission	Director of Administrative Office	Executive Vice Director
Comprehensively Deepening Reform	Wang Huning (Jiang Jinqun)	Jiang Jinqun
Finance and Economic	Liu He	Han Wenxiu
Internet Security and Informationization	Zhuang Rongwen	
Foreign Affairs Work	Yang Jiechi	
National Security	Ding Xuexiang	Chen Wenqing

Source: (editors 2020; Supreme People's Court 2018)

The situation for Xi, however, is not an enviable one. In the first 60 months of his rule, he likely attended upward of 300 policy meetings on a wide range of topics, 219 observed meetings and at least 80 unobserved classified meetings on defense and national security. In addition to the over 100 leading group meetings, Xi also attended Politburo meetings, Politburo study sessions, a subset of the national work meetings, and special topic meetings with senior officials, and all of the national security related meetings. That was an average of 5 meetings a month on different issue areas, which often discussed and promulgated multiple policies. Every year, the end of December and early January is an especially busy time for the CCP elite with multiple Politburo meetings and national work conferences on different policy areas compressed in a four-week period.

As one can see on Figure 1, the share of elite policy meetings chaired by Xi has increased almost without interruption since the second half of 2014. In the latter two years of his first term (2016-2017), at least 50% of the elite policy meetings were chaired by Xi personally. If one were to take into account the dozens of classified national security related meetings, most of which chaired by Xi, the ratio likely would be higher.¹ In essence, PSC members like Yu Zhengsheng, Liu Yunshan, and Wang Qishan chaired a large number of policy meetings on anti-corruption, propaganda, and united front work during that first three years that Xi was in power. However, after 2015, their willingness or ability to chair these meetings declined, leaving Xi as the chair of the majority of high level meetings. As one can see on Figure 2, the share of elite meetings on party construction chaired by Xi, which included meetings on anti-corruption and cadre promotion, rose to 100% in the run-up to the 19th Party Congress in the fall of 2017. Even in the economic realm, party-led meetings on economic issues, which also included technology and anti-poverty issues, rose to 100% just before the 19th Party Congress. Of course, for economic issues, the State Council held specialized meetings regularly also, which are not counted in this data base.

¹ Unobserved classified meetings included most of the Politburo Standing Committee meetings, standing committee meetings of the national security commission and the Central Military Commission, as well as regular meetings of the national security leading group and the foreign affairs leading group/commission. There likely are a number of ad hoc classified policy meetings attended by Xi as well.

Figure 1: The Share of Elite Policy Meetings Chaired by Xi Jinping

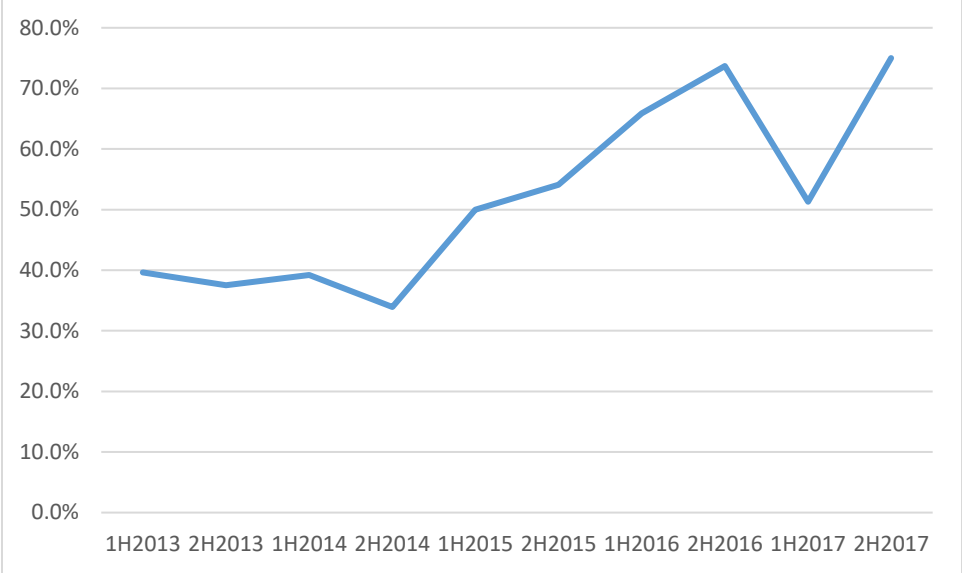
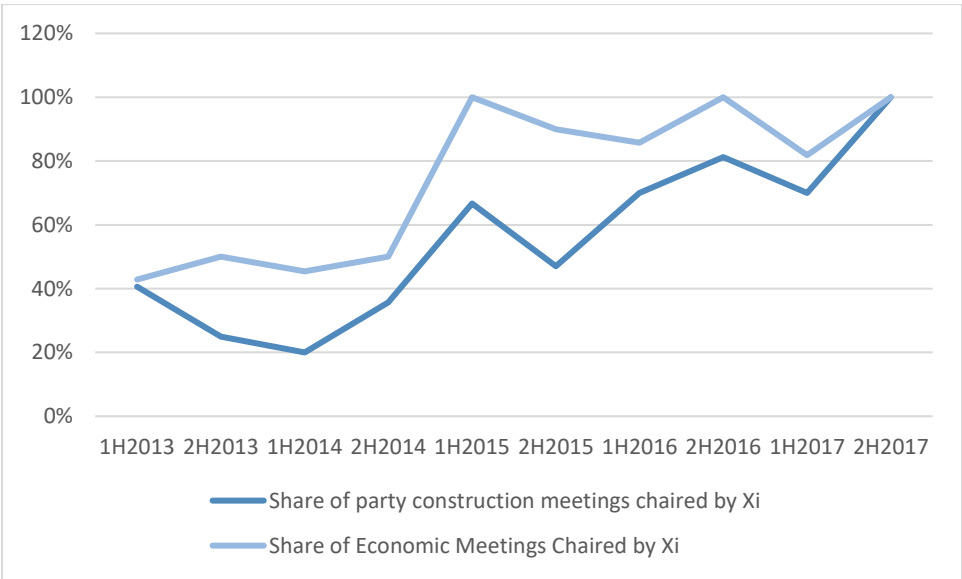


Figure 2: The Share of Meetings on Party Construction and the Economy Chaired by Xi



Policy Priorities and their Sources at the Top Level

The inner workings of the CCP remain relatively opaque. However, based on publicly available information, we can deduce at least three major sources of policies at the highest level: the party congress political report, external shocks, and leadership preferences. First and foremost, the medium-term agendas laid out during the party congresses turned out to shape policies discussed at high level policy meetings to a large extent. Because the party congress political reports were so comprehensive, covering some 160 policy topics in the case of the 18th Party Congress report, policy discussions in the subsequent five years mostly fell within one of these policy areas. Moreover, the way in which policy discussions were framed largely conformed with their framing at the previous party congress. To be sure, leadership preferences drove the prioritization of such a large bundle of policies. Leadership preferences themselves were driven by intrinsic preference and informal political considerations. Finally, as the case of Covid showed clearly, leadership attention was captured by emerging crises and challenges to the regime.

Figures 3 and 4 show the dynamic interactions of preexisting policy agendas, external shocks, and leadership preferences to drive elite policy discussions and policy making. Figure 3 reveals that three policy areas highlighted at the 19th Party Congress political report, namely growth quality, financial stability, and creating an equal playing field for businesses, were discussed in between 10 to 60% of economically focused policy meetings every six months. As housing prices rose quickly in 2018, however, controlling housing prices entered the policy agenda at elite policy meetings on economic issues. Obviously, the onset of Covid, saw every other agenda being pushed aside as the leadership focused almost exclusively on controlling the pandemic in the first half of 2020. Even in the middle of the pandemic, growth and financial stability remained important topics for discussion. Toward the tail end of Figure 3, one sees the payoff of controlling Covid—it allowed the leadership to focus on other issues again.

Figure 4 shows some less favored policies mentioned in the 19th Party Congress political report—leasing options for housing, free trade zones, rural land ownership reform, SOE reform, and disaster prevention. Even though these issues were outlined in the party congress report, they were only mentioned at most in 20% of the elite policy meetings that took place in a six-month period. In some cases, they were not mentioned at all in these meetings, including disaster prevention. The neglect of these topics clearly revealed their low priorities for the top leadership and perhaps even lower level bureaucratic or even special interest resistance to these policies. Offering a large pool of housing for lease at low prices, for example, went against the interests of China’s powerful real estate sector, which worked hand in hand with local governments. That issue was not brought up once since just after the 19th Party Congress. Until someone successfully brings the issue to Xi’s attention, that issue likely will remain neglected.

As one can see, disaster control/ Covid control was almost completely neglected by the top leadership until late in 2019. With the rapid spread of Covid in Wuhan in January 2020, however, the leadership set up a party leading group on fighting Covid, headed by Li Keqiang, and devoted the vast majority of Politburo and PSC meetings on controlling Covid and related economic issues (Shih 2021). It consumed the entire leadership, including Xi himself, for months. As Figure 3 and 4 show, however, as the pandemic came under control in the second half of 2020, the leadership resumed their focus on other issues, although the neglected issues were still neglected, including disaster control and health policies.

There were also blatant pet projects of Xi himself which became topics of discussion at the highest level. For example, because Xi himself lives in Beijing, he instructed the Beijing-Tianjin-Hebei Regional Development Leading Group to focus on driving “non-core” businesses from Beijing to reduce congestion. He likewise made it a high priority to clean up the air in Beijing, which drove polluting manufacturing to southern and western China. He also instructed the Beijing-Tianjin-Hebei Regional Development Leading Group to devise a “one thousand year” investment plan for Xiong’an, a backwater

town that was envisioned to be second capital city of China. After hundreds of billions of RMB in investment, Xiong'an remains a backwater town, now with hundreds of empty buildings.

Figure 3: The Share of Economic Elite Policy Meetings that Discussed Four Key Economic Topics: 2017-2020

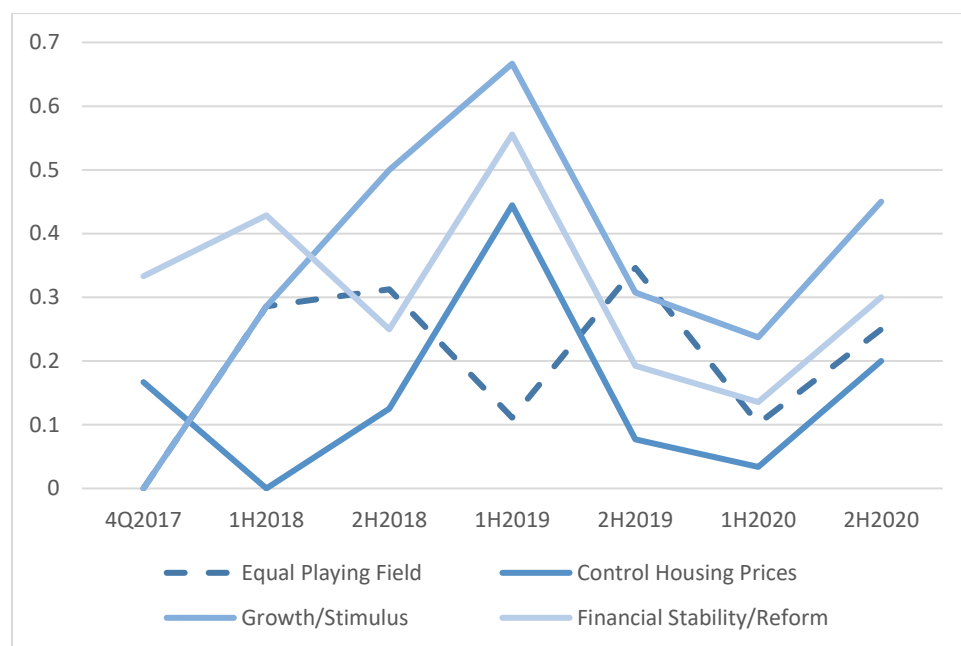
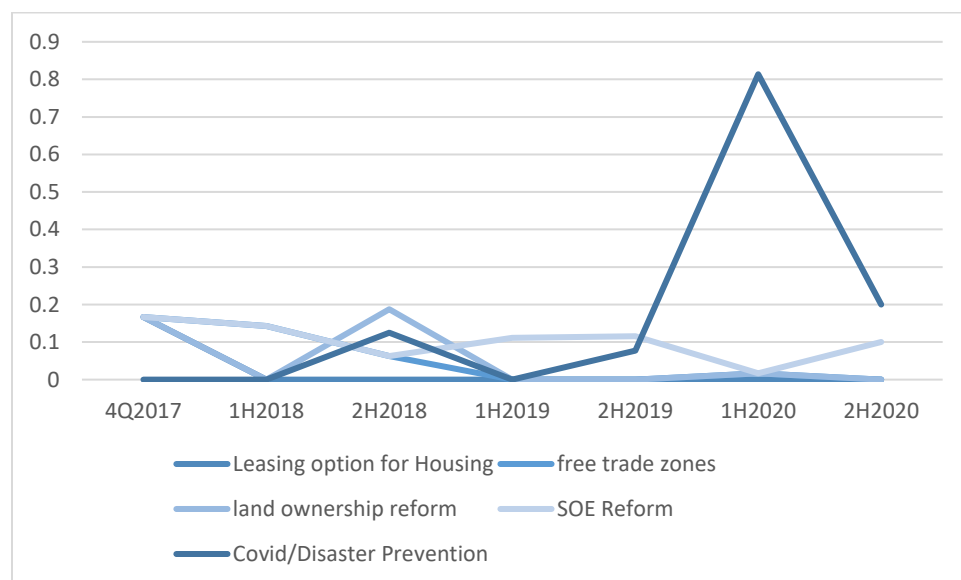


Figure 4: The Share of Economic Elite Policy Meetings that Discussed Four Less Favored Economic Topics: 2017-2020



Implications

Xi is clearly the most powerful figure in the CCP. He managed to sidestep potential vetoes in the PSC by setting up numerous leading groups, in which he can monopolize policy-making. After purging his potential rivals and consolidating control in the military, his power is now unrivaled within the CCP. This power is manifested in his dominance in elite policy meetings, where he now can unilaterally make decisions for a large number of important issues. Yet his exercise of dictatorial power is constrained by two factors. First, he is not an expert in all of the issues over which he controls and thus has to rely on officials and experts who know a great deal more about issues than he does. Second, his time and attention are limited, especially given his grueling schedule of elite meetings, attending ceremonial meetings, inspection trips, and meetings with foreign leaders. Even if he seeks to become an expert on a large number of issues, he cannot possibly keep abreast of the latest developments in dozens of important issues and over 100 less important issues. This has two important implications.

First, those who wish to get Xi's attention, including foreign countries, must fight to get his attention. Special bureaucratic and even commercial interests are likely competing with each other to gain Xi's attention through submission of analytical briefs, briefings to high level leading group officials, or even briefings or lectures to Xi himself. Even for a country like the United States, still the largest economy in the world and a strategic competitor to China, Xi may not keep abreast to the latest developments in the United States and its ally countries unless diplomatic events force him to do so. He may fall into easy assumptions about the United States' declining power and ill intention, which are enforced by some foreign policy experts and perhaps even some segment of the national security establishment. Such misunderstanding may exacerbate bilateral tension more than is necessary. An impending meeting with a U.S. leader may nudge Xi to obtain the latest information about the United States and receive briefings from multiple agencies about the United States, thus updating his beliefs about the United States to some extent. In addition, a high-profile meeting between Xi and the U.S. president would prompt lower level officials in China to resume dialogues with their U.S. counterparts also, which may ease bilateral tension. Thus, high level bilateral meetings between the United States and China, even if they accomplish few substantive agreements, serve to focus Xi's attention on the United States in the midst of dozens of other issues competing for his attention.

Second, members and staff of the leading groups, some of whom are specialists in these issue areas, have an informational advantage over Xi in that they have greater knowledge and time than Xi has. Thus, although leading group members likely cannot veto Xi's decisions, they may structure the information flow to Xi and the agenda at the meetings to serve their own interests. They can either shape the information flow in favor of special interests or they can shape them according to the biases of Xi himself. That is, instead of presenting Xi with fairly objective information, his advisors may present information that is consistent with Xi's biases, thus improving their status in Xi's eyes in the short-run. Alternatively, officials may carry out Xi's favored policies zealously, even knowing the undesirable side effects of these policies. This may lead to policy missteps in the medium term. The recent series of defaults by Chinese real estate developers may be due to over-zealous implementation of Xi's call for deleveraging. These defaults have greatly tarnished the reputation of Chinese corporate bonds and have put local government budgets in dire straits, which now need sizable central level bailouts. In other words, substantial releveraging is now needed to counteract the ill effects of deleveraging.

Recommendations

-First and foremost, Congress should continue and even intensify support for areas studies and language expertise at the university level. This should take the form of both basic language training through Title VI Language Centers and FLAS programs, as well as support for advanced field and quantitative research through the Fulbright, NSF, and MINERVA. Even with the advent of big data analysis, in-depth knowledge of foreign countries is still necessary to make sense of the patterns seen in the data.

-Congress generally should be supportive of the administration's effort to hold high-level bilateral meetings with Chinese counterparts, ideally with Xi Jinping himself. Because he is by far the most powerful leader in China, a prolonged absence of engagement with the United States may allow his attention be dominated by ultra-nationalist voices around him. High level bilateral meetings may nudge Xi to update his understanding about the United States and the rest of the world, which serves U.S. interests by reducing the chance of unnecessary tension between the two countries.

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OPENING STATEMENT OF NIS GRÜNBERG, LEAD ANALYST, MERCATOR INSTITUTE FOR CHINA STUDIES

COMMISSIONER SCISSORS: Thank you, Professor Shih. Dr. Grünberg?

DR.GRÜNBERG: Yes, thank you. First of all, I would like to thank the distinguished members of this Commission for the invitation. It is a privilege to testify before this hearing.

I want to use my brief opening remarks to underscore some of the principles I've made of written testimony in order to substantiate some of these points.

First, on the mechanisms that Xi Jinping uses to enhance the CCP's monopoly over leadership in policy making and second, how the Party leadership attempts to align the economy closer to national interest and Party objectives.

I think there's no doubt you've heard that in the first panel that Xi has still really strengthened the Party apparatus vis-à-vis the state apparatus. The purpose I believe is not to dismantle the state apparatus, but to integrate Party leadership deeper within it to make sure that Party officials control all of the important decision making processes.

All public organizations have, as you probably know, Party secretaries that serve as ranking officials from central, municipal, local, and industry associations. And Xi, it's pretty clear that he wants to use officials he's embedded, Party officials to advance Party objectives better within their respective organizations.

The leverage of his own power over policymaking, yes, it is what Victor just described to you, he has enhanced a number of top-level Party commissions that coordinate especially all strategic policy making under his personal leadership and these organizations supersede any other decision making organs in the state apparatus in terms of authority.

As a long tradition of these groups, commissions are leading the small groups and as Professor Shih already pointed out, he has really institutionalized the system to an unprecedented degree.

He chose at least ten of these central commissions herself, securing him a seat at the table in virtually all strategic policy issues. There's one group in particular and I've also pointed it out in my written testimony, the so-called Central Commission for Comprehensively Deepening , or the CCDR, that he uses to accelerate his policy priorities on structural reforms, especially the economy and trade, but also on other issues.

This commission was established by himself in 2014 and has since been involved in coordinating and passing more than 500 policies.

It is also engaged in both the general policy design and even the drafting processes as far as I can tell. All the leaders of relevant ministries and central Party organs are participating in the meetings of this organization.

And they are charged with coordinating the relevant decisions in their own organizations. It has also branches in all ministries and provinces and municipalities, really making it more akin to cross-cutting ministry with its own vertical bureaucracy, but reporting to Xi Jinping, not to the State Council, and that is a crucial difference.

To give you an example of the mechanics, the leadership wants to reform the vocational training system as an example. This involves several ministries, but it falls under the Ministry of Education to draft a policy which it then submits to the CCDR. The CCDR coordinates the draft with all of the ministries and after final revisions.

eventually passes it during one its meeting. The policies then often reach upon the state and are officially announced by the Ministry of Education as its own policy.

This is a kind of simplified way of how the policy making works, but I think it's pretty illustrative about the concrete ways that Xi Jinping has elevated Party-based decision making at the expense of more professional line or state ministries.

For the second part, it's clear that Xi firmly believes that political direction to steer the economy makes it more resilient. SOEs are at the core of the system, of course, and the public economy is very often referred to as the backbone of the economy.

While Hu Jintao administration sought to professionalize commercial SOE leadership, state-owned enterprise leadership, by creating a state asset management agency, under Xi, SOEs are, the leaders are, encouraged to proactively support political objectives and, of course, the main way is to control these leading officials.

The leaders of SOEs, the 97 central SOEs, are vetted by the central Party's human resources department, the Organization Department directly.

Fifty central most important SOEs, and these are in strategic industries, defense, oil and so on, the entire C-suite level is appointed directly by the Party. And these officials even hold bureaucratic rank equal to the vice-ministerial level.

So they are really both Government officials and business executives. That means that their careers are evaluated by a broad range of factors including management and valuations of the businesses that they lead, but also how they advance broader policy goals such as social stability, investment in structurally weak regions, and investment in technologies that are prioritized by five-year plans and so on.

But crucially also the private sector is increasingly submitted to closer political scrutiny. On several occasions over the past two years, patriotic entrepreneurship has been stressed by leaders and as companies such as Alibaba can testify, leading private companies are expected to now devise proper strategies that reflect Party ideology and political objectives much better.

And Party cell integration is also advanced much, or [audio interference/unclear] so by law any organization employing three or more Party members is required to establish a Party cell and private firms are encouraged to integrate Party representation of Party representatives better in executive leadership.

Also, the Party's own constitution stipulates that non-state companies should follow the CCP's guiding policies. While these rules have existed for quite some time, it's under Xi Jinping that Beijing has become much more vocal about the importance of establishing these groups now.

I think the goal is to have Party representatives sitting at the table when strategic decisions are made in large private companies.

It is not to kill private enterprise per se, but it's to align it closer with national interests as defined by the Party.

So, in conclusion, I think it's important to understand how all of this is an attempt at anchoring all decision making in the Party-state as a governance system around Party organization and Party ideology.

China is not really that monolithic as a system as many believe. As silent bureaucracy, vast [audio unclear] localities, conflicting economic interests and so on often challenge the implementation of central policy.

The CCP under Xi Jinping is supposed to pull it all together now. Right? And make its organizational reach into and enhancing its ideological influence over the entire political and

economic system.

The idea behind this organically integrated Party state seems to me to be that eventually this shall ensure that the various parts of the system all pull towards the same set of general objectives as outlined by the central Party line that is Xi Jinping thought, and I think I'm on time. Thank you.

**PREPARED STATEMENT OF NIS GRÜNBERG, LEAD ANALYST, MERCATOR
INSTITUTE FOR CHINA STUDIES**

January 27th, 2022

Nis Grünberg, PhD
Lead Analyst, MERICS

Testimony before the U.S. -China Economic and Security Review Commission:
Hearing on “CCP Decision-Making and the 20th Party Congress”

Please describe the economic policy decision-making apparatus in China. What kinds of institutions are used to formulate, debate, and communicate economic policy? What kind of information does the political leadership use in making these decisions, and how reliable is that information?

China’s economic policy and decision-making structure has developed into an advanced and complex one-party-state, featuring various bureaucratic-administrative systems e.g., ministries, regulatory bodies e.g., China Banking and Insurance Regulatory Commission, and financial institutions e.g., state banks. On top of this, the CCP (from now on used interchangeably with “party”) is systematically integrated at all levels of decision-making. Party leaders occupy both the “commanding heights” of national strategic policymaking and agenda-setting, as well as the leading posts in each and every administrative organization. The authoritarian, party-dominated structure of the political system therefore defines economic policymaking. This hierarchical division of labor (put somewhat simplistically) between strategic leadership and coordination by the CCP, and administration and implementation by state bureaucracies, is reflected in the decision-making structure. The scope of the party’s authority is perhaps best put by Xi himself: “In party, government, military, society and education, in the East, West, South, North, and Center, the party rules all.” For economic policy, some of the most important institutions are the following (organized approximately by authority in the system):

The **Central Commission for Comprehensively Deepening Reform** (CCDR) has become the powerhouse for Xi Jinping’s “top-level design” policymaking, issuing policy on a broad array of topics, including economic issues. Crucially, the CCDR is a party organization. It was established by and is chaired by Xi who conducts every meeting, while Wang Huning acts as a Managing Director. It has convened 63 times since its first meeting in January 2014, issuing more than 500 policy documents. The full list of members is unknown but at least 40 of the most senior officials from key central-level state and party organizations are members. It is organized into six sub-groups, each with their own policy focus. Relevant for economic issues is the “Work group on economic and ecological civilization system reform,” managed by Politburo member and chief economic planner Liu He. In terms of authority, it outranks ministries, and because its led by Xi Jinping and senior leaders oversee the work groups, its

political clout effectively surpasses China's cabinet, the State Council. The CCDR's mission is to steer and accelerate structural reforms under guidance by the central leadership. Pertaining to economic policymaking, this includes but is not limited to structural reforms in the financial sector, market regulation, and trade policy. The CCDR's work groups are known to actively engage in the policy formulation process by advising ministries charged with drafting specific policies. Some policies are also deliberated and even passed during the CCDR meetings before they are officially legislated by the State Council or ministries later on.

The **Central Commission for Economy and Finance** (CCEF) is somewhat similar to the CCDR, although more specialized in its policy scope. Like the CCDR, it is chaired by Xi Jinping, while Liu He acts as Managing Director. Reliable information about the CCEF is sparse, but it is known to be used as the top-level committee for deliberation of economic policy, albeit not as involved in the concrete policy formulation as the CCDR. It is a party organization, reporting directly to Xi Jinping, with attendance from most, if not all, relevant central-level officials.

The **National Development and Reform Commission** (NDRC) remains one of the most important organizations for macroeconomic planning, pricing policy, market regulation, and industrial/sectoral development issues. Despite its name, it is a ministry-rank unit under the State Council and it enjoys significant authority compared to other ministries because of its broad policy mandate and large group of leaders (He Lifeng as director and 8 vice-directors). Under Xi, the authorities formerly vested in the NDRC have been dismantled in favor of other central party and state agencies (notably the CCDR), and it has lost its (informal) status as the "small State Council." The NDRC helps formulate China's industrial policies and sectoral planning e.g., energy and infrastructure, and strategic planning such as the five-year plans and China's decarbonization policy. As key party officials of the central party-state, the most senior NDRC leaders are also members in the CCDR and CCEF. Together with the Ministry of Finance, the NDRC is one of the most influential ministries. It regularly receives input and normative guidance from the CCDR. An example that reflects the hierarchy of decision-making authority between central party organs and state administration.

The **People's Bank of China** (PBoC) serves as China's central bank in charge of monetary policy, formally organized under the State Council. Its dual leadership team is comprised of Governor Yi Gang, and Party Secretary Guo Shuqing. Guo is also in charge of the China Banking and Insurance Regulatory Commission. While the PBoC enjoys some degree of independence, it is required to implement CCP policy. Guo Shuqing has established himself as a capable and skilled leader and a key official for fighting financial risks and implementing tighter financial regulation.

The **Ministry of Finance** (MoF) handles annual budgets, public finance, and other economic regulations, but shares (or contests) macroeconomic responsibilities with the NDRC. The MoF also serves as controlling shareholder of several large sovereign wealth funds. On several occasions, the MoF has received guidance from the CCDR, and its Minister Liu Kun also serves as its Party Secretary and is a member of the CCDR and CCEF.

The **National Bureau of Statistics** (NBS) is not a policymaking organ, but relevant here because it oversees collecting and compiling data, both at central and local levels. China has long had issues with data reliability, and it is generally acknowledged that the misreporting of growth,

fiscal deficits, expenditures etc. remain a problem. Corruption and poor supervision in the NBS have exacerbated this problem. One response to this problem has been the establishment of a central audit commission (a party organ), which is supposed to add another level of check to prevent fudged numbers in fiscal expenditure and distorted economic reporting.

Information asymmetry has been identified as a problem for sound policymaking even by top leaders, such as Li Keqiang who reportedly has his own measure of estimating economic growth (the so-called Li Keqiang index). More recently, former Minister of Finance Lou Jiwei warned that officials report distorted numbers to the center and “accentuate the positive, and play down the negatives,” leading to serious issues in China’s ability to react to and prevent economic risks. The problem often lies with the career incentives local officials face, which remain tied to a list of performance indicators. Generating growth and stability has long been the most important KPI for leading cadres, and although this is meant to change with Xi Jinping’s intention to shift from quantitative to qualitative growth (meaning more inclusive and sustainable growth), for most parts it will likely take some time before the long-established focus on growth as a key selector for promotion can change. The party-state has other systems of obtaining information, such as the CCP’s own information system, and internal reports compiled by state media. These channels are secret, and it is unknown how systematic and reliable these sources are i.e., not affected by the same incentive issue. The vastly increased number and scope of auditing and inspection tours by CCP’s Central Audit Commission, CCP discipline inspection officers, and more specialized audits e.g., for environmental policy, setting up camp for weeks to go through the books of local governments, state-owned enterprises, and even ministries, suggest that the data problem is pretty serious, and that the central government does not trust data unless trusted personnel verify it.

Who are the key individual players in formulating economic policy in China’s political leadership? What is the role of Xi Jinping in deliberating economic policy? What matters more, people or process?

Xi Jinping has caused significant change to the political leadership system. It is clear that Xi has worked hard and been successful to shape decision-making processes around his person. He is the designated “leadership core” of the central leadership and the party and his thoughts have been declared party doctrine, therefore following party policy now essentially means for all party officials to follow Xi’s lead. At the same time, Xi Jinping advocates predictable and stable processes in governance, if they adhere to the central party line, i.e., the political-ideological priorities outlined in Xi Jinping thought. This has important ramifications for policymaking also in the economy. While Xi himself is no economist and is, to my knowledge, much more engaged in political and ideological issues, a number of trusted officials around him shape macroeconomic policy.

Wang Huning, member of the Politburo Standing Committee, is believed to be trusted by Xi Jinping and has been the main architect of recent party ideology. He has only indirect but important impact on policymaking. His ideas have long advocated a neo-authoritarian turn, with a strong party apparatus in charge of an activist state apparatus. The social theory behind his ideology views economic activity e.g., market transactions, as just one form of social activity and hence must be governed according to political (CCP) objectives just like any

other social activity. The strong notion of party hegemony in his thinking predicates far-reaching regulatory oversight and steerage of the economy at large, including enlisting the private sector to contribute to the party's political objectives.

Liu He is one of the key leaders in economic policy and is believed to have friendship relations with Xi since childhood. As Xi's most trusted economic adviser, he often fills in for Xi as negotiator and key speaker with international counterparts. Liu is also in charge of coordinating much of the top-level economic policy, and through his posts in core executive organs, e.g. the Politburo and the CCFR's sub-group on economic reform, membership in the CCEP and others, he sits at the table in all strategic decision-making on economic policy.

Guo Shuqing has emerged as a main financial sector troubleshooter. He is both Party Secretary of the People's Bank of China, and Director of the China Banking and Insurance Regulatory Commission, therefore he is a key regulator in the financial sector. He appears to be a driving force behind the current "battle against financial risks," which is the main challenge to regime stability. Although not considered a direct ally of Xi, Guo mirrors Xi's position of favoring a strong state and party authority over finance and economy. This is especially visible in China's large private financial companies which he has stated have become "too big to fail," and hence must be aggressively regulated.

He Lifeng, Chairman of the NDRC, is a close ally of Xi Jinping. Given the substantial policy reach of the NDRC, and He's presence in the party commissions, Xi can trust him in matters regarding macroeconomic planning, industrial development, and market reforms – fields of influence of the NDRC.

Large provinces such as Guangdong, Shanghai and Tianjin are substantial economies even on an international scale (Guangdong's, GDP in 2019 was USD 1.6 trillion), and their leadership is expected to engage in policy experimentation and piloting. Their party secretaries are high ranking cadres with seats in the Politburo and they are therefore important spearheads for implementing central guidance and to develop the specific policy responses at local levels. Especially in the case of MNCs in China, these officials have a large impact on trade zones, large FDI inflows, and local industrial policies.

A number of think tanks and research centers, e.g. the State Council Development Research Center and the CCP Policy Research Center, are contributing to the formulation of policy by providing research, scientific input and political guidance.

What are the different strains of economic policy thinking in China's leadership today? Who advocates for these different lines of thinking, either persons or institutions, and how meaningful is their ability to shape economic policy?

It is hard to identify any meaningful opposition, or even an influential group of thinkers other than the state-capitalist authoritarian line pushed by Xi and his supporters. The previously commonly used identification of two general camps in the leadership now appear obsolete under Xi Jinping. Before he came to power, you had one camp of "reformers" or "liberals" who were in favor of market liberalization and political reforms, and another, the "leftists" or

“conservatives” who were more inclined towards authoritarian governance and statist intervention in the economy. Xi Jinping has successfully staffed most key positions with people he trusts, and raised the stakes for opposition. His elevation to core of the party, and the institutionalization of Xi Jinping thought as the party line, essentially means that any open opposition is a violation of party policy. Another key priority of Xi’s is the adoption of ideology in legal and regulatory norms, the impact of which is seen in extremely limited contesting streams of thought in the public and has most likely also squeezed room for internal discussions.

Many of those individuals formerly regarded as being “reformers” have either been pushed to the sidelines or now appear as supportive but less ideologically vocal technocrats in the administration. Liu He, Wang Qishan, and even Li Keqiang could be classified in this group, as they currently align their work with the Xi’s authoritarian state-capitalist model. Anecdotal evidence also suggests that individuals and consultative support units e.g., the State Council’s Development Research Center that are not part of Xi’s trusted environment, have lost their voice in policymaking. With few exceptions, all influential private think tanks in favor of policies that challenge party rule and state intervention have been closed. Academic debates and teaching materials considered critical of party-state policy have also been greatly limited.

What stresses in the economy are most likely to shape economic policy decision-making moving forward? How do you think Chinese leaders will determine priorities in the wake of the 20th Party Congress?

To what extent, if any, is the leadership comfortable with increased economic volatility arising from policy choices? What does this tell us about their vision for China’s economic future?

The current period, and especially 2022, will be shaped by the leadership’s utmost efforts for stability, primarily political, but also economic. More generally, the Xi administration follows a paradoxical path of trying to make markets more efficient and open, while also strengthening tools for state interventions. This conflicting policymaking of meaningful reform on the one hand, and an obsession with political control on the other, is likely to continue to define economic policymaking for the months and years to come. Especially with the 20th party congress approaching, the party will try to avoid any economic and social crises to the prevent destabilizing effects on the political elite. Recent events suggest that sectoral and regionally isolated social and economic costs are not an issue for Beijing *per se*, as long as overall regime stability is not endangered, and political objectives are served. The zero-covid strategy is a prime example of this, laying tremendous cost on individual businesses, local governments, and not least lockdown-affected citizens. What’s more, the sudden regulatory tightening of entire sectors such as the tutoring industry, destroying tens of thousands of jobs and shattering large businesses overnight, serves as proof that political and/or regulatory objectives weigh heavier than the socio-economic disruptions perceived as advancing them.

At the ideological level and until 2035, Xi has introduced a new growth paradigm. It’s a shift from quantitative growth targets towards “quality” growth that adds more value and distributes gains more equally. By and large the (still very unspecific) “common prosperity” program is an attempt to achieve this more inclusive development model. Technological self-

reliance is growing in importance, and persistent international tensions and uncertainties feed into its rise as a core objective. Inequality remains a pressing concern, with a GINI coefficient of around five and rising. To counteract the rising inequality, structural redistribution mechanisms such as progressive income tax and property tax might have been discussed for some time. So far, given the challenging economic reality of slowing growth and sluggish demand, Beijing has shirked back from these more intrusive – and unpopular – mechanisms, even as they might be necessary to finance the rising cost of China’s public services and welfare systems. For now, calls for “patriotic entrepreneurship” and charity are growing, in which profitable private companies and wealthy individuals are strongly encouraged to donate to the national project of building a strong, party-led China.

However, stable economic performance remains the core underpinning of regime legitimacy, and given the downward trend of China’s growth, and the difficulties following the Covid-19 pandemic, actions likely to dampen economic activity at large and beyond specific industries or regions have currently been delayed, even those announced over past months. To this end, Vice-Director of the CCEF, Han Wenxiu, pointed out that macroeconomic stability is not merely an economic question, but a political objective. This could mean somewhat more pragmatism and flexibility than suggested in Xi’s speeches, at least during this politically important year.

Systemic financial risks are the most challenging of the “three tough battles” that the party faces, according to the leadership itself (the other two are pollution and poverty). They include, fiscal deficits and government debt at local levels and the financial trouble many large business empires face such as giant property developers Evergrande or Shimao. With growth levels falling, debt maturing after decades of high investment levels, and credit and capital harder to come by, bankruptcy of large investment businesses are a real danger to social stability, as they often involve large amount of investments by both citizens, state banks, and local governments. More interventionist regulation in the cases of large businesses, and the politically controlled dismantling of struggling business groups at risk of collapsing will become common. Closer oversight, limited equity takeover by state-owned entities, or even managerial integration of party-state agents is already happening and these are tools likely to be employed more frequently.

Poorer local governments are at risk of bankruptcy due to indebtedness as a result of rising public service expenditure, and shrinking revenue streams and fiscal allocations from the central government. Some Provinces such as Guizhou have a debt to fiscal resource ratio approaching 200%, often due to poorly regulated over investment. The limited information that the central authorities receive on local finance is becoming a pressing concern for Beijing. Fiscal tightening has already led to repeated calls by the central government to cut spending, even including scaling back salaries and benefits of public servants. Given the leadership’s call for higher quality development especially in poorer regions, more state-guided investments by public and private entities from wealthier regions could be a development model for the future. There is precedent in the “Go West Strategy,” and the “North-east Revitalization Plan” which aimed at steering investments into poorer regions.

To what extent is economic policy formulation being relocated away from the state bureaucracy and toward Party organs? How have regulatory agencies' ability to interpret and modify Party directives on China's economy changed under Xi Jinping's leadership?

We observe strong attempts to strengthen party integration in all organizations, and a more dominant role of party groups, ideology, and leadership in the decision-making process throughout society. While a "separation of party and state" was advocated by Deng Xiaoping and other leaders during the 1980s, Xi Jinping now drives the institutionalization of party cells and party secretaries, particularly in leading positions of the state apparatus. The CCP is not "taking over" the state apparatus but is becoming organically integrated with it. With party cadres acting as ranking officer in all public organizations, the party apparatus is supposed to exercise leadership on all strategic decisions and guide policymaking towards its political objectives. The state bureaucracy handles the concrete implementation of policy and public service functions.

At the top, with at least 10 central commissions chaired by Xi himself, most policy issues are now directly dealt with by him and his allies. This serves both better coordination, but also enables more influence on policy formulation. It also enables the Xi administration to steer top-level policy, which is supposed to serve as blueprints for specific interpretation by lower-ranking units in charge of implementation. China has a history of policy silos and at times conflicting policymaking across ministries and localities, and this centralization of policymaking is an attempt to counter the fragmented system. Nevertheless, provincial leaders have significant authority in the implementation of central policy. Provincial party secretaries and governors hold ministry-level rank, and provincial leaders have seats in the Politburo. As a contrast, no ministers are among its 25 members. In the past, central guidance was shirked or ignored, in areas like energy development, environmental protection, and investments in infrastructure. The increased discipline inspection and audit teams sent to localities under Xi Jinping seem to be an attempt at reigning in on this issue. It also illustrates the weakness of regular oversight mechanisms and bottom-up information flows.

What does the Central Organization Department emphasize when making appointments to state-owned enterprise (SOE) leadership and government agencies? How has its decision-making on appointments evolved under Xi's leadership?

Cadre KPIs and SOE leadership selection at the central level are somewhat of a black box to outsiders. At the top, loyalty to Xi has become a decisive factor, although not the only criteria. Several high-ranking officials are known for their skills as politicians and administrators, especially in finance and economics. In theory, a long list of KPIs exists for cadre selection and promotion, including evaluation by subordinates and seniors, performance, and ideological compatibility. It seems unlikely that central-level positions are not primarily decided by more informal rules, including performance, but also stressing network affiliation, connections, and pedigree with the top-leadership. Looking at the cohort of cadres promoted under Xi, it becomes evident that those with

personal or professional ties to Xi, and/or have shown loyalty and positive engagement with his politics, are overrepresented. At the same time, while the intense anti-corruption campaign overall is in my opinion serious about fighting graft and abuse of power, it is also used to systematically remove opposition and alternative networks of power in the political system.

At local levels cadre evaluation is more complex, and likely more procedural. Recent research suggests that a small amount of non-negotiable KPIs exist, e.g., socio-economic stability, but a larger number of flexible criteria add to evaluations. Given China's heterogeneity, these can be shaped more flexibly, and range from advancing environmental protection and solving economic crises to propelling industrial development and public service innovations etc.

Research tracking SOE leaders' careers and their networks suggests that a mix of political connections, industry knowledge, and management skills are all important for promotion. All 96 SOEs owned by the central government (ca. 115,000 SOEs exist at local levels) are led by a party secretary and a general manager or CEO of vice-ministerial rank, a fact that underscores that SOE leaders are both business leaders and government officials. While the leadership is formally split by this party-CEO division, often the same person holds both titles. Moreover, the importance of the party secretary and the company's party group for deliberating on strategic decisions has been recently strengthened and codified, also for private companies. The 53 most important SOEs are directly under personnel management of the central organization department (COD), but it is unlikely that the remaining 43 central SOEs are not also closely following the COD's vetting process. SOE leaders mostly remain within their sectors, although some examples for lateral mobility exist, often between SOEs in the same industry. What's more, a limited number of business-to-government careers exist, particularly in strategic SOEs important to national security, economic development, and vital infrastructure e.g., in nuclear industry, defense, and aerospace where SOE leaders come from or are going into government posts, such as provincial leadership or ministry departments. Zhang Qingwei and Xu Dazhe are two examples, who have moved from leadership roles in China Aerospace Science and Technology Corporation to senior government posts in provincial leadership.

The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What recommendations for legislative action would you make based on the topic of your testimony?

My recommendations revolve around two points: First, smart investment in knowledge and better understanding of China's actions and motivations at home and abroad, and second, investing in systems to support better coordinated and consistent policy that ensures domestic political resilience and socio-economic stability in a world marked by China's growing presence. While the times in which foreign actors could directly

interfere in China's domestic policy is over, China is increasingly able to influence global issues and has a growing impact on other nations' economies. How a more Chinese shaped world would look, and how this will impact other nations' own political, social, and economic systems, requires more study based on sophisticated, in-depth study of beliefs, interests, and policies. Lack of in-depth knowledge and understanding of your counterpart, especially over- or under-estimation of capabilities of Chinese actors, leads to poor policy decisions. It is increasingly important to realistically understand how China's domestic developments indirectly impact global arenas, and what its current and developing capabilities and interests for shaping markets and international relations also more directly are.

There is a need to invest systematically in more knowledge and understanding of China. Two factors, in my mind, require a step-up in both China-focused education and research. First, China's growing weight in global economic and political issues. China's growing presence is a reality the world needs to adapt to and knowledge is key for this. Second, China is increasingly inward-looking in terms of its political system and its economic objectives. The dual-circulation strategy is a prime example, in putting forth a view of the world's economy as a supportive system for China's domestic development. Not least the Covid-19 pandemic and the sudden end to travel and personal exchanges has exacerbated this trend and led to narrowing access to data and information open to outsiders. This needs to be countered by smarter and "patient" research able to develop alternative information sources and research methods.

It becomes more important to generate applied social science in service of better coordinated and fact-based decision-making. Better mechanisms need to be established to link knowledge communities in universities, think tanks, and research organizations with decision makers in government and business. Smart and "patient" research needs to feed into research and intelligence systems that can be used and digested more easily by policymakers. Recognizing my personal bias here, I believe there is a strong case for think tanks as a middle road between the more theory driven "patient" research done by academia and scattered but valuable information from practitioners in business, able to cater to the more issue-specific and solution-focused reporting needed by policymakers. Benefits of establishing more systematic and well-organized collaboration between universities, think tanks, and decision-makers are the room this creates for less specialized formats that apply more result-oriented reasoning but follow data-driven and theoretically sound methods.

More fundamentally, a clear-minded and honest analysis of how to balance principles and pragmatism is needed, given the growing political-economic gravity of China that entails both legitimate claims and challenges to the architecture of existing power and value systems. China's current leadership is better characterized as a player pursuing political pragmatism for long-term national interests of a political and economic nature, while most Western nations have long pursued economic pragmatism to secure short to mid-term economic interests. Well-coordinated all-of-government policy is

therefore more important than ever, especially in large systems such as the United States – the same is true for the EU – as the cost-benefit calculation for short-term economic gains and long-term strategic risks is changing.

OPENING STATEMENT OF YUEN YUEN ANG, ASSOCIATE PROFESSOR, UNIVERSITY OF MICHIGAN

COMMISSIONER SCISSORS: Thank you. Professor Ang?

DR. ANG: Thank you very much the distinguished members of the Commission for the invitation to speak. It is a great honor to testify.

I am sharing two macro observations about President Xi Jinping's Common Prosperity campaign which is his new leadership platform. Before turning to the micro issue of policy making.

On Common Prosperity there is noticeable shift in the orientation of Xi's priorities. The first ten years of Xi's reign was defined by the banner of the China Dream, an outward looking campaign aimed at reviving China's past glory as a global power. In the past decade, Beijing has spent much resources on the Belt and Road initiative.

The coming years, on the other hand, will be devoted to Common Prosperity, a domestically oriented agenda. There are two possible reasons for this inward turn. One, Xi realizes that his ambitious global policies have overreached and two, more pressingly, China faces many burning problems at home today.

Second, is worth noting that Common Prosperity is not merely a campaign against inequality. Rather, to use an analogy from American history, Common Prosperity is Xi's mission to end the excesses of China's Gilded Age and summon the CCP's version of the Progressive Era.

The term Gilded Age captures all problems that the CCP seeks to tackle today which includes inequality, but also corruption, speculative risks, excessive materialism and so on.

But whereas the American Progressive Era used democratic measures to fight the problems of the Gilded Age, Xi has so far relied on commands and campaigns. These methods look powerful, but they can backfire, as Xi appears to have learned and communicated through his bureaucrats and this is in a speech I analyze in Foreign Affairs which I've shared with the Commission.

In short, China's economic future will depend on whether Xi will a) course correct and adopt a moderate flexible approach or b) double down on the capricious talkdown approach.

There are signs that by the end of 2021, Xi has done some reflection and realized that the regulatory crack down in the summer did far greater damage to business confidence than he anticipated. And it remains to be seen whether that confidence can be restored.

With this backdrop in mind, I now turn to addressing the Commission's questions about the economic policy making process.

My distinguished panelists have offered many insights into the policy formulation process so I'd like to bring attention to two neglected dimensions, communication and implementation.

As I discuss in my testimony, the conventional model of Chinese policy making is that policy formulation would directly translate into policy outcomes.

But while leaders' decisions do have a seismic impact in China, this model is not complete. In fact, policy formulation is often not equal to policy outcome.

That's because once any decision is made, it must first be communicated to a vast bureaucracy comprising multiple ministries and five levels of government before being implemented by numerous parties.

And despite his centralization of power, this reality has not changed under Xi Jinping. Tracing that process from formulation to communication to implementation, two significant

complications can happen.

First, Chinese leaders may not know how to attain their ambitious goals, whether it's winning friends overseas or attaining high quality development.

And when Chinese leaders aren't sure, they give ambiguous instructions which can be interpreted in different ways and lead to unexpected outcomes.

And in the process of implementation, ministerial officials and local governments have their own interests and they also face very different resources and constraints depending on their location.

Therefore, even when local governments receive the same set of instructions from Beijing, they may implement it with different levels of enthusiasm and different tools, producing varied outcomes.

In my testimony I gave two concrete examples of this revised model of policy making in the context of the Belt and Road Initiative and Common Prosperity.

Let me just briefly review the case of Common Prosperity. In October 2021, President Xi delivered his manifesto on Common Prosperity in a speech the central bureaucrats that was published in Qiushi. This is the journal of the Central Committee.

So this is not propaganda for the public, but a set of instructions for the bureaucracy. In his instructions, Xi essentially admits that he doesn't know how to resolve the conundrum (audio interference) the excesses of capitalism without stifling entrepreneurial energy.

And in his own words, he says on eradicating poverty, we have plenty of experience, but on managing prosperity we still have much to learn.

Precisely because Xi doesn't know what the solution is, he tells Chinese bureaucrats to take it gradually, adapt, and experiment.

This example illustrates two key points I've earlier made. Number one, Chinese leaders may have grand ambitions, but they may not know how best to achieve it. And when they are unsure, their communication itself is deliberately ambiguous. And number two, in situations where local governments are tasked to come up with solutions, the experiences can in turn inform and influence central policy making, as we will see in the case of Zhejiang which is appointed as the imperial pilot.

In conclusion, I recommend considering the full scope of policy making in China which involves not only policy formulation, but also policy communication and implementation.

While a lot of attention has been placed on decision making, virtually none is paid on the remaining two steps. Paying attention to policy communication and implementation can provide clues on whether Chinese leaders know or do not know how to carry out the grand strategies they have formulated, the extent they rely on ground level actors to figure it out, and the gaps that may emerge between policy formulation and implementation. All of this will provide a more realistic portrait of Xi and the CCP leadership as being simultaneously ambitious and fallible.

And secondly, although information is increasingly closed in China, speeches and directives remain an open and abundant source of information.

Extracting clues from this material requires not only language skills, but also given the singular importance of China to the U.S., I recommend that it is worth investing in training of cohort of analysts with these particular skills.

Thank you very much and I look forward to your questions.

**PREPARED STATEMENT OF YUEN YUEN ANG, ASSOCIATE PROFESSOR,
UNIVERSITY OF MICHIGAN**

**Testimony before the
U.S.-China Economic and Security Review Commission**

“CCP Decision-Making and the 20th Party Congress”

Yuen Yuen Ang

January 27, 2022

Thank you for the opportunity to offer my views on U.S.-China relations and China’s economic policymaking. In this testimony, I highlight the following observations:

- The 20th Party Congress will be President Xi Jinping’s coronation as a third-term leader. If his previous terms were defined by the outward-oriented slogan “China Dream,” his third term will be devoted to “common prosperity,” a domestically-oriented agenda. Common prosperity is not merely a campaign against inequality; rather, it is Xi’s broader mission to end the excesses of China’s Gilded Age and summon the CCP’s version of the US Progressive Era.
- While Chinese leaders, including President Xi, do formulate grand strategies, they are also human and fallible—often, they themselves are unsure how to reach a goal; they overreach and later retreat; or they completely fail to anticipate certain problems and reactions. In order to accurately assess China, it is necessary to take both *ambition* and *fallibility* into account.
- In China policy outcomes are not only the result of leaders’ vision and elite politics; they are also shaped by policy *communication* and policy *implementation*, processes that involve a vast bureaucracy. In analyzing the sources of Chinese conduct,¹ the latter has received little or no attention.
- Specifically, on common prosperity, Xi has not yet found a way to resolve a fundamental conundrum: how to tame the excesses of capitalism without squashing entrepreneurial spirits. Precisely because he has no roadmap to follow, he has recently urged the officialdom to adapt and experiment.
- On sources: Despite being a black box, there is a vast store of open information about the Chinese policy process, contained in speeches and directives. When read closely and in context, they can shed valuable light on leaders’ thinking and the internal workings of the Chinese bureaucracy.

When Xi Meets China's Gilded Age

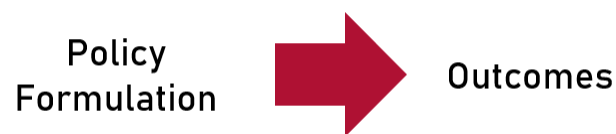
The 20th Party Congress in 2022 will be the equivalent of President Xi Jinping's coronation as a third-term president. If his previous terms were defined by the outward-oriented slogan "China Dream," which aspired to revive China's former glory as a world power, his third term will be devoted to "common prosperity," a domestically-oriented agenda. Common prosperity is not merely a campaign against inequality; rather, it is Xi's broader mission to end the excesses of China's Gilded Age and summon the CCP's version of the US Progressive Era.²

This understanding of the macro context has at least two important implications. First, it tempers premature predictions of China's decline or imminent collapse. When China's problems today are compared with the US in the last century, we are reminded that these problems are not unique, and depending on how leaders deal with them, crises can force necessary but painful changes. Second, in the coming years, the hard question for the Chinese leadership will be *how* they should transition to a more equitable, clean, and sustainable growth model. Beijing learned a costly lesson from the market's alarmed reaction to the regulatory storm in 2021. Going forward, Xi's core vision will not change, but there are signs (as I will later discuss) that his administration has been reflecting on and may adjust its approach.

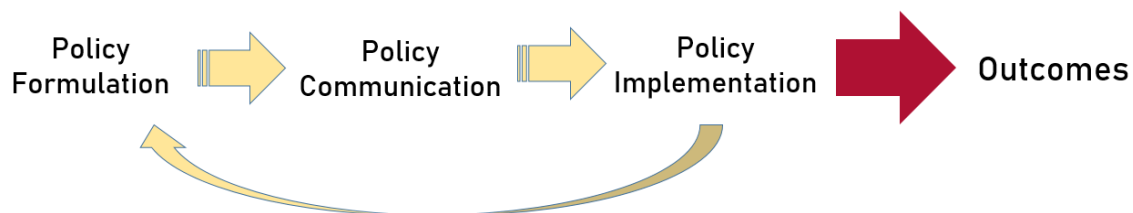
Beyond Policy Formulation

Given President Xi's centralization of personal power and his ambitions to be a great leader on par with Mao and Deng, it is appropriate to focus one's attention on Chinese leaders' decision-making, policy formulation process, and elite politics. In this testimony, however, I would like to bring attention to two neglected dimensions of the Chinese policy process: communication and implementation.

If the conventional imagery of the Chinese policy process looks like this:



The actual policy process is more accurately depicted as follows:



In China, once a policy is formulated, it does not necessarily translate into the exact outcomes that leaders anticipate. Rather, any policy has to be first *communicated* to the bureaucracy, which is a vast organization, comprised of many functional ministries and four layers of subnational governments (province, city, county, and township).³ Then, after receiving instructions from Beijing, numerous officials on the ground will *interpret* and *implement* the policy, often according to local conditions.

As a result, the final outcome can be vastly different from any ambitious, rosy picture that Beijing had initially envisioned. One example is the Belt and Road Initiative (BRI), which was supposed to “create a big family of harmonious coexistence” between China and some 65 countries around the world.⁴ In the end, the grand scheme provoked alarm in the US and criticisms from many BRI partners.

There are good reasons why US discourse on China typically ignore communication and implementation in the policy process. In advanced democracies such as the US, there tends to be little or no gap between policy formulation and policy implementation. This is due to the fact that advanced democracies command much higher administrative and enforcement capacity than sprawling developing countries. In this context, what matters is policy formulation: What decisions are made? Who influences the decision-makers? What is the process of reaching decisions? The unspoken assumption is that once decisions are made and laws are passed, they will be implemented effectively and predictably. Given that China is a single-party autocracy, where power is concentrated in the hands of a few top leaders, it seems natural that whatever these leaders command, they will get.

Yet the reality in China is quite far from the model above. Despite its image of awesome power, China is still a developing country, with only *selective* state capacity,⁵ meaning, the administration can enforce with impressive might if a given issue is circled as a top priority (e.g., control COVID), but it can be surprisingly negligent and inept in other matters of administration (e.g., food safety regulation).⁶

Moreover, China is the world’s most populous nation (1.4 billion in 2020), and its regions have very different economic and social conditions. This demands flexibility in policy implementation. Last but not least, policy implementation isn’t necessarily more predictable in autocracies than in democracies. In China, for example, local officials are pressured to cover up problems and falsify results in order to please their superiors, which can lead to distortions and sometimes disastrous consequences.⁷ The Great Leap Forward under Mao is the most tragic case in point.

None of this implies that we should ignore policy formulation in China. It is true that under authoritarianism, leaders play an outsized role in determining the direction in which the country heads. But we should take note that Chinese leaders, no matter how powerful, must rely upon a vast bureaucracy to implement their vision. We should also keep in mind that being human and fallible, Chinese leaders do *not* necessarily always know what they want. Of course, all leaders want their country to be prosperous and strong, but they may not know the right way to achieve this desired outcome. There are many examples of Chinese leaders—especially Xi—wavering and fudging on difficult problems, or giving contradictory commands.

Policy communication⁸

The Chinese political system operates on a mixture of *commands* and *cues*. Commands are explicit orders whereas cues are open to interpretation. They are communicated, first and foremost, through remarks and speeches made by the top leaders and sometimes editorials they pen using pseudonyms—which define the “spirit” of the policy. The “spirit” is then formalized in written directives, which includes laws and regulations, administrative rules, notices, and responses to requests for guidance, issued by the Central Party Committee and the State Council.⁹ Regardless of their format, instructions come in three basic varieties:¹⁰

- Red directions draw clear restrictions.
- Black ones clearly endorse a particular course of action.
- Gray ones are deliberately ambiguous about what officials can and cannot do.

TABLE 3.1 Three varieties of policy directives

SIGNAL OF GUIDELINE	FUNCTION	EXAMPLE
Red	Clearly forbids a particular course of action	“A Summary of Plans for National Land Use” [2008]: Specifies concrete quotas that limit the conversion of arable land for urban use
Gray	Permits bounded experimentation and generates bottom-up policy feedback	“Guidelines on the Development of Commune and Brigade Enterprises” [1979]: Encourages commune and brigade enterprises to “make big progress” and to “adapt to local conditions”
Black	Clearly sanctions a particular course of action	Amendment to Article 11 of the Constitution [2004]: Announces that the state “encourages and supports” the private sector

Leaders give clear directions—either forbidding or endorsing—when they confidently know what to do. For example, when leaders realize that arable land was at risk of being depleted by local governments who were eager to sell land for revenue, Beijing drew concrete “red lines” to restrict the amount of land that can be sold.

But there are also times when Chinese leaders are not sure what to do. This usually happens when the leadership faces a novel issue in which they have no prior experience (e.g., Belt and Road Initiative), or there is no easy solution for the problem at hand (e.g., capping capitalist gains without crushing entrepreneurial spirits). When unsure, they issue gray commands, which essentially gives local authorities room to experiment with solutions and tailor solutions to particular contexts. Being cryptic or vague also allows leaders not to commit to a given policy until they are sure they want to stake their authority and reputation on it.

Chinese bureaucrats invest significant efforts into interpreting commands and cues, or as one official puts it, they strive “to completely digest documents issued by the

higher levels.” They organize numerous study sessions to examine the slogans, speeches, and reports that flow from policy makers in Beijing. This should not be dismissed as merely propaganda and pretension. Just as an astute stockbroker must learn to read between the lines of what the Fed chairman says, a shrewd bureaucrat must decipher the subtleties of central directives in order to survive and get ahead.

Policy implementation

Based on their interpretation of central commands and cues, ministerial officials, state-owned enterprise executives, and local bureaucrats will translate a leader’s vision into concrete policies. Typically, directives are refined level by level as they flow down the hierarchy, becoming more detailed at lower levels of administration.

There are several factors that determine how local officials implement policies. First, the amount of autonomy and leeway accorded in the directive itself, as earlier explained. Local officials read instructions carefully in order to assess whether they must strictly enforce a given policy, jump on a bandwagon endorsed by Beijing, or experiment with solutions. Adaptive responses to ambiguous directives often produce feedback that then informs the central authorities about how policies should be adjusted. One famous example is collective property rights in the 1980s. Beijing gently encouraged localities to try out hybrid forms of property rights that were neither state-owned nor private. This ambiguity was enough to trigger a flourish of rural collective enterprises that were more successful than central planners could have imagined, which subsequently led them to endorse the experiment. In other words, policy implementation produces outcomes that influence policy formulation. The sources of influence on Beijing do not only come from the top strata of elites.

Second, career incentives. As a non-democracy, Chinese bureaucrats climb up the career ladder through top-down promotions or appointments to favorable positions, rather than through elections. The degree of enthusiasm with which local leaders implement policies, therefore, is often shaped by their career incentives. There is a large literature in China studies that find a positive correlation between career ambitions and the degree of subnational competition on a variety of policy outcomes, e.g., economic growth, tax collection, pollution control, production of patents.¹¹

Third, economic conditions. China is better understood as a continent containing first, second, and third-world regions, rather than as a homogeneous country. Regional inequality is immense and had grown wider over the course of market reform.¹² Thus, even though all Chinese bureaucrats receive the same set of instructions from Beijing, policy implementation will always be highly uneven.¹³ For example, under the “common prosperity” campaign, Xi has designated Zhejiang province as the imperial pilot, partly because it is the fourth richest province by GDP per capita. Many poorer regions, however, may not be able to replicate Zhejiang’s policies because they lack its level of development and financial resources.

Revisiting the Belt and Road Initiative¹⁴

All of this background, I hope, helps to shed fresh light on both China’s foreign and domestic policies. In this testimony, I append two related essays I earlier published

in *Foreign Affairs*. Here, I highlight some new insights we can gain by applying my framework on our understanding of the BRI.

The BRI is commonly interpreted as an ambitious, grand, finely orchestrated scheme formulated by Beijing to build a China-centered global order and displace American power. This popular interpretation arises from the belief that Chinese leaders always think strategically and long-term.¹⁵ It is reinforced by the fact that on paper, Beijing's map of the BRI does look intimidating and carefully strategized, with six economic corridors stretching from China to various parts of the world.

But the stereotype of a perfectly strategic Beijing is inconsistent with the reality of backlashes and even chaos on the ground. For example, Chinese-backed railway projects in Indonesia, Malaysia, and Thailand stalled, as Beijing's partner governments complained about excessive costs and corruption. I visited Cambodia, which saw a flood of Chinese investment, including condos and casinos conflated with BRI projects, that left locals frustrated and priced them out of their own homes.

Once we understand that policy formulation \neq policy implementation, the gap between Beijing's ambition on paper and chaotic realities on the ground begin to make sense. Initially, Chinese leaders did not anticipate the problems they would encounter and was not sure what rules they needed to make. After all, this is the first time that China had gone out into the world offering to build infrastructure on a grand scale. The central guiding document for BRI from 2015 to 2017 was only seven pages long, if printed in large font, and sketched only broad principles such as "go where the demand is" and "share responsibilities and progress together." This ambiguity leaves policies open to interpretation and allowed everyone to join the BRI en masse, but it also created confusion and misunderstanding overseas.

Facing a global outcry over BRI, Beijing subsequently shifted gears from a hazily defined BRI 1.0 to a more fine-tuned BRI 2.0. At a 2018 symposium marking the fifth year of BRI, Xi described this transition using an analogy from Chinese painting, as a switch from *xieyi*, freehand painting for outlining broad strokes, to *gongbi*, the careful inscription of details. Revealingly, during his speech in 2018, Xi used two new keywords that were absent from his speech at the 2017 forum: "priorities" and "execution." He dropped the grand phrase "the project of the century."

Understanding Common Prosperity¹⁶

The same policy framework I have outlined can also be applied to understand "common prosperity," a campaign slogan that was popularized in 2021, along with a sweeping regulatory crackdown on private and big-tech companies. Having sent jitters across global markets, there have been numerous commentaries trying to decipher the motivations behind common prosperity: Is the CCP going back to socialism? Will it continue to support private companies? Is this a one-time crackdown or a fundamental shift in economic policies, and so on?

As I explain in *Foreign Affairs*, the best place to look for answers is Xi's speech, which was published in *Qiushi*, the flagship journal of the CCP central committee, in

October 2021. The timing is revealing—it came a few months *after* the summer regulatory storm, which implies that this was not a speech that motivated and guided the crackdown, but rather an *ex post* reflection and course correction.

This speech should not be dismissed as empty propaganda; rather, it is a set of instructions for bureaucrats tasked to implement common prosperity. When carefully unpacked, this speech makes clear Xi’s recognition that despite the CCP’s remarkable success in spurring growth, it does not know how to tame the excesses of capitalism without stifling its entrepreneurial spirits. Like governments all over the world, the CCP has not yet figured out how to have its cake and share it, too. Xi admits as much, writing: “On fixing poverty, we have plenty of experience; but on managing prosperity, we still have much to learn.” Precisely because Xi has no road map to follow, he urges his comrades to adapt and experiment. “Common prosperity is a long-term goal,” he advises. “It requires a process and cannot be achieved in haste.”

Policy recommendations

Whether the US regards China as a strategic rival, a partner on transnational challenges, or both, the US needs to have a comprehensive understanding of China’s political system and policy process. To be clear, the Chinese leadership has ambition and grand strategies, but these are marred by the fact that Chinese leaders are human and fallible—often, they themselves are unsure how to reach a goal; they overreach and later retreat; or they completely fail to anticipate certain problems and reactions. While there has been a great deal of attention placed on Chinese leaders’ ambition and grand strategizing, US policymakers has paid little or no attention to the rest of the equation: fallibility, communication, and implementation.

1. I recommend that the commission hold hearings on the gaps between Chinese policy formulation and implementation, and why they occur. It would also be helpful to hear about how different parts of China are responding to the same national campaign (e.g., common prosperity) and economic challenges (e.g., real estate slowdown). It is worthy to note that the economies of some Chinese provinces are as large as mid-size countries. For example, in 2020, Guangdong province’s GDP is close to that of South Korea and larger than 90% of the world’s countries.¹⁷
2. I recommend that the US government invests in training a cohort of analysts who are able to read and interpret Chinese speeches and directives, which are an open source of information and available in vast quantity.¹⁸ Collecting these documents and translating them into English is tedious but not the hardest task—the hardest task lies in having the contextual knowledge to interpret them. This is long-term work that cannot be accomplished within few years, but it should begin as soon as possible, given that the most important bilateral relationship for the US in the coming decades will be with China.

- ¹ See Odd Arne Westad, "The Sources of Chinese Conduct," *Foreign Affairs*, Sep/Oct 2019.
- ² Yuen Yuen Ang, "The Robber Barons of Beijing: Can China Survive Its Gilded Age?," *Foreign Affairs*, July/August 2021. See also *China's Gilded Age* (2020), Cambridge University Press.
- ³ The Chinese bureaucracy is described as a gigantic matrix, formed by an intersection of vertical and horizontal authorities. See Kenneth Lieberthal, *Governing China: From Revolution through Reform*, (New York: W.W. Norton, 1995).
- ⁴ Yuen Yuen Ang, "Demystifying Belt and Road: The Struggle to Define China's 'Project of the Century'," *Foreign Affairs* (2019).
- ⁵ Kevin O'Brien and Lianjiang Li, "Selective Policy Implementation in Rural China," *Comparative Politics* 31, no. 2 (1999).
- ⁶ See John Yasuda (2017). *On Feeding the Masses: The Anatomy of Regulatory Failure in China*. Cambridge University Press.
- ⁷ Huang, Yanzhong. "Is China setting up itself for another epidemic?" *The New York Times* (23 January 2020).
- ⁸ In a testimony I delivered to the Commission in January 2021, I analyzed clues about Xi's continuity and changes by comparing the Fifth Plenum statements in 2015 and 2020.
- ⁹ Michel Oksenberg, "Methods of Communication within the Chinese Bureaucracy," *The China Quarterly* 57, no. 57 (1974).
- ¹⁰ This section draws on Chapter 3, "Balancing Variety and Uniformity." See Yuen Yuen Ang (2016), *How China Escaped the Poverty Trap*, Cornell University Press.
- ¹¹ For example, see Xiaobo Lu and Pierre Landry, "Show Me the Money: Interjurisdiction Political Competition and Fiscal Extraction in China," *American Political Science Review* 108, no. 3 (2014); Li-an Zhou, "Governing China's Local Officials: An Analysis of Promotion Tournament Model," *Jingji Yanjiu* 42, no. 7 (2007); Ruixue Jia, "Pollution for Promotion," *Working Paper, IIES, Stockholm University* (2013); Chen Ling and Hao Zhang, "Strategic Authoritarianism: The Political Cycles and Selectivity of China's Tax Break Policy," *American Journal of Political Science*, 2021; Yuen Yuen Ang, Jia Nan, Kenneth Huang, and Yang Bo, Working Paper on SSRN, "The Limits of State-Led Innovation," 2021.
- ¹² Ravi Kanbur and Xiaobo Zhang, "Fifty Years of Regional Inequality in China: A Journey through Central Planning, Reform, and Openness," *Review of Development Economics* 9, no. 1 (2005).
- ¹³ Yuen Yuen Ang, "Domestic Flying Geese: Industrial Transfer and Delayed Policy Diffusion in China," *The China Quarterly* 234, no. 234 (2018).
- ¹⁴ This section draws on Ang (2019), "Demystifying Belt and Road."
- ¹⁵ Michael Pillsbury, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower*, (Henry Holt and Co., 2015).
- ¹⁶ This section draws on Ang (2021), "Decoding Xi Jinping."
- ¹⁷ "Top 10 Chinese provincial regions with strongest GDP in 2020," *China Daily*, April 16, 2021.
- ¹⁸ This reminds me of Mike Oksenberg's memo to Zbigniew Brzezinski in 2 February, 1977, in which he wrote: "The issue is: How do we cultivate talent so that 15-20 years from now, we will have a core group of Chinese intelligence analysts?"

PANEL II QUESTION AND ANSWER

COMMISSIONER SCISSORS: Thank you, Professor Ang. For my fellow Commissioners, we are going to proceed in reserve alphabetical order.

So Commissioner Wong will speak first. I want to give heads up to Commissioner Glas that she will be third so she should be not thinking she has more time with me talking endlessly like I'm doing now.

And I want to warn everyone, Commissioners and witnesses, try to stick to the five-minute time limit. We had a second round of questions last time, we can have it this time, but in the meantime, be courteous to your colleagues and stay within five minutes. Thanks. Commissioner Wong.

COMMISSIONER WONG: Thanks, Derek. Dr. Ang, I was really interested in your discussion of BRI and the revision of BRI or one Belt, one Road and Xi Jinping's, you know, public discussions of it.

I'm interested because, you know, it's been a preoccupation of U.S. policy makers for much of the past decade and I think a preoccupation of the Communist Party.

My question is, have you seen a concrete reorientation away from BRI? For instance, a slowing in finance projects, shifting of resources? Beyond what the analysis of the text of Xi Jinping's speeches?

DR. ANG: Thank you very much, Commissioner. That's a great question. As I noted in the essay that I shared or that I published in Foreign Affairs, in 2018 Xi Jinping himself said that we are going to shift our priorities of the BRI and he had used the analogy of Chinese painting.

He said previously we did this in broad strokes and now we are going to go into details. And right after that, there was an announcement that the Chinese Communist Party for the first time was actually going to define what a BRI project is and who is an official partner, because previously such definitions were not provided, and anybody and everybody claims that they are part of the BRI. I've not followed up on this announcement so I'm not sure to what extent they have provided details on it.

More recent reports including from Boston University shows that the BRI has declined in its lending activities from 2019 onwards.

The scale of the decline is debated, but the overall direction of decline is clear. And if you look at the rhetoric of the Party in the past few years, they have definitely been repeating that we will not, we will no longer go follow the old traditional process of doing any projects. Instead, we want to focus on high quality green projects. At least rhetorically they claim to do so.

COMMISSIONER WONG: Thank you. I'm going to look into that question. I think our staff will, but that was very insightful. My next question with my time left is for Dr. Shih.

One of your recommendations I was interested in was about encouraging more leader level as well as working level or mid-level or senior level diplomatic exchange with China.

And I will note that the Trump administration as well as the Biden administration I think has deliberately taken an approach where they do not want to enter into, I think what they would term as "talk-for-talk's sake" or structured talks along the lines of the Strategic and Economic Dialogue that had been in place, the reasoning being that essentially we wanted to avoid a situation where progress on major structural issues or on major points of contention were simply papered over and delayed through a process of endless dialogue.

At least that's the theory as I understand it. I want you to comment on that, whether you agree with that, whether you think there's a third way here or a way to marry up the approach of the Trump and Biden administration to this diplomacy and your recommendation.

DR. SHIH: Yes, thank you, Commissioner, for this question. So I think that's a very good question and indeed there was a lot of sort of discussion and even some complaints previously about the Strategic and Economic Dialogue, for example, that it was a complete waste of time because, you know, very little substantive was being accomplished in these meetings. And that's all true. And a lot of the high-level dialogues and meetings between the U.S. and China did not accomplish too much substantively.

But you have to think about it from the perspective of Chinese government. It is a true dictatorship, the likes of which is quite rare in the world these days. I mean, there are other true dictatorships like in Russia and North Korea, but China for one has not seen a true dictatorship since Chairman Mao.

Xi Jinping, you know, as we all most of us testified, now makes most of the important decisions, they don't all get implemented as Yuen Yuen pointed out, but, you know, they matter. These decisions matter. They sway policy. And so without--what I'm saying is that if there is a long absence of high level dialogue between Xi Jinping and presumably the President of the United States, his attention is going to be dominated by something else. Right?

And even if you look at the publicly available data, he's got a very busy schedule right? On top of these elite policy meetings, he's got diplomatic activities, inspections to the provinces, ceremonial meetings, NPC, you know, sessions and so on and so forth.

So if you don't find something to definitely get his attention on the United States, his attention is going to be dominated by just whatever is around him and, you know, sometimes the voices around him are really telling him the wrong things about the world and about the United States.

COMMISSIONER WONG: Thank you.

COMMISSIONER SCISSORS: Commissioner Wessel?

COMMISSIONER WESSEL: Thank you all for your help today. Let me ask a question that seeks to understand decision making. I'm not asking for a policy analysis here.

You know, over the last number of years we have seen China's, I don't want to say opening, but willingness for Western sources of capital to gain access to China.

As we've also seen over the last I guess, you know, several years, some pull back from international capital offerings. DiDi and, you know, other things on U.S. markets.

There's often a tension, and it's evident in our debates at the Commission, that are China's, certain of China's actions signs of reform or are they meant to fuel existing CCP policy?

So, the change in certain policies including opening of the financial markets under the Phase I Trade deal, help me understand how to evaluate that.

Is that China seeking to reform as many of our Wall Street firms, you know, suggest and that being there will help, you know, advance different approaches, or does Xi and the leadership simply look at it as fuel for existing approaches?

Dr. Shih, do you want to start with that?

DR. SHIH: Yes, sure. So specifically on kind of opening of the financial market to foreign, so that is mainly happening with asset management.

So my view on that is that it's not real reform, for either side. Right? So for American investors, financial institutions, asset management is really, doesn't take a lot of sunk costs because what they essentially do is they go into China, you know, have a few senior executives

flying to China, they hire a bunch of local talent which there's plenty and they start an asset management business.

They take a fee, you know, they manage, you know two and 20 fee (audio unclear), whatever, and if things go south, you know, Xi Jinping wakes up one day, says, no, I don't want these foreigners managing Chinese assets anymore.

You know, these executives fly out and that would be the end of it. Meanwhile, they're earning a fee and that actually doesn't really change the Chinese financial market at all.

You know, there's still tons of insider trading, there's still tons of state intervention. The American or European asset managers will just have to trade around these dynamics within China.

They're certainly not going to play any role in trying to change that. The only kind of source of change that I see and it has had some effect is this connect between Hong Kong and Shanghai, the connect between Hong Kong and Shenzhen, because global bond and especially bond investors are now able to buy a large quantity of onshore renminbi denominated bonds, they are now beginning to have some effect on the market.

It has forced some degree of transparency onto the bond market and also on the stock market, but ultimately they still make up a very small part of the market and the Chinese government can still overpower these people, freeze their money while their money's invested in China, et cetera, et cetera.

So that's not, I wouldn't put it as like a huge pressure on, you know, to reform the Chinese financial market.

COMMISSIONER WESSEL: Okay. Other witnesses, any thoughts? Thank you.

DR. GRÜNBERG: I can, can you hear me?

COMMISSIONER WESSEL: Yes.

DR. GRÜNBERG: I have to concur with Victor here. I think it is also clear that the intended direction of travel is not necessary to make China an open economy.

But it is as, you know, the other witness also alluded to, to be in better control of a strong Chinese economy and a strong Chinese system that is controlled by the Chinese.

In other industries, for example, the carmaking industry for example, we've also seen that China is open to new investments, to large investments, also wholly owned foreign investments, but only if that suits China's interests in terms of, for example, technology that is made available, talent and economic growth.

So I think that's at least a tendency that is quite instrumental, but not really, as I see it, a direction towards more kind of open markets and real reform.

COMMISSIONER WESSEL: So it's a tool not a, it's a tool for economic policy, not a reform tool is what I'm hearing. Is that right?

DR. GRÜNBERG: I would say that, yes.

COMMISSIONER WESSEL: Okay, good. Thank you.

COMMISSIONER SCISSORS: Commissioner Glas?

COMMISSIONER GLAS: Thank you, Commissioner Scissors. Thanks to all of you for testifying before us today. I was wondering if you could illuminate for us a little bit more-- COVID-19 created economic volatility in the United States, but also in China and globally, and what we know about the economic apparatus of China.

Can you talk about how they were able to adapt, how dynamic their economic apparatus is to adapt to these global, these forces, how quickly they're able to respond given the centralization of decision making, and how you have seen this play out with their complicated

relationship with the United States economically given everything that has transpired over the last couple of years.

It's a big question so I'm just opening up for anyone who wants to respond.

DR. SHIH: Yuen Yuen, do you want to go ahead?

DR. ANG: Sure. It's a great question. Thank you, Commissioner. China pulled off a strong economic recovery in the year after the pandemic. However, the Chinese government has stuck to a zero-COVID policy and they are very (audio interference) changing that.

The reason has to do with the fact that when the pandemic first broke out, we knew that there were coverups and subsequently officials were fired in a very public and open way.

And then after that, President Xi actually had to go out into the public and publish in Qiushi, which is the magazine of the Central Committee, outlining his personal responsibilities.

All of that background goes to say that Xi has in fact personally given an edict that I will not tolerate any more COVID cases because if this happens again, then someone has to take responsibility for it at the local levels.

And the only way I see that local governments will be willing to loosen up on their COVID control policies is that Xi himself gives another edict saying, okay, now relax, but he has not.

So I think in terms of the pandemic, one of the biggest negative impacts it has had on the Chinese economy is that whenever there is any COVID case, local governments have to shut down.

And this has happened in very important economic cities in China like Ningbo where there's a huge port. And when these ports shut down, they in turn exacerbate the supply chain problems facing the U.S.

So this is some background not so much an answer to your question.

DR. SHIH: Yes, another aspect which relates to Yuen Yuen's last point that I'd like to emphasize is that the Chinese Communist Party, they're Communists, they're Marxists, and I think that's meaningful in that they believe that there is an economic foundation to, you know, most things that are happening in the world if not everything.

So what we saw during COVID is that even in the early days in February, March 2020 when they were battling very serious infection in Wuhan and in other places, there was always, always discussion in these high-level meetings about resuming production because they knew that China was uniquely positioned to produce PPE and other supplies that the whole world would need during this pandemic.

So there was a very heavy emphasis put on resuming production, controlling the disease so that production can continue so that export can continue and indeed what we saw was very sizeable trade surpluses enjoyed by China both in 2020 and in 2021.

In fact, last year was the largest trade surplus that China's ever had, over \$600 billion dollars, because the central government has really focused on continuing production across the board.

COMMISSIONER GLAS: Anyone else? Thank you.

DR. GRÜNBERG: Let me in the last half minute, maybe just add one observation. The, I think the government has been relatively active in spurring supply to generate growth, you know, during these hard times, but it's really sluggish when it comes to consumption.

And as we go and Omicron might spread further and, you know, more flareups in the next months that will be followed by lockdowns and I have a very conservative outlook on the assumption of a strong consumption sector in China.

So that I think is a big risk for the next months that the government will face with this really tough zero-COVID strategy.

COMMISSIONER GLAS: Thank you.

COMMISSIONER SCISSORS: Commissioner Friedberg?

COMMISSIONER FRIEDBERG: Thank you very much. If you go back 20 plus years to when this Commission was founded, just at the time that China had entered the World Trade Organization, the, I think the overwhelming expectation in the United States and West generally was that China was engaged in the process of liberalization, increased reliance on markets that would take it in a direction that would make it more or similar to Western economies.

That's clearly not the way things have turned out. And so my question is to all of you, briefly, can you explain to us why and how that happened and what lessons, if any, can we draw from this experience for our expectations about where China's going to go in the future?

DR. SHIH: Yuen Yuen, you want to go ahead? Oh geez, where to begin. Well, no, so I think, you know, I think that was the belief at that time across political science and economics. You know, I can remember, you know, this was when I was in grad school, late '90s, early 2000s.

We were still reading Sam Huntington and modernization theory and believing that with kind of capitalist economic growth, there would be demand of the middle class for political change.

There, you know, were many things that we got wrong at that time and I think the field, the political science field's understanding of how authoritarian regimes work is a lot better today than was the case before. For one thing, you know, in China, when we talk about the middle class, it's like majority people who work for the Chinese Government or state-owned enterprises.

So when we talk about the middle class in China, we're not talking about, you know, like Mom and Pop's, you know, stores and stuff. The people that own Mom and Pop stores in China, they're in the lower class, and they're not making very much money.

The middle class and, you know, I heard a little bit of the previous panel, are these local officials and SOE workers whose kids get to go to, you know, good schools, make decent income and, you know, until kind of recently.

So there's no independent middle class in China. The other thing we got wrong is that, you know, the Party still had absolute control over a coercive apparatus.

You know, there's internal conflict, factional struggle, et cetera. But at the end of the day, when it's us versus them, them being the people of China, the Party could control the gun, time and again, and that's a, you know, very crucial thing and we continue to see this in Kazakhstan, you know, and other countries.

That's very important. As long as the coercive forces are willing to shoot at the people, they stay in power.

COMMISSIONER FRIEDBERG: Thank you. Dr. Ang?

DR. ANG: Thank you very much, Commissioner Friedman for this question. It's an important question and I would begin by questioning the assumption that liberalization did not happen in China. I would qualify that assumption in the following ways.

In the years before Xi, a great deal of social liberalization happened in China. Civil society blossomed from nowhere, you see changes in people's outlook and their values and this documented in the empirical literature. In terms of politics, we also see political liberalization just not in the forms of (audio interference) ... you see political liberalization within the bureaucracy in the forms of

competition, limits on power, free debate and pragmatism.

These are very important forms of liberalization within the bureaucracy that has real impact on the everyday lives of Chinese citizens.

We also see liberalization in the economy. Look at how massively the Chinese private sector has grown from literally nothing.

And China has also, after joining the WTO, adopted a number of many best practices from overseas. However, to qualify everything that I've said, all of these forms of liberalization, particularly in the political realm did not happen in the ways the U.S. expected, i.e., free competitive elections and free markets in the U.S. sense.

It also did not happen to the extent (audio interference) ... so I would begin by saying that liberalization in fact did happen in China, but not to the extent that the U.S. wished.

And then I would add that when Xi came to office, in 2012, he not only dismayed and disappointed the United States, he also disappointed many people in China.

I would add that his coming to power and his authoritarian turn is very circumstantial. It's the circumstances in which he came to power.

Meaning to say, if someone else had taken power, or if Xi had come to power in different circumstances, he came to power in the midst of a power struggle which left him very insecure and I think had a formative on his political out view that left him very desperate to centralize power and this goes also too, Commissioner, to about why Xi is so intent, fixated on centralizing power.

So all of this is to say that I think it's very important to question that assumption because it might then lead to the false implication that the engagement with China was a completely lost cause and therefore disengagement is the solution.

I wouldn't think about it this way. In fact, a lot of changes did happen in China.

COMMISSIONER FRIEDBERG: Thank you. Do we have time for Dr. Grünberg to just give a quick response?

COMMISSIONER SCISSORS: If it's really quick.

COMMISSIONER FRIEDBERG: Okay.

DR. GRÜNBERG: I can make it very quick. I strongly second Professor Ang's comments. I think to understand also why Xi Jinping is so intent on this authoritarian turn is that he really takes his lessons from the collapse of the Soviet Union, you know, the Party does not like the power of big bang type of liberalization is bad for the country in his view.

And the financial crisis, you know, that has cost a tremendous numbers of jobs and economic losses and I think these two very recent events have taught him or they are telling him that stronger state interventions and firm control by a unified Party are the way to ensure a resilient state, you know, a resilient political economy.

I think these two figure very prominently in his psyche.

COMMISSIONER FRIEDBERG: Thank you.

COMMISSIONER SCISSORS: Professor Fiedler, Professor, I'm doing this again and again. Commissioner Fiedler? You're honorary Professor for the day.

COMMISSIONER FIEDLER: Can I reject that? The, I want to go into the sort of economic decision which appeared to be rapid of the Party's move against high tech. Okay?

And offer a potential reason that the Party realized that it didn't enjoy a full monopoly on information. In other words, Jack Ma Alibaba and all these other companies, Tencent, had information about people that would allow a person inclined to organize those people in a way that the Government and the Party wouldn't like, number one.

And I would like your thoughts on that. And two, I don't know how the Party deals with the increase in investment risk that they have created for the foreign investment they so dearly apparently continue to need. Could you comment on that? Victor?

DR. SHIH: Yes, sure, I can start. Well so, first of all, on the tech sector, I think you're absolutely right. You know, one of the big surprises I think to the Chinese leadership including Xi Jinping, I mean remember, you know, Xi Jinping is someone who came of age in the 1950s, 1960s, he's used to, you know, more of an analogue world.

He's lived inside the bosom of the Party for his entire life, you know. So he's even, I would argue a little bit less able to understand the true power and the true, especially market power, of some of these tech companies.

You know, he gets briefings on these issues, of course, and he's commented on these sectors extensively. But I think, you know, as a case that you sort of woke up one day and roughly in 2018 and realized that, oh my gosh, you know, all these companies have tons and tons of information.

I thought the Party had a monopoly of information on Chinese citizens, but in fact, now these companies through the social media data, through even financial data, they know so much about citizens of China, we need to get a handle on it.

And so I think, you know, around that time, we began to see the first Party trying to build up its own information, digital information capacity, then more recently trying to sort of seize data from these private companies. So I think definitely that was kind of the dynamic. (In terms of FDI, you know, the State Council tries to play the good cop and say oh, you know, we still welcome, your know, foreign investors and so on and so forth.

There are still a lot of incentives, you know, land tax breaks and so on and so forth, but I think, you know, after everything is happened in recent years, foreign investors know that, you know, Xi Jinping can wake up one day and just, you know, turn against certain kinds of foreign investors from certain countries or a certain sector and there's no recourse.

That is the problem with China is that there's no recourse. It's not like in other developing countries, you can go to the court, you can go to international arbitration.

None of that stuff really works in China and I think people are beginning to price that in.

DR. ANG: Thank you, Commissioner, that's a great question. I would say, I would completely agree with you that the Chinese Communist Party has always wanted to control private companies, they've always wanted to control technology and data.

But then, the puzzling question is why didn't the Party crack down on big tech companies earlier on? All right. Why not in 2016, why not 2017? Why only last year? And I think there are two observations worth highlighting.

The first observation is a change in the Chinese leadership's technology priorities from 2018 onwards. I gave a testimony last year in January 2021 and I compared the language of the 5th Plenum which is the high level economic meeting in 2015 and 2020.

And when you compare the way the Party talks about technology in these two time periods, what you will see is that back in 2015, the Party leadership was actually very open minded about technology, and it welcomed all sorts of technological ventures.

And it specifically used the term mass entrepreneurship. That was the slogan at the time. So it welcomed e-commerce, internet platforms, any kind of companies associated with technology.

However, from 2018 onwards, that priority, very drastically shifted. The Party no longer wanted to have e-commerce and internet. Instead it focused its energy solely on critical core technologies like semiconductors.

And this is a response, of course, to the U.S.-China trade war and to the technological competition between U.S. and China, which means to say that in response to the U.S. blockade on Chinese access to technology, the Chinese leadership now feel compelled to put all of their energy on accelerating hard technology like semiconductors, artificial intelligence, advanced manufacturing, and they no longer want to have things like the world's best shopping platform. That's no longer a priority to them. If anything, it's a distraction and a waste (audio interference) shift in priorities in line.

And also to note that the shift in priority was in reaction to U.S. policies toward China.

The second thing I would point out is that the crackdown in technology, 2021 was not a blanket crack down, but on various (audio interference) monopoly on labor rights.

So this was tied up with common prosperity which is a broader campaign to bring about more equity and equality and so it was, there was a lot of attention on the tech companies because they were the hardest hit and they lost a lot of money on the stock market.

COMMISSIONER FIEDLER: Thank you.

COMMISSIONER SCISSORS: Dr. Grünberg, you keep getting squeezed here so I would ask you to, if you want to comment, go ahead. I'm going to complain about, to my fellow Commissioners in a second, but please comment on this question if you would like to?

DR. GRÜNBERG: All right. I thank you. I can keep it very brief. I think there's two things that I could add that haven't been mentioned is that financial risks and risk in the financial sector are one of the key priorities of Xi Jinping.

Currently it's one of the large systemic risks. And a lot of the tech companies are actually also big financial companies. There are huge investment funds that are at the core of these large enterprises.

And one of the wordings that are used very often after last year is the unorderly expansion of capital. Right? And I think that's also a dimension here that is just trying to clamp down on these excessively large investments and investment funds in consumer markets that have been a reason.

There's also a governance issue I think with data protection and you know, the kind of the normal governance of these large companies. That is also a concern to grant some more privacy, data protection rights and so on.

But, of course, with a built in backdoor for Government agencies to access that information that is pretty crucial.

One maybe a point on the FDI question, that's something that also puzzles me because the signaling is just, you know, forth and back on this.

There might be a type of arrogance by Chinese leaders that believe that China is such an attractive economy that FDI might just come. And it's such a huge market there will be enough people that are interested in investing in the future and I think perhaps Lithuania at the moment is a place to watch.

You know, there's some massive economic coercion going on there. It's not yet clear how other countries in the European Union, our German manufacturers for example, will they exclude Lithuanian suppliers just to secure the access to the Chinese market?

I think that's an important place to watch in the future, but I do believe that Chinese, a lot of Chinese leaders they believe that the economy is just too attractive to not invest in still.

COMMISSIONER FIEDLER: Thank you.

COMMISSIONER SCISSORS: I ask my fellow Commissioners to direct their questions. This process of everyone answer the question isn't, doesn't seem to be working that well.

If it's possible, please name the person you'd like to start. Thank you. Commissioner Cleveland, you're up next.

VICE CHAIRMAN CLEVELAND: Because I'm such a good complier, my questions are specifically for Dr. Ang and Dr. Grünberg. Dr. Ang, you said in your written testimony that local officials cover up and falsify results to please superiors which leads to distortions with disastrous consequences, and you note that the Great Leap Forward was the most tragic example of that.

That's on Page 1, well, it's in your testimony. And Dr. Grünberg, you talk about the fact that local provinces, local provincial governments, several are at risk of bankruptcy due to indebtedness as a result of rising public service expenditures, shrinking revenue and shrinking fiscal allocation.

And you talk about the soaring debt problem has been called attention to by the Central Government and they are encouraging scaling back on salaries and benefits.

You can talk about corruption separately. And you said that the data problem is pretty serious and the Central Government doesn't trust data unless trusted personnel verify it.

So in the context of debt, specifically and the whole question of deleveraging, I'm interested in those two pieces of testimony, how the combination of distortion of data, lack of trust in data, covering up results because of concerns about the debt situation, what impact do those factors have on Central decision making and what do we see in terms of the debt space?

How do we see the Central Government wrestling with that specific issue?

DR. ANG: Thank you --

VICE CHAIRMAN CLEVELAND: So, Dr. Ang, you first because I had quoted you first.

DR. ANG: All right.

VICE CHAIRMAN CLEVELAND: Are we looking at another Great Leap Forward tragedy because of this falsifying, covering up and lack of transparency in data?

DR. ANG: Thank you very much, Commissioner, for your question. Let me first make a general comment about cover ups and the information problem. And then I'll apply it to the debt problem which it's quite specific and unique.

VICE CHAIRMAN CLEVELAND: Okay.

DR. ANG: So in the Chinese political system as I see, I think one of the biggest dangers now facing the Chinese regime is the problem of bureaucrats not daring to speak the truth.

And this been exacerbated with Xi's authoritarian turn, he does not appear to be open to dissent, to honest feedback. There was, for instance, a recently news that the Chinese Government says that negative news about the economy should not be reported any more.

And in response, very senior former Chinese bureaucrats including the former finance Minister Lou Jiwei has come forth to say, you know, look, in fact the financial situation is dire in particular local government debt.

And he is in a very extraordinary position to come forth and speak some truth and that got a lot of attention. So this is some, this is a broad background about the persistent problem of when Chinese leaders create a climate, when people don't dare to speak the truth, they in turn

deny themselves of good information.

And so it creates a vicious cycle for the leader himself. And this has changed over the course of the market reforms. It has changed in degrees, but not in kind.

With respect to the debt market, actually the real expert on debt is Victor. So I'm going to defer on many issues to him. But I would just say that debt is actually quite special because it's less of an issue of coverup.

The issue of local government debt actually has to do with what, there's a political scientist, Jean Oi has called it the grand bargain.

Local government debts in China began because Beijing and local governments had a grand bargain whereby taxes would be given up to Beijing and in return local governments could raise debt and they could use it for construction.

So Beijing was always aware that this is the deal. What they were not aware of is exactly how much debt did local governments have.

And they only carried out the first audit, I believe the year is 2010. That was the first time Beijing knew, oh, my gosh, we owe so much money. Right?

And so this was less of an issue of coverup and more of an issue of a fundamental fiscal imbalance in China. Meaning that local governments are asked to do a lot, they pay for many things and they just don't have sustainable physical sources because most of the taxes in China goes upward and so local governments are desperate for revenue and they turn to land and to debt.

VICE CHAIRMAN CLEVELAND: Dr. Grünberg.

DR. GRÜNBERG: Yes, thank you for the question. I think there's some, Professor Ang already mentioned the main points. The problem of data is indeed recognized and it is a big problem.

And as I said, the former finance minister Lou Jiwei pinpointed this last year and it's quite remarkable a former minister, a former minister coming out with these remarks.

The, I know from personal sanctions also that several government agencies, they have more people that go out to local governments, for example, to obtain data or verify the statistical material that they have because they don't trust their own statistical system. So it is a quite remarkable problem. I think it's also clear that the government knows that there's a structural risk, especially in terms of debt and finance. It is as I said just before at one of the three battles, the three decisive battles as identified by Xi Jinping so he is really concerned.

The, I also think that lots of times it's not really known how much debt local governments have. This is also clear in the case of large SOEs that are speculating in property for example and real estate.

And when you look at how, you know, large bankruptcies unfold in China, it's especially the Evergrande cases now. It's not an SOE, but it's a very interesting case because it's kind of a slow motion collapse really.

They're trying to manage these incredible bubbles and making them burst slower because it's not, they don't know themselves what is waiting around the corner.

There are so many roll overs of debt. There are so many shell companies, it's an extremely complex structure that local governments have used to, you know, invest in property.

And I think it's not really known to the government how these, how the structures and how the amounts of debt are. And that is, of course, a huge problem. But Victor should maybe also have a word on this topic.

COMMISSIONER SCISSORS: He's going to have to have his word in the second

round. Commissioner Borochoff?

COMMISSIONER BOROCHOFF: Thank you. The tough thing about following Commissioner Cleveland is often that she picks up on the very thing that I was very interested in and I want a riff on that a little bit.

I was also going to quote you, Dr. Grünberg, on the statement that you made in your written testimony that the Central Government does not trust data unless trusted personnel verifies it.

And I'm particularly interested in how that you were talking about the Governments, but you just now talked a little bit about the private sector and the private businesses and how they operate.

You know, our leadership in the U.S. is very concerned with the fact that the companies that we're investing in over there or who are investing over here from there don't, are not allowed to disclose a lot of their data.

They're ignoring our SEC regulations, the Treasury Department, all of these folks are talking about cracking down and saying, gosh, why aren't you giving us the information that we need.

In reading what you wrote, and listening to you and your two colleagues, the other witnesses today, I have a question and that is, is it possible that the reason they're not giving us data is that they don't want to give us wrong data?

They just don't trust, the Government doesn't trust the data they have on their own companies and they don't want to make it worse by disclosing what's happening internally in those companies or in fact, is it simply a plot to not let us know what's going on? Yes, I said Dr. Grünberg. I'm sorry.

DR. GRÜNBERG: Yes, thank you. Well, it's difficult to answer that, you know, in general for all companies, but I think there's fair evidence that a lot of the large conglomerates, the large business groups, they are, maybe not intentionally trying to hide information, but it is difficult for them to give free information up.

Because it's leverage, there is also the question of corruption, of course, and as we've heard in the also the first panel, the entire system over the last twenty, thirty years has really grown on a lot of corruption, a lot of collusion between officials, especially at local levels with private businesses, but also with SOEs, and foreign companies have also played into this.

So I think this is such a muddy water, that it kind of has become a natural reflex not to divulge too much information unless you really have to.

There are also these very prominent cases that you know journalists have uncovered, that are really mapping out these large business enterprises and how they are engaging in different types,

sometimes legitimate and sometimes illicit business practices. So I think all of these are just adding to, on top of that of course, the real kind of complication of having the real data and having, you know, trust issues with your own data.

I think those are not playing into the, you know, into the hands of people that want good data both in China, but also as, you know, investors into China.

And I think in terms of, you know, having what I would have wrote in my written testimony, that having trusted people that can verify, I think the trust issue is also has also been talked a little bit upon about in the first panel.

You know, the uncertainty in terms of career, in terms of anticorruption efforts and factionalism that is, you know, totally shifting now, really creates an atmosphere at least at the

very top in which you have to trust your partners.

You have to trust the people that give you information. This is even exacerbated by the fact that in, you know, the information asymmetry leads to a kind of a bad atmosphere, a bad trust in the data that Xi Jinping at the top gets from local governments from people below him.

So I think it's a general structural issue that information is not always trusted. There is an unavailability of information verification mechanisms.

I don't know if that answers your question.

COMMISSIONER BOROCHOFF: It did. I think summarizing, they don't trust their own data so perhaps they're not confident in publishing it. Anyway, thank you very much.

COMMISSIONER SCISSORS: Commissioner Bartholomew?

CHAIRMAN BARTHOLOMEW: Thank you very much. I'll first start by saying, Dr. Grünberg, you and I share the distinction of having been the target of Chinese sanctions, dubious distinction I get of having been the target of Chinese sanctions.

Strangely enough, I've been sanctioned a second time by Beijing. I think you guys have only been sanctioned once. Aaron, I just wanted to note as you were pointing out 20 years ago the people who believed that economic reform would lead to political reform.

There were a number of us, particularly a number of us who've served on this Commission, who were skeptical of that argument in the very first place and also to note that it wasn't Jeffersonian democracy that we were hoping for, it was sort of a recognition of basic universal human rights, freedom of speech, freedom of association, freedom of religion and unfortunately none of those have come to pass.

I do want to ask, Dr. Ang, I guess particularly to you, but others if you have the comment. So we have a leadership at the top that's facing data that they can't trust. Right?

Because people falsify the data. And we have a system where loyalty is what's rewarded and a system where the leadership wants to seem infallible.

How did people make change? How can the leadership change direction if they are afraid to make it look as though anything that they've done is wrong and that this, the incentives below for the people who are implementing are not to do something that is going to sort of prove that a policy is not effective?

Again, I always think this is an ossification, but how can change happen, particularly major change if it needs to take place.

DR. ANG: Oh, that's a great question and in the current system, I would say that that change has to come from the very top. It has to come from President Xi Jinping, and a small change in his attitude and a small change in his wording can have a big effect. Precisely because he has so much power.

And so that is precisely why I looked very closely at the speech that he gave to bureaucrats in 2021.

And in that speech, because it's given to bureaucrats and not to the public, you see at least some expression of his acknowledgment of limitations.

And at one point, he specifically acknowledged that his signature poverty eradication campaign may not have been as great as it was touted in the public.

He said this very subtly. But all Chinese bureaucrats can read between the lines. He said that we have to be very careful about over-implementing policies, we have to be very careful about having many people go back to poverty again.

And when he makes a statement like this, it's not just a critique of his own signature policy, but it's saying, hey, the top leader says that, well, we can talk about how we failed in

certain ways.

So these are some small signs that sometimes perhaps Xi himself is willing to reflect and provide some space for honesty. However, this is only one incident and one important speech.

And so I think going forward it remains to be seen whether he's willing to continue to open up some space for some amount of free speech within the bureaucracy.

One of the most important things that Deng Xiaoping did when he opened up markets is that he gave a speech in December of 1978 that first told all of the Chinese bureaucrats that we are going to speak the truth.

That it's okay for us to speak the truth. Right? And that I think precisely points to the question that you've raised that no change can happen unless the top leader says, yes, it's okay for you to speak the truth.

And then the Chinese bureaucrats will speak and then they will realize they in fact have many problems and limitations and missteps and then correct them.

So I would pay attention to how and whether Xi will change his attitude in 2022 after the Party Congress.

CHAIRMAN BARTHOLOMEW: Aren't there examples though, many examples historically where it was dangerous for people to actually accept the fact that they were supposed to be speaking the truth to power?

When I go back to think about what happened in the 1950s, I mean it sort of happened repeatedly that you're told it's okay to tell us that something isn't working and then the very people who said it spent the rest of their lives in prison --

DR. ANG: Exactly. Exactly. Yes.

CHAIRMAN BARTHOLOMEW: -- because the dynamic changed. Is that different now? I mean are people really going to feel like it is risk free to say something is not working?

DR. ANG: Mao did that so you're exactly right. Could, people might think this is a trick. That you are inviting us to give comments and then we're going to be punished for being honest.

So I think importantly, it depends on a) whether Xi will be consistent in his invitation to be honest and number two, the kind of examples he sets.

So people will be looking at what happens to say Lou Jiwei for instance, the former finance ministry who honestly said the statistics look really bad.

So people will look to him and see, okay, after he says that, is he okay. Right? Because if someone of his stature speaks the truth and is not okay, then everyone will get the message. Right?

This is not a real honest debate. It's just a façade. So to the extent that so far he's fine, then people will continue to look for confirming evidence of whether there is some change in the climate, you know, can I push a little bit?

You know, take one step and make sure that everything is all right. I think the key has to be Xi himself whether he wants to provide that space and he has to do it consistently for precisely the reason that you state.

CHAIRMAN BARTHOLOMEW: All right. Thank you very much.

COMMISSIONER SCISSORS: Okay, I have a right angle turn on what Carolyn just said. I actually think there have been policy changes and I think we've touched on them here, especially Professor Ang.

The BRI was announced one way and it changed rather considerably and started

shrinking in 2018 and shrunk again in 2019 and held up okay during COVID, but only compared to investment in rich countries.

The identification of whether you call it a Gilded Age or you fold it into Common Prosperity, Xi Jinping himself contributed to all of those problems for eight years. Right? And suddenly, he's like, oh, okay, now this is terrible. Like you didn't just take office, buddy. So he changed his mind and we can, we could have a long argument about why, but there are ways that there's change and, you know, I want to hear from Victor on this, but if Professor Ang objects to my putting words in her mouth about the Gilded Age, she should do so.

So Victor, my question to you is, we've had two important policy changes, very important policy changes in my view. What would you say is the most likely shift we could, you know, I'm asking you to go against grain, Chinese policy is going a certain direction, but it's reversed direction a couple of times under Xi. What do you see as a possible change in direction that could be coming at us that we're not anticipating?

DR. SHIH: Geez, that's really tough, but I guess I would modify some of the things that, you know, Yuen Yuen and Nis have said about information flow in the regime to say that it's, you know, it's not the case --

I don't think Xi Jinping has gotten to the point, you know, where in sort of late Soviet or Stalinist period where, you know, a lot of things were happening that the dictator didn't know about.

I don't think that is the case in China. First of all, there is a system to gather data, you know, from the grass roots through these administrative offices. Right?

So that's what these Ban Gong Ting, these administrative offices and all of the commissions and including the Central Committee, that's what they do.

They are in charge of going down to the grass roots, gathering information, making sure policies are getting implemented, et cetera.

They, again, you know, they don't always work and there are all kinds of problems with them, especially for acute problems like COVID, they still work. Right?

So, you know, if China wasn't, if the Central leadership was not getting accurate information about the spread of COVID, it would have spread all over China.

You know, it would have become completely uncontrollable. That did not happen. They managed to control it, so to me that is proof that for acute sudden, what they call sudden incidents, there is still relatively good information flows to the top.

The other sort of guardrail is that Xi Jinping has said time and time again that you all must hold the bottom line of preventing instability.

To me what that means is that, you know, yes, you can go ahead and lie and, you know, whatever, not tell me things, but if because of you lying and hiding information from me a major source of instability emerges, you will be responsible, your head is going to roll.

And so that has created incentives for people to tell the truth. You know, from time to time, including on debt issues. So I actually am relatively optimistic about Lou Jiwei.

And by the way, in One Belt, One Road, I think the reason why there was a turn there was because someone, you know, recorded these non-performing loans figures to Xi Jinping and said, you know, we've lent hundreds of billions of dollars to other countries, we're not seeing a lot of that money back.

You know, these countries have defaulted, de facto defaulted on a lot of these loans. We have to change. We have to be more selective.

So I think One Belt, One Road has not been abandoned completely, it's just been modified, a lot more targeted, a lot more thoughtful in the way that these loans are being given.

In terms of the future, you know, what major, it seems like one of the things that is happening is that there is a reorientation to engage with the United States a little bit more.

Of course, it's completely self-interest driven on the part of China, but I think there is this kind of recognition that, you know, being very aggressively diplomatically, being a wolf warrior all the time actually does not serve China's interests.

So you do see, you know, the ambassador, Chinese ambassador to the United States appearing on TV, U.S. TV, and so on and so forth.

So there is this rhetorical warming up, if you will, but even though underlying everything is still, you know, quite tense potentially.

Other changes, whether on the economic front, I actually I'm not so optimistic. You know there's been a lot of talk about SOE reform, but I think at the end of the day, Xi Jinping himself really, you know, love having a big state sector, you know, which is controlled by Party state.

You know, you can see during all of his provincial level inspections, he goes to SOE after SOE. Very rarely did he go to private enterprises so that's a sign that he actually enjoys going to these SOEs.

So yes, I don't see a lot of surprises. You know, on technological front, of course, there can be surprises. China's trying very hard to break through on a number of different fronts.

That could change things, but that's not, you know, that's not a change in policy making or policy objectives so to speak. You know, as he contemplate lifetime tenure, I think there will be some changes.

You know, maybe he'll take less foreign policy risks as he gets older and maybe his health doesn't hold up as much. You sort of saw Mao do this later on in his life.

You know, where he didn't want to take on both the United States and the Soviet Union at the same time so, you know, there was rapprochement. But we don't know if this is what Xi is going to do.

COMMISSIONER SCISSORS: Thanks. We have time for one or maybe two follow-up questions. Does anybody have one? I don't see anybody raising their hands so I will ask one.

Yay, thank you all for letting me ask the follow-up question. Am I missing, is that, are you raising your hand, Jeff? Okay. So I'm going to ask the question and if I miss somebody, blame it on my eyesight. I'm not deliberately snubbing you.

Professor Ang, I did put a little words in your mouth with regard to the Gilded Age and so I would like you to talk about what you think happened where for eight years Xi Jinping roughly, you could say seven and a half, but close to eight years, Xi Jinping is presiding over policies which contributed to China's Gilded Age.

And I could go into great detail about how they did that, but you can, I don't want to do that. I want you to either disagree with me and say, no that's not what he was doing, you're wrong.

But if you agree with me, talk about how you think that shift occurred. You know, Common Prosperity was not adopted in 2013. It's an old concept. It was available.

It was introduced long before Xi and he doesn't adopt it in 2013 and he finds it after years of his own policy making. It's like an American President got re-elected twice and then said, I was wrong.

So I'd really like to hear your thoughts about how it changed, you know, why it changed or if you disagree with me and think that they've been on this path the whole time.

DR. ANG: Thank you, Commissioner. Xi inherited the Gilded Age. He did not create

it. It takes many decades to create the conditions that we see in China today by which I mean a combination of hypergrowth with corruption, inequality, speculative risks, and over-inflation in the real estate market.

These are not problems that he created in 2012. When he came to office, he inherited this whole package. However, in the last eight years what he has been trying to do is to find the right way to tackle these problems.

And so Common Prosperity did not actually begin in 2021. It began as soon as he took office. His two domestic signature policies were (audio interference) poverty eradication, and these were two kinds of, you could say, pro-poor populous policies aimed at tackling the problems of crony capitalism.

One might say that in the past eight years perhaps his policies may not have been as effective as he has intended. I would say that the report card is mixed on both anti-corruption as well as poverty eradication.

However, I would disagree with the assessment that Xi had caused the Gilded Age. He actually inherited it. And until this day, he is still trying to find a way to get China to some version of a socialist progressive era.

So that is why we are now here with this new platform called Common Prosperity. If I may just interject very quickly on the previous comments regarding information, I wanted to clarify that I'm not saying that the information system in China is now completely blocked, that's not true.

The changes in China is a difference in degree. Of course, as Victor pointed out, they are still collecting sources of information even if the accuracy is to be doubted. So I'm talking about changes in degrees. I would also like to point out that Chinese leaders today do have a very important source of feedback.

And that is precisely the kind of feedback that led them to change the orientation of the Belt and Road initiative. And that is international opinion. So the Chinese leaders are able through censorship and manipulating the media, to silence opposition within China. But they can't silence opposition and criticisms around the world. So because the Belt and Road is a global project that affected over 65 other countries and when the Chinese leaders heard all of these criticisms, they cannot shut it out.

And I think that is one of the reasons why we did see actually within a short period of time a policy adjustment with regards to the BRI. I hope that clarifies. Thank you.

COMMISSIONER SCISSORS: Thank you. I should say we agree that Xi Jinping didn't create the Gilded Age. Certainly not. We may disagree on the fact that he contributed to it for about eight years before he changed his mind.

Dr. Grünberg, we have about a minute. Is there any, do you have any thoughts on my question about where there would be surprises in Chinese policy coming?

DR. GRÜNBERG: Yes, thank you. It's a good question. I think something that I'll be looking at is decarbonization and the green transformation that has really quickly been elevated to the top level agenda.

And it's interesting because it's not entirely new, but the force and the kind of the level of attention it gets from the very top is new and it kind of creates a new incentive for officials to follow these new leads.

Now, at the, you know, there's a power crunch that has been a problem last year. It's not advancing as fast as some people want to, but it is a real long-term goal I think.

So the question and the interesting thing will be is and how fast will the leadership be able to push the transformation in industry and in consumers in, you know, energy supply and so on towards this new set of, this new structural system of a decarbonized economy.

At the Central Economic Work Conference last December, it was outlined or it was mentioned in five short lines and otherwise, the focus was on stability, stability, stability.

So it for me is probably a good proxy over the next two or three years as to how much and how deep structural change can be pushed by Xi Jinping on topics that are really changing, you know, structures, incentive structures, business structures and so on.

And maybe also important at that point how, you know, how well equipped the system is to use innovation and technological innovation.

You now, is that really a strength, is that getting better at China? You know, green tech, new solutions and so on, that would be really decisive in pulling this off and at generating the market position that China wants to have and green tech also in the future.

So this is an interesting very concrete area I think that can, that should be watched in the future.

COMMISSIONER SCISSORS: Thank you.

VICE CHAIRMAN CLEVELAND: The good news is that Commissioner Glas is doing a hearing on energy coming up so. Commissioner Glas and Commissioner Friedberg.

COMMISSIONER SCISSORS: So you will guys will have to --

VICE CHAIRMAN CLEVELAND: So that was --

COMMISSIONER SCISSORS: -- answer all of those questions. I'd like to thank the panel for participating in this rather challenging environment and sticking with us.

We are going to take a hour break for lunch. We will come back at 1:35 for our panel on Foreign Policy and National Security Decision Making. Hope to see you then.

(Whereupon, the above-entitled matter went off the Record at 12:36 p.m. and resumed at 1:35 p.m.)

PANEL III INTRODUCTION BY COMMISSIONER JEFFREY FIEDLER

COMMISSIONER FIEDLER: We're resuming our hearing on CCP Decision-Making and the 20th Party Congress with Panel 3, which will examine the foreign policy and national security decision-making process.

I'll introduce the witnesses in the order in which we will call on them to testify. First, there will be Ms. Yun Sun, senior fellow and Co-Director of the East Asia Program and Director for the China Program at the Stimson Center. Then we'll hear from Dr. James Mulvenon, Director of the Center for Intelligence Research and Analysis at SOSi.

Then we'll hear from Dr. Joel Wuthnow, senior research fellow at the Center for the Study of Chinese Military Affairs at the Institute for National Strategic Studies of the National Defense University. And finally, we'll hear from Mr. Roderick Lee, Research Director at the U.S. Air Force China Aerospace Studies Institute.

Thank you all for your testimony today, and I'll remind you that we would like your opening remarks to be limited to seven minutes, and each Commissioner will have five minutes of questioning.

OPENING STATEMENT OF YUN SUN, SENIOR FELLOW AND CO-DIRECTOR EAST ASIA PROGRAM, DIRECTOR, CHINA PROGRAM, STIMSON CENTER

COMMISSIONER FIEDLER: Ms. Sun?

MS. SUN: Thank you. Chairwoman Bartholomew, Vice Chair Cleveland, distinguished Commissioners and staff, thank you for inviting me to appear before you to discuss China's foreign policy decision-making under Xi Jinping.

China's domestic politics and foreign relations have both undergone significant changes under President Xi. Domestically, Xi has expanded and tightened his control and authority in all policy domains, and a long-held tradition of democratic centralism is replaced by, quote, quote, “decision by one authority.”

The foreign policy arena is a key area for this new model of decision-making where Xi personally makes key decisions such as the launch of the Belt and Road Initiative, the flagship project of his foreign strategy. The power concentration by Xi in foreign policy is reflected in four areas: indoctrination with the promotion of Xi Jinping Foreign Policy Thoughts, the bureaucratic setup, personnel arrangements, and foreign policy projects.

First, indoctrination is one of the most common and effective Chinese political tools to forge collective actions and eliminate dissenting views that do not conform to the prevailing view. Through a campaign of theorization and promotion, Xi Jinping Foreign Policy Thoughts have become the one enshrined guiding theory of China's foreign policy work.

The Xi Jinping Foreign Policy Thoughts are summarized as a series of new concepts, positions, and initiatives published in the form of at least two books and distributed across the foreign policy apparatus to ensure full knowledge saturation and compliance.

In the “Selective Collection of Xi Jinping's Elaboration on Great Power Diplomacy with Chinese Characteristics” alone, 504 elaborations by Xi on foreign policy issues are included, covering everything from Belt and Road Initiative to multilateral diplomacy.

Xi's elaborations serve as indoctrinated theoretical and ideological guideline, ensuring the full saturation of and collective loyalty to Xi Jinping's foreign policy.

Second, through the bureaucratic setup, Xi has strengthened the centralized and united leadership of the CCP foreign policy work. Xi has emphasized on different occasions that foreign policy is a reflection of a nation's will, and therefore its authority must be controlled by the Central Committee of the Communist Party.

This requires all agencies as personnel to maintain the authority and centralized united leadership of the Party. As the cornerstone of Xi's systematic reform of the foreign policy decision-making process, at the Third Plenary of the 19th Party Congress in 2018, the Communist Party renamed and restructured the Foreign Affairs Leading Small Group and formed a new Central Foreign Affairs Commission.

The previous Foreign Affairs Leading Small Group, by virtue of its name, suggests collective leadership among a group of leaders. The renaming of it as a Commission reduces its leading role while emphasizing its role as an implementation, consultation, and coordination agency.

Third, in terms of the personnel, Xi has strengthened his control of China's foreign policy decision-making through key appointments, including Yang Jiechi as the chief foreign policy official, Wang Yi as the primary foreign policy implementer, Ding Xuexiang as the Chief of Staff and Director of the General Affairs Office, and He Lifeng as his top economic advisor and

Director of NDRC.

Both Yang Jiechi and Wang Yi are career foreign service bureaucrats. However, their longevity on Xi Jinping's close advisory team is ensured by their loyalty to Xi as a top leader and his foreign policy agenda. In comparison, Ding and He are domestic generalists and in Xi's small circle of utmost trust. Both have overlapped with Xi in his career in Shanghai and Fujian, with aligns with Xi's preference to promote his former subordinates.

One important manifestation of Xi Jinping's reform of the foreign policy decision-making and concentration of power is the creation of the National Security Commission. Although the NSC and FAC, Foreign Affairs Commission, are both commissions under the Central Committee, the bureaucratic ranking of its members are significantly more senior to those of the latter.

The direct and inevitable consequence of this setup is the securitization of foreign policy issues. The NSC is mandated to examine all issues foreign or domestic through the lens of security, which by default is binary and leaves little space for either ambiguity or, more importantly, compromise, which arguably is the essence of diplomacy.

The institutional setup of China's foreign policy decision-making under Xi has directly created and contributed to China's assertive foreign policy or the Wolf Warrior diplomacy that we have witnessed. The strategic personality of the top leader himself leads China in the assertive direction, and the institutional setup ensures his vision and grand strategy are strictly implemented without challenges from within.

The bandwagon effect within the bureaucracy and the society further eliminates dissenting views. One could argue that China's expanding footprint and influence globally is a reflection of its growing national power. However, the way that expansion is carried out and the assertiveness and coerciveness manifested are the direct result of Xi's political beliefs and the system he has created to enforce his vision.

The current course of China's foreign policy is unlikely to change under Xi's leadership, which is poised to continue into the foreseeable five to ten years at a minimum. The year of 2022 might witness some relative stabilization effort by China in its foreign relations to ensure Xi's smooth transition to the third term. However, the assertive foreign policy course appears firmly set for the foreseeable future.

Thank you very much. I look forward to your questions.

**PREPARED STATEMENT OF YUN SUN, SENIOR FELLOW AND CO-DIRECTOR
EAST ASIA PROGRAM, DIRECTOR, CHINA PROGRAM, STIMSON CENTER**

Statement before the U.S.-China Economic & Security Review Commission

Hearing on “CCP Decision-Making and the 20th Party Congress”

Panel on “Foreign Policy and National Security Decision-Making”

January 27, 2022

Yun Sun

Senior Fellow and Director, China Program
The Stimson Center

Chairwoman Bartholomew, Vice Chair Cleveland, distinguished Commissioners, and staff, thank you for inviting me to appear before you to discuss China's foreign policy decision-making under Xi Jinping.

China's domestic politics and foreign relations have both undergone significant changes under President Xi Jinping. Domestically, Xi has expanded and tightened his control and authority in all policy domains, and the long-held tradition of democratic centralism is replaced by "decision by one authority" (定于一尊). The foreign policy arena is a key area for this new model of decision-making, where Xi personally makes key decisions such as the launch of the Belt and Road Initiative, the flagship project of his foreign strategy. The power concentration by Xi Jinping in foreign policy is reflected in four areas: indoctrination with the promotion of Xi Jinping Foreign Policy Thoughts, bureaucratic setup, personnel arrangements, and flagship foreign policy projects.

One important manifestation of Xi Jinping's reform of the foreign policy decision-making and concentration of power is the creation of the National Security Commission. Although the National Security Commission and Foreign Affairs Commission are both commissions under the Central Committee of the Chinese Communist Party, the bureaucratic rankings of its members are senior to those of the latter. The direct and inevitable consequence of this setup is the "securitization" of foreign policy issues and decisions. The NSC is mandated to examine all issues, foreign or domestic, through the lens of security, which by default is binary and leaves little space for either ambiguity or, more importantly, compromise, which arguably is the essence of diplomacy.

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The current course of China's foreign policy is unlikely to change under Xi's leadership, which is poised to continue into the foreseeable five to ten years, at the minimum. The year of 2022 might witness some relative stabilization effort by China in its foreign relations to ensure Xi's smooth transition to the third term. However, the assertive foreign policy course appears firmly set for the foreseeable future.

I. Foreign Policy Decision-Making Authority in China

Strictly speaking, the foreign policy decision-making authority under Xi Jinping has not changed from his predecessors, Jiang Zemin and Hu Jintao, in terms of the legal and institutional frameworks. Despite Xi's centralization of power, democratic centralism is still enshrined as the foundation and fundamental principle of the Chinese Communist Party (CCP), recognized and promoted by Xi

himself.¹ Within the state, the authority of foreign policy decision-making remains nominally divided among the legislature (the National People's Congress), the government (the State Council), and the party (the CCP). But because the Chinese Communist Party penetrates and dominates all realms of the government structure, including legislative and executive, it plays an overarching and dominant role in the decision-making process. The top leader, the General Secretary of the Chinese Communist Party consequently holds paramount authority over the decision-making. This is particularly true under General Secretary Xi, whose consolidation of power created control over critical affairs unparalleled by both of his predecessors.

By virtue of the party's organizational structure, Chinese policy issues including foreign and security policies could mandate broader participation and approval from the Politburo Standing Committee, Politburo, or even the Central Committee. For day-to-day operations, the Politburo Standing Committee, which is the most senior among all three tiers, enjoys paramount authority and the operational convenience to meet regularly—and as needed—to determine foreign affair issues. With all its members based in Beijing, the Politburo Standing Committee meets at least once weekly.² Special meetings dedicated to foreign policy issues could also be organized in the event of an emergency, usually organized by the coordinating agency, the FAO of the Central Committee, also the executive office of the Central Foreign Affairs Commission.³

Before Xi, the General Secretary of the Chinese Communist Party was regarded as “first among equals.” All members of the Politburo Standing Committee enjoyed the same bureaucratic ranking at the national level and the same title as “leaders of the nation and the party.” Particularly under Hu Jintao, each member had a designated area of responsibility.⁴ However, the issues of foreign policy and national security have strictly fallen under the purview of the General Secretary.⁵ A key factor in this setup that designates the General Secretary as the “person in charge” is that the members of Politburo Standing Committee are, first and foremost, domestic generalists and there has not been any member of the Politburo Standing Committee who rose from a foreign policy background. While Standing Committee members all received some training and experience in foreign affairs during their bureaucratic career, the General Secretary enjoys most exposure, training, and bureaucratic support to lead foreign and security policies. As such, the General Secretary is tasked with the management of routine, daily, and regular foreign and security policy issues until there is a need to subject the policy to broader discussion within the Party, either at the level of the Politburo Standing Committee, the Politburo, the Central Committee, or an expanded meeting of the Central Committee.

In this decision-making process, the General Secretary is assisted by his key advisors. In foreign affairs, the top advisor is a Politburo member, Director of the Foreign Affairs Office Yang Jiechi. And in national security affairs, he is advised by the executive director of the office of the National Security Commission, Ding Xuexiang. The policy process begins with agency reports, inputs, and

¹ “习近平：贯彻执行民主集中制是全党的共同政治责任” [Xi Jinping: Implementing democratic centralism is the common political responsibility of the whole party], *Communist Party Member Net*, December 27, 2018, <https://www.12371.cn/2018/12/27/ART11545899544693133.shtml>.

² Richard Bush, “The Perils of Proximity: China-Japan Security Relations,” *Brookings*, 2011, p. 125.

³ *Ibid.*

⁴ Michael D. Swaine, “China's Assertive Behavior, Part Three: The Role of the Military in Foreign Policy,” *China Leadership Monitor* 36, 2011, p. 3, <https://carnegieendowment.org/files/clm36ms.pdf>.

⁵ Qingmin Zhang and Bing Liu, “首脑出访与中国外交” [Heads of State's Visits and China's Diplomacy], *International Political Studies* 2 (2018), <https://www.sis.pku.edu.cn/teachers/docs/20190904131329069125.pdf>.

recommendations on a specific policy issue, which are submitted to the Foreign Affairs Office (FAO) or National Security Commission (NSC) for adjudication. The FAO and National Security Commission are also mandated to perform policy consultation and deliberation among participating agencies in order to formulate comprehensive findings and policy recommendations to be presented to the top leader. The executive directors of the FAO and NSC also enjoy large authority in deciding less important, procedural, and operational issues that do not require top-level intervention or adjudication. As described by bureaucratic insiders back in 2011, when State Councilor Dai Bingguo was the head of the FAO: “most of the procedural (national security) issues are taken care of within the ministries. For those that reach the State-Councilor level, he and the FAO have a large authority to make decisions. Only those that Dai could not decide with certainty will be brought to Hu Jintao. And only those that Hu could not decide alone will be pushed to Politburo Standing Committee.”⁶

Within the Chinese decision-making system, the more important the policy issue is, the broader support the Party and the top leader will seek to maximize diverse policy inputs, build consensus, demonstrate the popular support of a specific policy, and legitimize the final decision. Following the bureaucratic ladder, daily affairs are managed by foreign policy agencies, especially the Ministry of Foreign Affairs. Urgent matters and critical issues must be approved by the FAO. It used to be the case that introduction of new key policies would not only have to be decided by the top leader but also gain support from the Politburo Standing Committee, the Politburo, or even the whole Central Committee. However, under Xi Jinping, internal balancing of the top leader’s paramount authority appears seriously constrained. For example, there used to be a popular but simplified categorization of foreign and national security affairs into routine issues under the purview of the top leader and strategic issues under the purview of the Politburo Standing Committee.⁷ It’s simply difficult to imagine how the members of the Politburo Standing Committee would or could now challenge a decision made by the top leader himself.

The best example of the “collective decision-making” in a foreign policy issue was when former president Jiang Zemin convened two expanded meetings of the Politburo Standing Committee to decide whether China should change its policy toward the United States as a result of the 1999 bombing of the Chinese Embassy in Belgrade.⁸ Participation in the expanded meetings was extended to include representatives of related government ministries, Party departments, and some retired senior officials. This expanded participation reflected the leader’s desire to hold the broadest possible discussion of the crisis and to formulate a widely acceptable decision based on consensus.

II. The Centralization of Power under Xi Jinping

Under Xi Jinping’s predecessors, China’s foreign policy decision-making followed a model of “collective leadership, democratic centralism, individual preparation and decisions made at meetings,”

⁶ Yun Sun, “Chinese National Security Decision-Making Processes and Challenges,” *Brookings*, May 2013, <https://www.brookings.edu/wp-content/uploads/2016/06/chinese-national-security-decisionmaking-sun-paper.pdf>, p. 7.

⁷ Yun Sun, “Chinese National Security Decision-Making Processes and Challenges,” p. 6.

⁸ For a detailed review of the process, see section on “Policy-making during the Belgrade Bombing Crisis,” in Zhou Qi, “Organization, Structure and Image in the Making of Chinese Foreign Policy Since the Early 1990s,” PhD dissertation, Johns Hopkins University, March 2008, pp. 345-364.

summarized by then-President Jiang Zemin at the 16th Party Congress in 1999.⁹ These guidelines determine that key issues should be discussed among members and decided by the majority and that information for the making of the decision should be prepared and distributed to facilitate the exchange of views prior to the meeting.¹⁰ The top leader still carried the most weight as he was the “first among equals” and the designated person in charge of foreign affairs. As such, his opinions and preferences are respected and honored by other leaders on the Politburo Standing Committee. However, the other members still had the liberty to dissent. In a few cases before 2012, the views of certain members of the Politburo Standing Committee prevailed, such as then-Politburo Standing Committee member Zhou Yongkang’s endorsement that supported China National Petroleum Corporation’s investment in an unstable Sudan.¹¹

This model of decision-making, however, ended with President Xi’s ascension to power when he succeeded Hu Jintao as China’s president at the National People’s Congress on March 15, 2013. In the past nine years, Xi has established a new model of the foreign policy decision-making process that is focused on his sole authority. As summarized by Politburo member Yang Jiechi in a *People’s Daily* article on July 3, 2021, Xi personally decided all foreign strategies and actions since 2013.

*Xi Jinping has made the strategies and personally took actions, demonstrated clear Chinese characteristics, Chinese style and the Chinese manners, and achieved a series of historical and groundbreaking achievements... All these achievements were made possible by Xi Jinping’s personal commandership and actions, by the firm leadership of the Central Committee with Xi Jinping as the core, by the scientific guidance of Xi Jinping’s thought on socialism with Chinese characteristics for a new era and his foreign policy thoughts, and by the collective hard work by the whole Party, military, and peoples of all ethnicities across the country.*¹²

The power concentration by Xi Jinping in foreign policy is reflected in four areas: indoctrination with the promotion of Xi Jinping Foreign Policy Thoughts, bureaucratic setup, personnel arrangements, and flagship foreign policy projects. First, indoctrination is one of the most common and effective political tools to forge collective actions and eliminate dissenting views that do not conform to the prevailing philosophy. Through a campaign of theorization and promotion, Xi Jinping Foreign Policy Thoughts have become the one enshrined guiding theory of China’s foreign policy work. The Xi Jinping Foreign Policy Thoughts are summarized as a series of new concepts, positions, and initiatives that are rich in Chinese characteristics, reflect the spirit of the era and lead the progressive trend of mankind’s development.¹³ They are published in the *Selective Collection of Xi Jinping’s Elaboration on Great Power Diplomacy with Chinese Characteristics* (《习近平关于中国特色大国外交论述摘编》) and

⁹ Zemin Jiang, “江泽民在纪念中国共产党成立78周年座谈会上的讲话” [Speech at the Symposium to Celebrate the 78th Anniversary of the Founding of the Chinese Communist Party], *People’s Daily*, June 28, 1999, <http://www.peopledaily.com.cn/item/ldhd/Jiangzm/1999/jianghua/jh0007.html>.

¹⁰ Deyou Zhang and Tao Li, “关于领导责任制度建设的思考” [Reflection on the Construction of the Leadership Responsibility System], *Political Science Studies* 4, 2009, p. 20.

¹¹ “Patey Explores CNPC’s Involvement in Sudan and South Sudan,” *Central European University*, November 18, 2014, <https://www.ceu.edu/article/2014-11-18/patey-explores-cnpcs-involvement-sudan-and-south-sudan>.

¹² Yang Jiechi, “赓续百年辉煌 开创时代篇章 习近平外交思想指引 党的外事工作取得光辉成就” [Continuing a century of glory, creating a chapter of the era, guided by Xi Jinping Thought on Diplomacy, and making glorious achievements in the party’s foreign affairs work], *Embassy of the People’s Republic of China in the Islamic Republic of Mauritania*, July 8, 2021, http://mr.china-embassy.org/sgzyhd/202107/t20210708_9078522.htm.

¹³ *People’s Daily*, “深入学习贯彻习近平外交思想，努力开创中国特色大国外交新局面” [In-depth study of Xi Jinping’s diplomatic thought and strive to create a new situation of major-country diplomacy with Chinese characteristics], *CPC News*, January 5, 2020, <http://theory.people.com.cn/n1/2020/0106/c40531-31535409.html>.

Outline on the Study of Xi Jinping Foreign Policy Thoughts (《习近平外交思想学习纲要》). The two books are published by the two most important publishing houses in China: the People's Press and the Central Party Literature Press, respectively. And they are distributed across the foreign policy apparatus to ensure that all levels and cadres are united around Xi Jinping's designated foreign policy course. Study sessions of Xi Jinping Foreign Policy Thoughts are mandated at all government and related units to ensure knowledge saturation. All achievements in China's foreign policy since the 18th Party Congress are attributed to the wisdom and farsightedness of Xi Jinping Foreign Policy Thoughts. In the *Selective Collection of Xi Jinping's Elaboration on Great Power Diplomacy with Chinese Characteristics* alone, 504 elaborations by Xi on foreign policy issues are included, covering everything from the Belt and Road Initiative to multilateral diplomacy. These elaborations serve as indoctrinated theoretical and ideological guidelines ensuring the full saturation of and collective loyalty to Xi Jinping's foreign policy.

Second, through the bureaucratic setup, Xi has strengthened the “centralized and united leadership” by the CCP's foreign policy work. Xi has emphasized on different occasions that “foreign policy is the reflection of the nation's will and, therefore, its authority must be controlled by the Central Committee of the Communist Party.”¹⁴ This requires all agencies and personnel to maintain the authority and centralized and united leadership of the Party. As the cornerstone of Xi's systematic reform of the foreign policy decision-making process, at the 3rd Plenary of the 19th Party Congress in 2018, the Communist Party renamed and restructured the Foreign Affairs Leading Small Group and formed the new Central Foreign Affairs Commission. The responsibility of the Commission is “the top-level design, overall strategizing, coordination, general promotion, and supervision over the implementation” of foreign affairs. The previous “Foreign Affairs Leading Small Group” by virtue of its name suggests collective leadership among a group of leaders. The renaming of it as a Commission reduces its leading role while emphasizing its role as an implementation, consultation, and coordination agency.

The centralization of foreign policy authority through the new Commission is reflected both horizontally and vertically within the Chinese bureaucracy. Horizontally and among different government agencies, the Commission is tasked with eliminating the competing agendas and approaches among different government agencies. The Commission is headed by Xi Jinping himself with Premier Li Keqiang as his deputy. However, its membership encompasses the Foreign Ministry, Defense Ministry, Ministry of Commerce, Ministry of State Security, Ministry of Public Security, International Liaison Department, Department of Propaganda, Department of Hong Kong, Macao, and Taiwan Affairs, Overseas Chinese Affairs Office, and State Council Information Office. The centralized leadership of the Commission is said to “increase the efficiency of the decision-making and ensure the smooth implementation of the decisions.”¹⁵ In terms of vertical setup, the Commission has increased the communications and coordination between the central and local governments in foreign affairs to ensure local governments of all levels will strictly follow the guidelines set by the top leadership.

Third, in terms of personnel, Xi has strengthened his control of China's foreign policy decision-making through key appointments, including Yang Jiechi as the chief foreign policy official and

¹⁴ Ibid.

¹⁵ Yuanzhe Ren, “掀开中国外事体制机制改革的新篇章” [Open a new chapter in the reform of China's foreign affairs system and mechanisms], *Guangming Daily*, May 23, 2018, https://theory.gmw.cn/2018-05/23/content_28934523.htm.

Director of the FAO; Wang Yi as the primary foreign policy implementer and Minister of Foreign Affairs; Ding Xuexiang as chief of staff and Director of the General Affairs Office of the Central Committee; and He Lifeng as his top economic advisor, Director of the National Development and Reform Commission, and China's top economic policymaking leader of the Belt and Road Initiative. Both Yang Jiechi and Wang Yi are career foreign service bureaucrats. However, their longevity on Xi Jinping's close advisory team is ensured by their loyalty to Xi as the top leader and his foreign policy agenda. In comparison, Ding Xuexiang and He Lifeng are domestic generalists and in Xi's small circle of utmost trust. Both have overlapped with Xi in his career in Shanghai and Fujian, which aligns with Xi's preference to promote his former subordinates.

Yang Jiechi reached the age of 71 last year and is expected to retire. There is a high possibility that Wang Yi, currently at the age of 68, will stay on for another term and replace Yang in his role at the FAO. The current Executive Vice Foreign Minister—who is also the Deputy Director of the FAO—Le Yucheng is expected to fill Wang Yi's position at the Foreign Ministry. He Lifeng, aged 66, and Ding Xuexiang, aged 59, are relatively young. Both are expected to stay on after the 20th Party Congress.

Last but not least, Xi's centralization of power in foreign policy decision-making is reflected through the prioritization of his signature foreign policy campaign, the Belt and Road Initiative, in China's foreign policy work. The Belt and Road Initiative has been personally decided, planned, implemented, and promoted by Xi Jinping.¹⁶ Since its introduction in 2013, it has been regarded as the top priority of the Communist Party and, consequently, the whole government and nation. Through the Belt and Road Initiative, Xi has been able to mobilize all corners of the state and society to focus on the implementation of his grand strategic vision. The Initiative has become the overarching theme of Chinese foreign policy under Xi Jinping, an unavoidable topic that all agencies have to prioritize as a lack of enthusiasm in participation is seen as political disloyalty to Xi and the Communist Party. Through the Initiative, Xi successfully tied the whole foreign policy apparatus to his personal leadership and authority over Chinese foreign policy.

III. The Role of the National Security Commission

The most important institutional change that Xi Jinping has made in China's national security decision-making is the creation of the Central National Security Commission (NSC) before the end of 2013.¹⁷ Before Xi, the Foreign Affairs Leading Small Group and the National Security Leading Small Group were “the same organization with two different titles” (一个机构，两块牌子). The two agencies, as such, also shared the same membership.

The discussion of the national security decision-making is highly relevant for the discussion of the foreign policy decision-making in China. In China's narrative, the term “national security” encompasses both domestic/internal and foreign/external security and, therefore, has a much broader connotation. Foreign policy issues are regarded as critically pertinent to China's external security.

¹⁶ Bei An, Xiyao Xie, and Xin Wen, “习近平总书记谋划推动共建“一带一路”述评” [Commentary on General Secretary Xi Jinping's plan to promote the joint construction of the “Belt and Road”], *Ministry of National Defense of the People's Republic of China*, November 19, 2021, http://www.mod.gov.cn/topnews/2021-11/19/content_4899103.htm.

¹⁷ Joel Wuthnow, “A New Chinese National Security Bureaucracy Emerges,” *Real Clear Defense*, November 29, 2021, https://www.realcleardefense.com/articles/2021/11/29/a_new_chinese_national_security_bureaucracy_emerges_805476.html.

However, before Xi, the two concepts and two decision-making processes largely remained in one office. There are many overlapping aspects between China's national security policy and its foreign policy, as the latter also serves to protect China's national security interests. However, because national security also encompasses military security, national defense, economic security, and other non-traditional security challenges, the framework and coverage are broader than with foreign policy.

Xi Jinping's creation of the NSC practically peeled the national security portfolio, both internal and external, away from the purview of the previous Foreign Affairs Leading Small Group, making it a standalone and independent institution sitting at the highest level (i.e. the Central Committee of the Chinese Communist Party) and serving the top leader. As mentioned previously, there is still a separate institution mandated to manage foreign affairs: the Central Foreign Affairs Commission. However, the NSC is regarded as more prominent and important than the Foreign Affairs Commission for a number of reasons.

First, the NSC is closely associated with Xi Jinping's new national security concept and the foundation of his national security setup. It serves as the institutional manifestation and the materialization of Xi's national security concept. Xi defines Chinese national security in more expansive terms than his predecessors. It is broad, encompassing eleven categories: political, territorial, military, economic, cultural, social, ecological, scientific and technological, informational, nuclear, and related to natural resources. The concept also combines internal and external security issues, presenting a far more complicated picture of interactive security threats as "domestic and external components... [that are] tightly connected."¹⁸

To Xi, regime security, or the preservation of the Chinese Communist Party's rule, is central to the stability and, therefore, security of the Chinese state. What this highlights is that all issues related to foreign policy (external security) or domestic security (internal security) are being viewed through the lens of defending and ensuring the survival and security of the Chinese Communist Party regime. Given the unparalleled importance of regime security for the Party and for Xi himself, the NSC is conferred with the unique importance of carrying that mission. Foreign affairs, in comparison, is important, but its role in regime security is indirect and secondary.

Second, the NSC is a new institution, and its authorities and roles have been under development since its inception. However, the assumption is that its power and authority are significant: "In full operation, it will reshape Beijing's national security decision-making process concerning the formulation of national security strategies, crisis management at home and abroad, coordination of national security policies and actions by Party/army/state agencies and institutional links with its foreign national security counterparts."¹⁹ The NSC also has subordinate offices permeating throughout the party structure; provinces, prefectures, municipalities, city districts, and counties now all have National Security Commissions within their party committees, forming a vertical system culminating in the Central National Security Commission.²⁰

¹⁸ Tai Ming Cheung, "The Rise of the Chinese National Security State Under Xi Jinping," *China Policy Institute*, December 15, 2016, <https://cpianalysis.org/2016/12/15/the-rise-of-the-chinese-national-security-state-under-xi-jinping/>.

¹⁹ You Ji, "China's National Security Commission: Theory, Evolution and Operations," *Journal of Contemporary China* 25:98, pp. 178-196, DOI: 10.1080/10670564.2015.1075717.

²⁰ Joel Wuthnow, "A New Chinese National Security Bureaucracy Emerges."

Third, because the NSC is an institution created by Xi himself, there is a special emphasis on its inception and ensuring its success because it is associated with Xi's credibility, leadership, and achievements. In comparison, the Foreign Affairs Commission is a continuation of the previous Foreign Affairs Leading Small Group and had already been operational for decades.

The unique and unparalleled importance of the NSC is also reflected in its membership, which is far more expansive than the Foreign Affairs Commission.

	National Security Commission (as of 2017) ²¹	Foreign Affairs Commission ²²
Chair	Xi Jinping (President, General Secretary, Chair of the Central Military Commission)	Xi Jinping (President, General Secretary, Chair of the Central Military Commission)
Deputy Chair	Li Keqiang (Premier)	Li Keqiang (Premier)
Members	<ol style="list-style-type: none"> 1. Zhang Dejiang (Politburo Standing Committee Member, Chair of National People's Congress) 2. Wang Huning (Politburo Member, Director, Policy Study Office of Central Committee) 3. Liu Qibao (Politburo Member, Chief of Propaganda Department) 4. Sun Zhengcai (Politburo Member, Party Secretary of Chongqing) 5. Fan Changlong (Politburo Member, Deputy Chair, Central Military Commission) 6. Meng Jianzhu (Politburo Member, Secretary of Central Political and Legal Affairs Commission) 7. Hu Chunhua (Politburo Member, Party Secretary of Guangdong) 8. Li Zhanchu (Politburo Member, Director of General Affairs Office) 9. Guo Jinlong (Politburo Member, Party Secretary of Beijing) 10. Han Zheng (Politburo Member, Party Secretary of Shanghai) 11. Yang Jing (State Councilor, Secretary of Central Secretariat) 12. Guo Shengkun (State Councilor, Minister of Public Security) 13. Zhang Yesui (Party Secretary and Deputy Minister of Foreign Ministry) 14. Yang Jiechi (State Councilor, Director of FAO) 15. Zhou Xiaochuan (Chief, People's Bank of China) 	<ol style="list-style-type: none"> 1. Wang Qishan (Vice President) 2. Yang Jiechi (Politburo Member) 3. Huang Shenming (Politburo Member, Chief of Propaganda Department) 4. Wang Yi (State Councilor, Foreign Minister) 5. Wei Fenghe, (Member of Central Military Commission, State Councilor, Defense Minister) 6. Zhao Kezhi (State Councilor, Minister of Public Security) 7. Song Tao (Chief, International Liaison Department) 8. Chen Wenqing (Minister of State Security) 9. Wang Wentao (Minister of Commerce) 10. Liu Jieyi (Director, Taiwan Affairs Office, State Council) 11. Xia Baolong (Director, Hongkong and Macao Affairs Office, State Council) 12. Xu Lin (Director, Information Office, State Council) 13. Pan Yue (Director, Overseas Chinese Affairs Office, State Council)

²¹ The Paper (澎湃新闻), “中央国家安全委员会成员首度亮相《新闻联播》” [Members of the Central National Security Committee make their debut on "News Network"], *Sohu*, February 17, 2017, <http://news.sohu.com/20170217/n481030722.shtml>.

²² “中央外事工作委员会领导层出炉” [Leadership of Central Foreign Affairs Commission revealed], *The Paper*, May 15, 2018, http://m.thepaper.cn/kuaibao_detail.jsp?contid=2131634&from=kuaibao.

	16. Fang Fenghui (Chief of Staff, Central Military Commission) 17. Zhang Yang (Chief, Political Department, Central Military Commission) 18. Zhao Keshi (Chief, Logistic Department, Central Military Commission) 19. Zhang Youxia (Chief, Equipment Development Department, Central Military Commission)	
Director of Executive Office	Li Zhanshu (2014-2017) Ding Xuexiang (2017-)	Yang Jiechi
Deputy Director of Executive Office	Cai Qi (2014-2016) ²³ Liu Haixing (2017-) ²⁴ Chen Wenqing (2018-)	Le Yucheng (Executive Vice Foreign Minister)

Based on the membership, the NSC evidently enjoys seniority and, hence, superiority to the Foreign Affairs Commission. Other than Xi Jinping and Li Keqiang, the NSC has ten Politburo members, while the Foreign Affairs Commission has two. Taking into consideration the State Councilors, the NSC has a total of thirteen “leaders of the country and the Party,” while the Foreign Affairs Commission has six. The rest of the members of the two Commissions are all ministerial-level officials. The NSC’s seniority is also reflected in the bureaucratic ranking of the head of the executive office. Both Li Zhanshu and Ding Xuexiang head the Commission’s Executive Office as the Director of the General Affairs Office of the Central Committee. Although the General Affairs Office appears to be in the same rank as the FAO, in reality, its power and authority are much more significant because of its central status in the Party hierarchy.

Having established the seniority of the NSC in comparison to the Foreign Affairs Commission, the natural next question is why that should matter to the foreign policy decision-making if national security and foreign policy are strictly separated and segregated. That’s where things get tricky. Because of the expansive nature of the definition of national security under Xi Jinping, which covers both external and internal, the foreign policy issues with national security implications would naturally be considered under the purview of the NSC, even though the primary decision-making agency appears to be the Foreign Affairs Commission.

For example, the North Korean nuclear issue might appear to be a foreign policy issue primarily. However, its development, the sanctions regime that affects Chinese financial transactions and financial institutions, the potential dangers of nuclear radiation and refugee inflows across the border,

²³ Han Qin, “国安委副主任蔡奇确定出任北京市长” [Cai Qi, deputy director of the National Security Committee, confirmed as mayor of Beijing], *DW News*, October 31, 2016, <https://www.dwnews.com/%E4%B8%AD%E5%9B%BD/59778722/%E5%9B%BD%E5%AE%89%E5%A7%94%E5%89%AF%E4%B8%BB%E4%BB%BB%E8%94%A1%E5%A5%87%E7%A1%AE%E5%AE%9A%E5%87%BA%E4%BB%BB%E5%8C%97%E4%BA%AC%E5%B8%82%E9%95%BF>.

²⁴ “我校校友刘海星出任中央国安委办公室副主任” [Liu Haixing, an alumnus of our school, was appointed as the Deputy Director of the Office of the Central National Security Committee], *Beijing Foreign Studies University*, March 6, 2018, <https://xyh.bfsu.edu.cn/info/1077/1299.htm>.

and the escalation potential on the Korean Peninsula all inevitably make it a national security priority for Beijing. When the North Korean issue is being processed and determined by both the NSC and Foreign Affairs Commission, the one with the seniority is bound to prevail. Similarly, when the Xinjiang issue is considered both as a foreign policy issue in its relevance for Sino-US relations by the Foreign Affairs Commission and as an issue of domestic homeland security and ethnic affairs by the NSC, the former is bound to heed the decision made by the latter. This is because the Foreign Affairs Commission has no authority to decide or alter the ethnic policies determined by the NSC, and its role is restricted to the promotion and defense of such policies in international arenas. Foreign policy issues are derivative of domestic policy issues, and as the NSC focuses on domestic security and makes key decisions on external security issues in China's foreign policy, the Foreign Affairs Commission must assume a subordinate and supportive role to the NSC's decisions.

The direct and inevitable consequence of this setup is the “securitization” of foreign policy issues and decisions. The NSC is mandated to examine all issues, foreign or domestic, through the lens of security, which by default is binary and leaves little space for either ambiguity or, more importantly, compromise, which arguably is the essence of diplomacy. When the foreign policy posture of China regarding the Xinjiang Uyghur issue is put under the microscope and lens of national security, the foreign policy apparatus will be pushed to pursue a policy that maximizes domestic security and minimizes risks presented by foreign governments and audiences. Similarly, when the COVID-19 origin issue is seen as a regime security issue—as any acknowledgment or ambiguous position on China's role at the beginning of the global pandemic will be used to directly challenge the legitimacy of the Chinese Communist Party regime—the foreign policy apparatus has no option but to turn themselves into “wolf warriors” and fight the battle without budging an inch.

IV. Information for Decision-Making

Solid and comprehensive information forms the foundation for good national security decision-making. In China, the system of producing such information for the top leaders is extensive. It includes and goes beyond all line agencies involved in national security, as well as governmental and semi-governmental think tanks and academia. This has not changed significantly under Xi.

Within the governmental apparatus, line agencies are the primary source of daily informational input on national security affairs. Each line agency involved in national security and foreign affairs, such as the Ministry of Foreign Affairs, Ministry of State Security, and PLA, provides regular reports that reflect the work and concerns specific to that agency's focus. Information collection and analysis are part of these agencies' routine responsibility and are conducted through their internal chain of command. Using the Ministry of Foreign Affairs as an example, its field offices (Chinese embassies) are its primary source of information on issues of bilateral relations. While each embassy's Political Affairs Office and Economic Affairs Office each has its own portfolio, the Office of Policy Studies is the center of strategic analysis on local politics, economics, and bilateral relations. Diplomatic cables send first-hand information back to Beijing, where they are reviewed and incorporated into the research report by their managing divisions. Depending on the significance of the issue, the report will then be routed through the deputy director of the relevant department (such as the Department of North American and Oceanian Affairs), the director of the department, the vice foreign minister in

charge of the department, and then the foreign minister himself²⁵; the more important the issue, the higher up the approval required. Upon the completion of the routing, important reports are submitted to the General Office of the Central Committee as information entered into the system.

Externally, the decision-making system also relies on governmental and semi-governmental think tanks for information on and analysis of national security affairs. These think tanks are affiliated with government agencies and act as additional research arms. For example, the China Institutes for Contemporary International Relations (CICIR) is under the leadership of the Ministry of State Security, and is “a major source for foreign policy studies that go directly to China’s top leaders.”²⁶ The China Institute of International Studies (CIIS) is a research arm of the Ministry of Foreign Affairs; its experts write reports for and provide briefings to Ministry officials.²⁷ The Chinese Academy of Social Sciences (CASS), affiliated directly with the State Council, conducts extensive international research.²⁸

Generally speaking, think tanks produce two types of internal reports for national security decision-making purposes: regular reports and commissioned reports. Regular reports represent a “bottom-up” information-flow pattern. For these reports, think tank researchers regularly follow one geographical or functional area and keep decision-makers updated on the latest developments in their area of expertise. Commissioned reports, on the other hand, represent a “top-down” approach. When the FAO or General Office decides that a particular issue needs more information and analysis than already provided by the line agencies, they summon research think tanks to submit studies to assist in decision-making.

Under Xi Jinping, there are two observable shifts to the think tank landscape in China. The first is that Xi has put significant emphasis on the creation and development of “high-end Chinese think tanks” supported by the government. By the end of 2020, two batches of a total of 29 think tanks have been selected into the group.²⁹ Other than information collection and analysis functions, these think tanks are also expected to play a PR role for China, i.e. “to tell the China story well and spread the Chinese voice effectively.”³⁰ With the booming of the think tank business in China, civilian think tanks that are not affiliated with any government agencies have also enjoyed much space to grow.

The second change is the tightening of the freedom of speech within the think tank community. As a channel of communication, think tank scholars used to enjoy more space and leeway in engaging foreign counterparts, embassies, and government officials in dialogues and conversations. But under Xi, the leash has been significantly tightened. This is primarily due to the government’s desire to “speak with one voice” instead of allowing think tank scholars to give assessments of China’s policy to

²⁵ The names of the officials to whom the reports are presented are listed later in this testimony. Each one has the authority to comment and request revisions to the report. The routing process can be extremely intricate and time-consuming. In one extreme case, a report was routed through 99 officials.

²⁶ Doak Barnett, “The Making of Foreign Policy in China: Structure and Process,” *Westview Press*, 1985, pp. 123-124.

²⁷ Bonnie Glaser and Philip Saunders, “Chinese Civilian Foreign Policy Research Institutes: Evolving Roles and Increasing Influence,” *The China Quarterly*, 2002, p. 599.

²⁸ “我院概况” [Introduction to CASS], CASS, accessed January 24, 2022, <http://www.cssn.cn/news/140195.htm>.

²⁹ Mengqi Wu, “国家高端智库建设试点单位共29家，复旦大学中国研究院是首批” [There are a total of 29 national high-end think tank construction pilot units, and the China Research Institute of Fudan University is the first batch], *China Institute, Fudan University*, December 29, 2020, <http://www.cifu.fudan.edu.cn/f7/d5/c412a260053/page.htm>.

³⁰ Li Zhou, “讲好中国故事，传播好中国声音” [Tell Chinese stories well and spread Chinese voices well], *China.org*, May 31, 2021, http://www.china.com.cn/opinion/think/2021-05/31/content_77538101.htm.

foreigners that do not always align with the government's official position. The implementation of this stringent control was made even easier by the COVID-19, with travel restrictions in and out of China in the name of disease control making field research, in-person communications, and face-to-face dialogues practically impossible. Virtual dialogues have become popular since the summer of 2020. However, Chinese scholars' participation is still subject to approval by their organization. This has had a major impact on the information available to and produced by Chinese think tanks on foreign policy issues. There may be a dearth of knowledge about China in the outside world due to COVID, but there is also an equally severe dearth of knowledge in China about the outside world.

V. The Institutional Origins of China's Assertive Foreign Policy

China's assertive foreign policy under Xi has been gaining momentum since he took power in 2013, starting with his hardline approach toward China's maritime disputes, especially in the South China Sea. From the perspective of the institutional setup for China's foreign policy decision-making, there are at least three factors that determined and/or contributed to China's foreign policy posture: the strategic personality of the top leader, the "securitization" of China's foreign policy issues, and the "bandwagon effect" within the bureaucracy and the society through the mobilization of nationalism and public opinion.

First, the centralization of power and authority by Xi Jinping means that China's foreign policy will be determined by his strategic personality and political beliefs.³¹ After Mao Zedong, who made China independent, and Deng Xiaoping, who made China rich, Xi Jinping sees his mandate as making China strong.³² That is the essence of the two popular slogans under his reign: "the China Dream" and "the great rejuvenation of the Chinese nation." Xi believes in power politics and is convinced that the time has come for China to reclaim its rightful place in the region and the world. As such, the previous mantra from the Deng Xiaoping era of "hide our strength and bide our time," which was observed by Xi's predecessors, Jiang Zemin and Hu Jintao, has been abandoned and replaced by "actively seeking progress."³³ Through expanding China's sphere of influence through the Belt and Road Initiative and asserting China's claims in territorial and maritime disputes, China's foreign policy loyally follows Xi's vision for China's "great rejuvenation." And his unparalleled authority and elimination of dissenting views have ensured that his vision is pursued without dissenting views or challenges from within.

Second, Xi's power concentration and the indoctrination of his strategic visions also created the bandwagon effect within the bureaucratic polity. Within the bureaucracy, people who do not share Xi's vision, or do not belong to his close group of trusted advisors, are naturally marginalized in the decision-making circle. On the working level, officials and scholars who disagree with his foreign policy decisions will not receive the resources and support for their work or research. Through the mobilization of the bureaucratic system, the power, positions, and resources are directed towards

³¹ Jane Perlez, "Chinese Leader's One-Man Show Complicated Diplomacy," *The New York Times*, July 9, 2014, <https://www.nytimes.com/2014/07/09/world/asia/china-us-xi-jinping-washington-kerry-lew.html>.

³² Li Chen, "从站起来、富起来到强起来的伟大飞跃" [Great leap from standing up, to getting rich, to becoming strong], *People's Daily*, June 24, 2021. http://www.xinhuanet.com/politics/2021-06/24/c_1127593780.htm.

³³ Runtian You, "从韬光养晦到积极进取 中国过去五年外交战略大变" [From hiding our strength and biding our time to actively seeking progress- Changes to China's foreign strategy in the past five years], *Lianhe Zaobao*, October, 14, 2017, <https://beltandroad.zaobao.com/beltandroad/news/story20171014-802792>.

those who will ardently defend and advance Xi's foreign policy vision. In other words, the system screens and shuffles out the dissidents and those less enthusiastic. Those who remain in the system and those eager to climb the bureaucratic ladder are encouraged to vigorously pursue foreign policy actions that could help them stand out in catering to Xi's taste for assertive great power diplomacy.

This trend has become a deeply embedded and widely shared bureaucratic phenomenon and the fundamental origin of the “Wolf Warrior Diplomacy” the world has witnessed since the beginning of the COVID-19 pandemic. By March 2020, China was faced with global challenges on the origin of COVID and the responsibility Beijing had to carry for it. To Beijing, this is not only a matter of international reputation, but also a vital challenge to its domestic regime security. If China is held responsible for the origin of COVID, it inevitably undermines the governance—and hence legitimacy—of the Chinese Communist Party in front of the world and of the Chinese people. Therefore, during the whole year of 2020, China's top foreign policy priority was to ensure that China would not be held accountable for COVID, and Chinese diplomats were unleashed to criticize, condemn, and attack any foreign government or organizations that dared to raise that accusation. This is why the Foreign Ministry spokesperson would receive the authorization, and even encouragement, to accuse the US of spreading COVID in the city of Wuhan in the fall of 2019.³⁴ This is also why senior Chinese diplomats all over the world simply “bristle” at COVID blame.³⁵

The internal security emphasis of China's assertive foreign policy is both the cause and the result of the “securitization” of China's foreign policy decision-making process discussed in the previous section. The NSC holds the broad mandate over both internal and external security, and the institution enjoys senior bureaucratic ranking compared to the Foreign Affairs Commission. The natural result of this setup is that NSC's prioritization of internal security, especially regime security, prevails as the overarching guideline of foreign policy decision-making. Foreign policy issues, such as the origin of COVID, are first and foremost viewed through the lens of regime security, which leaves the foreign policy apparatus no choice but to push for the harshest policy course possible to defend the regime's bottom-line interest.

The “bandwagon effect” within the bureaucracy is consolidated and amplified through the mobilization of nationalism and hawkish domestic public opinion. Through the indoctrination of the people about China's rejuvenation and superiority, as well as the desirability and necessity of Xi Jinping's assertive great power diplomacy to achieve them, the Chinese public is increasingly convinced of China's entitlement to special status and of the deserved punishment of states that dare to challenge it. Wolf warrior diplomacy might have been criticized widely outside China. Yet internally, it is cheered and welcomed as a sign of strength rather than weakness. The hawkish public opinion, in turn, feeds into the government's decision-making, as it reinforces the top leader's belief that he is fulfilling the view and aspiration of the Chinese people—the perceived source of his authority and legitimacy.

³⁴ Joyce Huang, “Chinese diplomat accuses US of speaking coronavirus,” *Voice of America*, March 13, 2020, https://www.voanews.com/a/science-health_coronavirus-outbreak_chinese-diplomat-accuses-us-spreading-coronavirus/6185768.html.

³⁵ Gideon Rachman, “China's wolf warriors bristle at COVID blame,” *Financial Times*, March 21, 2021, <https://www.ft.com/content/b8042e0a-5e57-4340-8664-9702b9f3640f>.

The current course of China's assertive foreign policy is unlikely to change in the foreseeable future. President Xi, his strategic personality, and his foreign policy vision are the fundamental origin of China's foreign policy behavior today. One could argue that China's expanding footprint and influence globally is the reflection of its growing national power. However, the way that the expansion is carried out and the assertiveness and coerciveness manifested are the direct result of Xi's political beliefs and the system he has designed to enforce his vision. His power concentration and unparalleled authority are what make it possible for his visions and policies to be loyally implemented by the bureaucracy. The decision-making process is designed institutionally and systematically in a way that ensures the internal security focus of China's foreign policy. The bureaucratic inertia, organizational culture, and the mobilized public opinion are supplemental factors that make the current course difficult to be reversed or revised.

In 2022, Xi's priority is to ensure a smooth 20th Party Congress and a smooth extension of his reign into the third term against the Party's tradition since Deng. This requires stability in China's foreign relations and external environment. But such self-restraint also needs to be qualified in both substance and its sustainability. In order to ensure the smooth transition to his third term, it is even more unlikely for Xi to adopt any conciliatory position in key contentious foreign policy issues because toughness rather than softness will boost his strong-man image and leadership authority. What this also means is that once the transition is completed and his power is consolidated, he will face even less baggage in the pursuit of a more assertive foreign policy course to advance what he believes to be his "mandate of heaven."³⁶

VI. Conclusion

China's foreign policy decision-making process has undergone significant changes institutionally and in terms of substance. The whole process is tailored to support the centralization of power and authority by the top leader and is thoroughly organized to fully support and loyally implement his view. The creation of the National Security Commission heavily imbued China's foreign policy decision-making with a prioritization of security, especially internal and regime security. As such, China's assertive foreign policy has at least three drivers: the leader's strategic personality and vision, the securitization of foreign policy, and the organizational bandwagon effect both within the bureaucracy and society.

The current course of foreign policy is unlikely to change under Xi's leadership, which is poised to continue for the next five to ten years, at the minimum. The year 2022 may witness some relative stabilization efforts by China in its foreign relations to ensure Xi's smooth transition to the third term. However, the assertive foreign policy course appears firmly set for the foreseeable future.

³⁶ George Thomas, "China's Xi Jinping's 'mandate of heaven' to rule the world," *CBN News*, October 26, 2021, <https://www1.cbn.com/cbnnews/world/2020/october/chinas-xi-jinpings-mandate-of-heaven-to-rule-the-world-nbsp>.

OPENING STATEMENT OF JAMES MULVENON, DIRECTOR, CENTER FOR INTELLIGENCE, RESEARCH AND ANALYSIS (CIRA), SOSI

VICE CHAIRMAN CLEVELAND: Jeff, you're muted.

COMMISSIONER FIEDLER: Sorry. Mr. Mulvenon?

DR. MULVENON: Thank you, Commissioners, for inviting me here today. I'd like to make three brief points about Party-military relations.

The first is that Party control by one definition is as strong as it's ever been of the Chinese military. But rather than it being as from the basis of a charismatic authority, a common ideological purpose, I would argue that Party control is stronger now than ever because of coercion, in particular the use of the anti-corruption campaign to break sources of resistance within the Chinese military to Xi's initiatives, many of which I would argue have been fairly controversial and wrenching from an institutional perspective.

We first got the hint of what was happening in 2014 at what was really a seminal moment, which was the Gutian Conference. And this was a historical reprise from 1929, which was the famous moment where Mao Zedong achieved political control over the Chinese military, which had heretofore really been just an agglomeration of warlords and other mercenary fighters.

And so Xi Jinping brought the 400 top Generals and Admirals of the PLA to this historic conference center, and he laid down the line with them. He said, I took down CMC Vice Chairman Xu Caihou. I took down CMC Vice Chairman Guo Boxiong. I have their little black books. I have the goods on all of you. I know who paid whom. I know the pay for promotion scheme at every level of the system.

And if you stand in the way of my initiatives, then the Central Discipline Inspection Committee is going to come knocking and want to talk to you about your 12 apartments and your six mistresses and your gold bars and your Mercedes and everything else, which is why, frankly, I had written a study for the China Leadership Monitor years before entitled *So Crooked They Had to Screw Their Pants On*, which really came out of the work I had done on my dissertation on PLA Incorporated and really talked about many of these sort of pathologies within the Chinese military system about that corruption.

Because of the coercive threat of the anti-corruption campaign, Xi Jinping was able to achieve in 2017 what had been desired but unachievable for the previous 25 years, which was a dramatic reorganization of the PLA from seven military regions to five theater commands, the creation of new service branches, but it broke a lot of rice bowls and resulted in hundreds of thousands of redundant headquarters personnel losing their jobs and benefits, which is always a very controversial thing to do in China.

And so all of that was facilitated by the anti-corruption campaign, and that continues to be the most powerful lever that Xi Jinping has.

The second thing I would note about Party-military relations under Xi Jinping is the increasing personalization of command around Xi away from an institutionalization of command or an institutionalization of norms.

Compared with his predecessors Jiang Zemin and Hu Jintao, who were both relatively weak Central Military Commission Chairmen, Xi Jinping has done a much better job of consolidating that power, again in most part because of the coercive threat of the anti-corruption campaign.

Two things that we noted. One was he pushed in 2014 for what was now called Chairman Responsibility System, which again was to codify his greater power as the CMC

Chairman and, I would argue, as I will in the implications, has interesting implications for the 20th and the 21st Party Congress, much as we are focused on a possible move by Xi Jinping to become CCP Chairman as a way of having basically power for life even if another General Secretary is appointed.

The most telling moment, though, was when he appointed himself Commander in Chief of the PLA, which came with a really nifty uniform and sort of a throne command chair in the new Joint Operations Center that really implied that he himself was going to be dictating orders rather than working through the PLA leadership to carry out military operations.

Now, thirdly, I would point out that everything I've discussed has some really interesting implications. First and foremost, we're always interested about loyalty, particularly loyalty in terms of obeying commands even if those commands are unpopular.

And, again, I would point to the anti-corruption campaign as a mechanism that prevents the development of resistance and factionalism within the PLA because you can easily be replaced by someone once your predecessor has been removed.

The idea was at the Gutian Conference, he said, everybody in this room is crooked. Everyone was involved in the pay for promotion scheme. Therefore, I can remove any of you at any time, anytime I want. So you have to understand that there is no way to protect yourself from this.

I am concerned in my own readings of the Chinese military material about the dilemma between the personalization of command and control of the PLA versus an institutionalization of command and control.

If in fact major military decisions require Xi Jinping's personal approval, up to and including, for instance, the release of nuclear weapons, rather than an institutional mechanism, that makes crisis management, escalation control, and strategic communications potentially difficult with the United States during the fog of war. It makes it more difficult for us, for instance, to establish credible defense telephone links with what we think are the operational elements of the PLA.

I continue to worry about an information gap given Xi Jinping's own lack of real military background. They bent over backwards when he took the General Secretary job to tell us every rinky-dink PLA-affiliated position he'd had and his career.

But at the end of the day, there is still -- unlike the United States, where you have a National Security Council, where the President has an independent civilian body that can give him an alternate view with alternate data for what the Pentagon is telling them, there is no real similar system in China. And so I worry about capture of Xi Jinping by the PLA because of their professional expertise.

And then, finally, at the 20th Party Congress, again, and the 21st, I can see very easily this Chairman Responsibility System in the PLA morphing into a Chairman for life at the 21st PC and then continuing to muddle the institutionalization of norms within the Chinese system.

Thank you very much.

**PREPARED STATEMENT OF JAMES MULVENON, DIRECTOR,
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SOSI**

Statement before the
U.S.-China Economic and Security Review Commission
“CCP Decision-Making and the 20th Party Congress,”

A Testimony by:

James Mulvenon, Ph.D.
Director, Intelligence Integration
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January 27, 2022

Dirksen Senate Office Building 419

Introduction and Main Points

Chairman Bartholomew, Vice Chairman Cleveland, and Commissioners, thank you for inviting me to testify today.

My testimony focuses on Chinese party-military relations. The four main questions I would like to address are:

1. How much does Xi trust the PLA to follow his directives and be politically loyal? Please address the significance of Xi reimplementing the “CMC Chairman responsibility system” in your response.
2. How much progress has Xi made in establishing his dual role as both the political leader and the operational leader of the PLA? Please explain how the emphasis given to each of his two military titles, CMC Chairman and Commander in Chief, has changed over time.
3. What are the critical positions in the military that Xi feels he needs to control? How successful has he been at installing individuals loyal to him into these positions? Who are the most important individuals on military decision-making other than Xi, and which are most trusted by Xi?
4. What were the goals and impacts of Xi’s anticorruption campaign with regards to China’s military and internal security forces?

Xi Jinping and the CMC Chairman Responsibility System

On 25 October 2017, state media announced that Xi Jinping had been reappointed chairman of the Central Military Commission (CMC) at the 19th Party Congress. The accompanying article recited all of Xi’s previous military positions throughout his career, once again striving to bolster his credentials to run the military.¹ Other articles credited him with promoting Zhang Shengmin, head of PLA Central Discipline Inspection Commission carrying out the anti-corruption campaign in the military, to be one of six uniformed members of CMC, along with Xu Qiliang, Zhang Youxia, Wei Fenghe, Li Zuocheng and Miao Hua.² Offering strategic guidance, Xi himself was quoted as declaring that “the military should make an all-out effort to become a world-class armed forces by 2050 and to strive for the realization of the great rejuvenation of the Chinese nation.”³ For the first time, he introduced new time thresholds for PLA development, asserting “...by 2020, the PLA will basically achieve its mechanization, make big strides in informatization, and gain substantial improvement in strategic capabilities...turn itself into a modernized power by 2035—as well as a long-term one—to become a top-tier military by

¹ James Mulvenon, “Hotel Gutian: We Haven’t Had That Spirit Here Since 1929,” *China Leadership Monitor* 46, Winter 2015, accessed at: <https://www.hoover.org/research/hotel-gutian-we-havent-had-spirit-here-1929>

² “China Promotes Military Anti-Graft Chief to General,” *Xinhua*, 2 November 2017; “Nation’s Top Military Body Appoints New General,” *China Daily*, 2 November 2017.

³ “PLA To Be World Class Force By 2050,” *China Daily*, 27 October 2017; “China To Build World Class Armed Forces By Mid 21st Century: Xi,” *Xinhua*, 18 October 2017.

2050.”⁴ Overall, the media coverage of the military aspects of the 19th Party Congress left no doubt that Xi had retained unchallenged authority over the People’s Liberation Army.

In the two months prior to the Congress, a *Xinhua* and *Liberation Army Daily* team laid the propaganda groundwork for Xi’s dominance of the Congress and the consolidation of control of the CMC with a “joint” series on how Xi Jinping was “rejuvenating the military.”⁵ Invoking the spirit of Gutian,⁶) the capstone article asserted that XJP is the CCP’s “core,” “focusing on the major issues of building the party with ideology and building the armed forces with politics under the new historical conditions.”⁷ To that end, the article emphasized the “four awarenesses” (awareness of politics, the overall situation, the core, and aligning with the Central Committee) and claimed that military personnel “are self-aware of being loyal to the core, supporting the core, and safeguarding the core.”⁸ In a nod to the dominant post-Congress theme, the authors asserted that “in staunchly safeguarding the core, the most important thing is resolutely safeguarding and implementing the CMC chairman’s responsibility system.”⁹ Specifically, the PLA is “accomplishing all the important items that Chairman Xi has determined, and doing all the work that Chairman Xi has put them in charge of, and in all their actions obeying Chairman Xi’s commands.”¹⁰ In case they missed the point, the article closed by demanding that the troops “resolutely respond to appeals from Chairman Xi, resolutely execute requirements put forward by Chairman Xi, and resolutely accomplish the assignments entrusted by Chairman Xi.”¹¹

With this groundwork laid, Xi in his work report to the party congress provided an assessment of the current state of the PLA and laid out his vision for the military for the next thirty-plus years. At the strategic level, he linked the “realization of the Chinese dream” to “the dream of strengthening the military forces.”¹² For Xi, the PLA is a critical part of his objective to “realize the two centenary goals [toward which] to strive and to realize the strategic support of the great rejuvenation of the Chinese nation.” Beginning with politics, he pointed to the 2014 All-Army Political Work Conference in Gutian as the start of the restoration of “the glorious tradition and fine work style of our party and our army.”¹³ Then Xi lauded the reorganization of the PLA, repeating the structural triptych: “the Central Military Commission (CMC) is in charge of the overall affairs, the Theater Commands are in charge of warfare, and the branches of the

⁴ Ibid.

⁵ *Xinhua* and *Liberation Army Daily* journalists, “Politics Builds an Army: Consolidate the Base, Make an Opening for the New, and Forever Forward -- The Leadership of the Communist Party of China Central Committee, with Comrade Xi Jinping as the Core, Carries Forward Strengthening and Rejuvenating the Army: Record of Actual Events Number Two,” *Xinhua*, 30 August 2017.

⁷ Ibid..

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² “Full Text of Report Delivered by Xi Jinping at 19th CPC National Congress,” *Xinhua*, 18 October 2017.

¹³ Ibid.

armed forces are in charge of army building.”¹⁴ All of these moves support the objective “of build[ing] a people's army that obeys the commands from the party, is able to win battles, and has a fine work style, and to make the people's army a world-class armed force”¹⁵ Xi also repeated his earlier timeline revision for PLA development, insisting that the PLA “ensure basic realization of mechanization by 2020” and make “major progress in informatization construction and a great rise in strategic capability.” By 2035, the PLA must “basically realize modernization of national defense and military” and by 2050 it must “comprehensively build the people's army as the world's first-rate army.”¹⁶

Within a day, PLA leaders began obsequiously praising Xi and his report. CMC Vice-Chairman Xu Qiliang lauded him as the “core of the party Central Committee, the core of the entire party, and commander (*tong shuai*) of the military,” and asserted that Xi “has won the heartfelt support of the entire party and military for his outstanding achievements in administering the party, the country, and the military.”¹⁷ Fan Changlong took it to another level, referring to Xi Jinping in terms previously reserved for Chairman Mao, such as “leader (领袖, *lingxiu*).”¹⁸ Subsequently, at a 31 October CMC study session, senior military leaders declared that PLA must follow the command of the CCP Central Committee, the Central Military Commission, and its chairman Xi Jinping “at any time and in any circumstance.”¹⁹ A 5 November CMC circular demanded that “the army should be absolutely loyal, honest and reliable to Xi,” and, most touchingly, asserted that “the army should follow Xi's command, answer to his order, and *never worry him* [emphasis added].”²⁰

In a striking display of political authority, Xi was then successful in adding some surprising revisions to the CCP constitution, including his “Chinese dream of national rejuvenation.”²¹ In terms of military-related issues, the Constitution was amended to include the follow statements:

The Communist Party of China shall uphold its absolute leadership over the People's Liberation Army and other people's armed forces; implement Xi Jinping's thinking on strengthening the military; strengthen the development of the People's Liberation Army by enhancing its political loyalty, strengthening it through reform and technology, and running it in accordance with the law; build people's forces that obey the Party's command, can fight and win, and maintain

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ “Fan Changlong, Xu Qiliang Attend Discussions of PLA Delegation to the 19th Party Congress,” *Xinhua*, 18 October 2017.

¹⁸ Ibid.

¹⁹ “Top Military Officials Pledge Loyalty To CPC, Xi,” *Xinhua*, 30 October 2017; “Top Military Officials Pledge Loyalty To CPC, Xi,” *China Daily* 31 October 2017.

²⁰ “PLA Builds Strong Army in New Era,” *Xinhua*, 15 November 2017.

²¹ “Full Text Of Resolution On Amendment To CPC Constitution,” *China Daily*, 24 October 2017.

excellent conduct; ensure that the People's Liberation Army accomplishes its missions and tasks in the new era.²²

Finally, the document was revised in light of the PLA reorganization to charge the chairman of the Central Military Commission with overall responsibility over the work of the commission.²³ Right on cue, at the new Central Committee's First Plenum on 25 October, Xi Jinping was re-elected CMC chairman.²⁴

One of the most striking features of the state media coverage of the 19th Party Congress and its aftermath has been the escalation of cult of personality language to describe Xi Jinping as “leader” (领袖), often eerily reminiscent of Mao-era terminology. At its high point at the dawn of the Cultural Revolution, for example, Mao was glorified as the “great leader, great commander-in-chief, great helmsman and great teacher (伟大的领袖, 伟大的统帅, 伟大舵手, 伟大的导师).”²⁵ In *People's Daily*, the party's most authoritative mouthpiece, only Mao and his Soviet counterpart Stalin have been officially referred to as a “great *lingxiu*”.²⁶ When Fidel Castro died in 2016, Xi called him the “great *lingxiu* of the people of Cuba” in his condolences for the communist revolutionary, which were reported by *People's Daily*.²⁷

Before the party congress, Xi himself had been sporadically been referred to as “*lingxiu*” in official media, including by state news agency Xinhua and state broadcaster CCTV. During and after the congress, however, at least three members of the Politburo, two generals and eight provincial party bosses referred to Xi as “*lingxiu*,”²⁸ which University of Oxford Professor Rana Mitter assesses having a “rather more spiritual, grander air” than the more widely used word “*lingdao*” (领导).²⁹ Beijing party chief Cai Qi, a protégé of Xi's since the early 1990s, hailed him as a “wise *lingxiu*,” which is a term ironically that had only previously been used for Mao's aborted successor Hua Guofeng.³⁰ Politburo member Sun Chunlan told the press that “with Secretary General Xi Jinping as the *lingxiu* and core (核心) to take the helm, our party and country will certainly brave all winds and waves and be invincible in our cause.”³¹

The PLA media also went into overdrive about Xi during and after the Congress, devoting entire front pages to his pictures and words. But the most interesting theme was a reprise about the

²² Ibid.

²³ “Xi's Thought And 'Absolute' Party Leadership of PLA Written Into the Constitution,” *China Daily*, 24 October 2017; “Xi's Military Thinking, Party's 'Absolute' Leadership Over Army Written Into CPC Constitution,” *Xinhua*, 24 October 2017.

²⁴ “Xi Jinping Named Chairman of CPC Central Military Commission,” *Xinhua*, 25 October 2017.

²⁵ Nectar Gan, “What Do You Call Xi Jinping? China's Elite Echo Language of Mao To Sing the Praises of Their 'Leader...,” *South China Morning Post*, 22 October 2017.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

so-called “CMC chairman responsibility system” (军委主席负责制, hereafter referred to as CRS). The term began to be used in earnest to describe Xi’s dominant role in the PLA in late 2014 in the run-up to the seminal November 2014 Gutian Conference on political work.³² In contrast to what had previously been described somewhat derisively as the “CMC vice-chairman responsibility system” in the Jiang Zemin and Hu Jintao eras, the CRS appeared at first to be “another piece of Xi Jinping’s ongoing effort to consolidate his leadership power, with specific focus on consolidating his actual control over the PLA during a period of both aggressive modernization and political turmoil caused by the anti-corruption campaign.”³³

In the 2014 telling, the CRS had multiple key features. First, the buck stops at the chairman’s desk, as ultimately “all significant issues in national defense and Army building [are] planned and decided by the CMC chairman.”³⁴ PLA personnel are also encouraged to develop a “commander in chief mentality.”³⁵ Once the decision has been made, the chairman conducts “concentrated unified leadership” and “efficient command” of the entire military.³⁶ As a result, the PLA is more likely to carry out the “comprehensive, accurate, timely and effective implementation of the resolute intent and strategic directives of the CMC chairman.”³⁷ If for some reason the implementation is delayed or obstructed, the “CMC chairman responsibility system” provides for “supervision” and “inspection” mechanisms to identify the source of resistance to the chairman’s instructions and break the logjam.³⁸

On 7 November 2017, the Central Military Commission promulgated the “CMC Opinion on Chairman Responsibility System,” formalizing many of these concepts in an official document, though with an appropriately grandiose tone:

The CMC's implementation of the chairman responsibility system is a major achievement made by the party and the state in the long-term development of the military leadership system and a condensation of the valuable experiences and fine tradition of our party in the building and administration of the armed forces. The comprehensive deepening of the implementation of the CMC chairman responsibility system concerns the fundamental direction of the building of the

³² See James Mulvenon, “Hotel Gutian: We Haven’t Had That Spirit Here Since 1929,” *China Leadership Monitor* 46, 19 March 2015, accessed at: <https://www.hoover.org/research/hotel-gutian-we-havent-had-spirit-here-1929>

³³ James Mulvenon, “The Yuan Stops Here: Xi Jinping and the “CMC Chairman Responsibility System,” *China Leadership Monitor* 47, 14 July 2015, accessed at: <https://www.hoover.org/sites/default/files/research/docs/clm47jm.pdf>

³⁴ “The Work System Must Be Made Stricter and More Realistic.” [Source?]

³⁵ Li Chunguo and Liu Peijun, “Nanjing Military Region Holds 4th Plenary (Enlarged) Meeting of Its 12th CPC Committee to Sum Up 2014 Work, Arrange 2015 Tasks, Emphasizing the Need to Clearly See the Situation and the Tasks, Firmly Keep in Mind the Missions and the Important Responsibility, Build a Strong Force for Performing Heavy Tasks for Military Strengthening,” *人民前线(People’s Frontline)*, 1 January 2015.

³⁶ “The Work System Must Be Made Stricter and More Realistic.”

³⁷ Ibid.

³⁸ Ibid.

people's army, concerns the development of the cause of making the country and the armed forces strong for a new era, concerns the long-term stability of the party and country, and concerns the future destiny of socialism with Chinese characteristics... We must, with the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement Xi Jinping's thought on making the armed forces strong; comprehensively implement the fundamental principle and the system of the party's absolute leadership over the armed forces; provide firm support for the implementation of the CMC chairman responsibility system in politics, ideology, organization, system, and work style; and ensure that the entire armed forces are absolutely loyal, absolutely pure, and absolutely reliable as well as resolutely follow the command of and are responsible to Chairman Xi, enabling Chairman Xi to feel assured.³⁹

The "Opinion" also puts forth the specific requirements for the whole armed forces at all levels to comprehensively deepen the implementation of the CMC Chairman responsibility system.⁴⁰

The most detailed explication of the CRS so far can be found in an article on the People's Armed Police (PAP) in the Central Party School theoretical journal, *Xuexi Shibao*.⁴¹ The article begins by explicitly linking the authority of the CMC chairman to the "core" of the party leadership, cementing the legitimacy of Xi's power in both military and party realms:

What is most fundamental is that we must resolutely safeguard the authority, safeguard the core, and safeguard and implement the CMC chairman responsibility system and, while in the midst of resolutely safeguarding and implementing the CMC chairman responsibility system, enhance [our] ideological and operational awareness of safeguarding the authority and safeguarding the core.⁴²

It then draws a direct connection between the CRS and the requirement for absolute command and control of China's military forces:

Only by resolutely safeguarding and implementing the CMC chairman responsibility system can we then centralize the highest decision-making authority and command authority in the party's Central Committee, the CMC, and Chairman Xi, thus assuring that the entire military and the PAP, under the

³⁹ "CMC Issues Opinions on Comprehensively Implementing CMC Chairman Responsibility System," *Xinhua*, 5 November 2017; and "Central Military Commission Issues the 'Opinion on Comprehensively Deepening the Implementation of the Central Military Commission Chairman Responsibility System,'" *Jiefangjun Bao*, 5 November 2017, p.1.

⁴⁰ "CMC Issues Opinions on Comprehensively Implementing CMC Chairman Responsibility System," *Xinhua*, 5 November 2017.

⁴¹ "Resolutely Safeguard and Implement the Central Military Commission (CMC) Chairman Responsibility System to Ensure Absolute Leadership of the Party Over the Armed Police," *Xuexi Shibao*, 7 November 2017.

⁴² Ibid.

absolute leadership of the party, are highly centralized and united, march to the same drummer, guarantee the PAP's effective implementation of its missions and responsibilities to safeguard national security and social stability.⁴³

Piling on, the authors then assert that the CRS is critical for the PLA's anti-corruption campaign and fighting factionalism:

This [safeguarding and implementing the CMC chairman responsibility system] is really needed for comprehensively and completely eradicating the pernicious influence of Guo [Boxiong] and Xu [Caihou] and for returning the armed forces to their traditional true qualities. In a past period, Guo Boxiong and Xu Caihou nullified and weakened the CMC chairman responsibility system, seriously violated the political bottom line, and put the armed forces in a very precarious situation. The party Central Committee and Chairman Xi decisively investigated and dealt with Guo Boxiong and Xu Caihou, improved the work-style of the CMC chairman absolute authority from top to bottom, punished corruption, eradicated pernicious influences, and at a critical moment saved the party and the armed forces. Only by resolutely safeguarding and implementing the CMC chairman responsibility system can we then ensure that the gun is forever grasped by the reliable hands of people loyal to the party and ensure that our red land never changes color.⁴⁴

For good measure, the article then throws in some structural Marxist and institutionalist justifications for the leadership configuration:

The CMC chairman responsibility system organically combines Marxist political party and state doctrines as well as China's national, party, and military conditions to reflect the inevitable internal connections among the party, the state, and the armed forces. Just for this very reason, the party's CMC from beginning to end is the party Central Committee's supreme military leadership mechanism and, in establishing the national CMC, the party's CMC Chairman, after election by the National People's Congress, assumes the office of chairman of the state CMC. By means of this kind of systemic design and arrangement, there is established a unified party and state supreme military leadership structure that, from the highest leadership levels, ensures that China's army is forever the party's armed power, the people's armed power, and the socialist state's armed power.⁴⁵

And for the historical determinists in the audience, it provides the appropriately bracing cautionary tales from the past:

Zhang Guotao premeditated [a plan] to split the party and the Red Army, Lin Biao conspired and schemed for an armed *coup d'état*. In the end, however, they did

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

not prevail [because] fundamentally the CMC chairman responsibility system played the role of a "secret weapon."⁴⁶

In order to implement the CRS, the article also suggests a self-improvement regimen for the reader that involves counting on all ten fingers:

Earnestly implement the requirements of the "five musts" [must uphold the Central Committee's authority, party unity, organizational procedure, organizational decisions, and must control relatives and close colleagues] and the "five never allows" [never allow deviating from the Central Committee's requirements, cultivating personal power, making a decision without authorization, engaging in non-organizational activities, and never allow the monopolization of power, interference in government, or seeking personal gain].⁴⁷

Finally, the article offers some recommended readings for extra credit, including "Xi Jinping's Discussion of Governing the Nation and Managing State Affairs" and "Xi Jinping's Discourse on a Powerful and Rejuvenated Military."⁴⁸

The propaganda emphasis on the "chairman responsibility system" in PLA media and Party journals matches the tone and content of the broader 19th Party Congress meme of "Xi in command" with the not-so-subtle overtones of "Xi as the new Mao." But how is this working in practice? One expert observer with apparently excellent sources offers a portrait of a hands-on leader making decisions:

The so-called "CMC chairman responsibility system" means that in all the issues of discussions, the final decision-making authority lies with Xi Jinping. At present, Xi goes to the CMC administrative building at least twice a week and he was there even more often during the military reforms. Some of the plans were even proposed by Xi himself, while the CMC members were only passing 'such proposals.'⁴⁹

The same analyst notes that the consolidation of the four general departments into a "super CMC" means that the CMC Chairman has even more authority and span of control than before the reorganization, making the CRS even more significant for party-military relations and command and control of the military in peacetime, crisis, and war.⁵⁰ Yet the entire edifice raises the same questions plaguing observers of the wider Chinese political landscape: has Xi genuinely consolidated power for the next five years and beyond, or are we too influenced by the press releases? Will there be any elite backlash or counter-reaction to the seemingly heavy-handed and

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ "CMC Chairman Accountability System and China's Diplomacy," *Kanwa Asian Defense Review*, 1 April 2017, No. 150, pp.32-35.

⁵⁰ Ibid.

atavistic cult of personality content in the propaganda apparatus? Does the non-stop demand for the PLA to obey Xi's commands actually have the opposite intended effect, perhaps raising doubts about the legitimacy of his authority because he protest too much? Probably too early to draw conclusions, but the CRS process itself does suggest one troubling implication: Xi's erection of the "chairman responsibility system" could provide an additional institutional rationale in five years for his continued exercise of power over the military, in contravention of the previous age-based and position-based institutional norms about retreating to second-line (到二线) elder status like Jiang or Hu. From that vantage point, Xi could then overcome whatever party opposition he faces for a third term as general secretary or even "general secretary for life."

Xi Jinping as Commander in Chief

On 20 April 2016, Xi Jinping formally inspected the Central Military Commission's (CMC) joint battle command center (军委联合作战指挥中心). The event was broadcast on national television,⁵¹ and he was accompanied by all members of the CMC,⁵² signifying the importance of the event. His visit was notable for many reasons, including the public glimpse of the command center itself, Xi's decision to wear the PLA's new digital camouflage uniform instead of his usual green tunic, and most strikingly, the commentary's description of Xi using the new nomenclature "commander-in-chief of the CMC Joint Operations Center (军委联指总指挥)." The latter announcement produced a bow wave of foreign press coverage, propelled by an unusual break in the standard atmosphere of military secrecy and the insatiable prurience of Pekingologists eager to ascribe significance to subtle terminological distinctions.⁵³

Xi's visit to the command center began predictably enough, greeting on-site personnel and observing them working at their duty stations.⁵⁴ It was striking that he wore a green military uniform for the occasion, rather than his usual black or green *zhongshanzhuang*. The uniform itself modeled the PLA's new digital camouflage pattern, though without any rank insignia. While some observers asserted that this was the first time he had worn a military uniform, official Chinese media clarified that this was "the first time a Chinese president had inspected a

⁵¹ Li Xuanliang and Li Yun, "Xi Jinping Inspects CMC Joint Operations Command Center on the Morning of 20 April," *Xinhua*, 20 April 2016; "President Xi Visits Joint Battle Command Center," *Xinhua*, 20 April 2016.

⁵² CMC Vice-Chairs Fan Changlong and Xu Qiliang, as well as other CMC members Chang Wanquan, Fang Fenghui, Zhang Yang, Zhao Keshi, Zhang Youxia, Wu Shengli, Ma Xiaotian, Wei Fenghe.

⁵³ "China's Xi Jinping Takes Commander in Chief Military Title," BBCnews, 21 April 2016; Austin Ramzy, "China's President, Xi Jinping, Gains a New Title: Commander in Chief," *New York Times*, 21 April 2016; "Xi Jinping Named as 'Commander in Chief' by Chinese State Media," *The Guardian*, 21 April 2016; Jeremy Page, "China's Xi Adds 'Commander-in-Chief' to His Titles," *Wall Street Journal*, 21 April 2016; Ankit Panda, "Xi Jinping Has a New Title: Commander-in-Chief of the People's Liberation Army," *TheDiplomat.com*, 22 April 2016; Kayleigh Lewis, "Chinese President Xi Jinping Named as Military's 'Commander-in-Chief'," *The Independent*, 23 April 2016; Eric Baculinao, "China's President Xi's New Role: Military Commander-in-Chief," *NBC News*, 21 April 2016; Ed Adamczyk, "Chinese President Xi Jinping Takes Title of Commander in Chief," *UPI.com*, 21 April 2016;

⁵⁴ Li Xuanliang and Li Yun, "Xi Jinping Inspects CMC Joint Operations Command Center on the Morning of 20 April," *Xinhua*, 20 April 2016.

top military body in a combat uniform and the second time Xi had appeared in public in such a uniform.”⁵⁵ Retired PLA major general Xu Guangyu insisted the uniform matched the “battle commander” context of the venue and the meeting:

Xi's camouflage military suit showed that he is top commander of the PLA's supreme joint battle command body, which was set up to meet today's modern warfare demands, and is capable of commanding land, navy and air forces, as well as other special troops like the Rocket Force and Strategic Support Force. It [was a meeting for battle commanders] as other CMC members and senior officials participating were all wearing the camouflage uniform.⁵⁶

In a separate article, *China Daily* averred that Xi had in fact worn “a camouflage uniform for the first time in January 2014 when he inspected a border defense regiment in the Inner Mongolia autonomous region,” but did not provide an explanation for why he initially wore the uniform in 2014 in such an obscure context, or why he had not worn it again during the intervening 26 months.⁵⁷

Things veered sharply away from the normal inspection script, however, when Xi “sat down at the seat for ‘commander-in-chief’ (总指挥),” listened to a report by the CMC Joint Operations Command Center about the current situation, and received briefings from the commanders of each of the newly established north, south, east, west and central theater commands via video links.⁵⁸ The word “seat” is a bit of an understatement, as the accompanying video shows Xi on a raised throne-like dais facing the entire room of military officers. PRC official media immediately trumpeted Xi’s new title of “commander-in-chief,” which was explicitly added to his traditional three titles of CCP General-Secretary, PRC state president, and Chairman of the Central Military Commission. One *Xinhua* article muddies the issue by referring to him as “commander-in-chief of China's armed forces,”⁵⁹ but all of the other sources are consistent.

After listening to the situation reports from personnel at the central and then theater command level, Xi made a speech of his own. The themes of his speech fall into two broad categories. The first addressed the emerging development of the joint battle command system itself, which is clearly a top priority of the PLA’s reorganization.⁶⁰ Xi called on the audience to build a joint battle command system “with Chinese characteristics,” the standard code-phrase for not slavishly copying foreign examples like the US Joint Staff at the expense of China’s own unique “conditions.”⁶¹ He exhorted them to build a “professional and efficient” system⁶² that “meets the

⁵⁵ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁵⁶ Minnie Chan, “China's President Xi Steps Out With A New Military Title – And The Uniform To Match,” *South China Morning Post*, 21 April 2016.

⁵⁷ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁵⁸ Li Xuanliang and Li Yun, “Xi Jinping Inspects CMC Joint Operations Command Center on the Morning of 20 April,” *Xinhua*, 20 April 2016.

⁵⁹ “Xi Brings Strength, Integrity to Chinese Armed Forces,” *Xinhua*, 30 July 2016.

⁶⁰ “Xi Stresses Joint Battle Command for Military Reform,” *Xinhua*, 21 April 2016.

⁶¹ “Xi Stresses Joint Battle Command for Military Reform,” *Xinhua*, 21 April 2016.

⁶² “President Xi urges stronger military,” *China Daily*, 21 April 2016.

needs of fighting and winning an informatized war.”⁶³ Specifically Xi highlighted that one of the goals of the recent reforms was to “strengthen the capabilities of the CMC Joint Command Headquarters” itself, which he had apparently appointed himself to command.⁶⁴ Small wonder he also exhorted the military personnel of this joint battle command system to be “absolutely loyal” to the CCP, which he coincidentally also leads.⁶⁵

The second theme concerned the characteristics and expectations for the joint battle command system’s personnel. Xi told them to “regard their positions at the headquarters as their combat positions on the battlefield,” doing their part to “resolutely safeguard the country’s sovereignty, security, and development interests.”⁶⁶ He called for officers to have “a clear sense of crisis,” honing their “ability for informatized warfare.”⁶⁷ Xi promised “special measures” to train personnel for joint operations, as well as acceleration of “the development and deployment of advanced military technologies.”⁶⁸ In particular, he called for this training to implement “the military strategies under the new situation” and focus on the “core key functions of studying and commanding wars.”⁶⁹

Outside observers offered a wide range of opinions about the significance of Xi Jinping’s new title of “commander-in-chief.” Liang Guoliang notes the choice of official *Xinhua* translation, comparing the new title to the US president’s position as the “commander-in-chief” of the country’s armed forces.⁷⁰ Xu Guangyu contrasts it with his CMC chairmanship, insisting that the “CMC is responsible for the PLA’s management and defense building, while the joint battle command center focuses on combat and relevant strategies.”⁷¹ In addition, the linking of the new title to the venue of the joint battle command center suggest that it is a wartime command role, whereas his title of CMC Chairman represents his CCP-derived “political” leadership of the military in peacetime. You Ji calls the title a “symbol of ultimate command and control of the armed forces,”⁷² while others go further and insist that it shows Xi “is not only the political and administrative leader of China but also its overall military commander.”⁷³ Some analysts provided the evidence-free assertion that the move showed Xi had “built up a level of personal authority over troops on par with late leaders such as Mao Zedong and Deng Xiaoping,” while

⁶³ “Xi Stresses Joint Battle Command for Military Reform,” *Xinhua*, 21 April 2016.

⁶⁴ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁶⁵ “Xi Stresses Joint Battle Command for Military Reform,” *Xinhua*, 21 April 2016.

⁶⁶ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁶⁷ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁶⁸ “President Xi urges stronger military,” *China Daily*, 21 April 2016.

⁶⁹ “Xi Stresses Joint Battle Command for Military Reform,” *Xinhua*, 21 April 2016.

⁷⁰ Minnie Chan, “China’s President Xi Steps Out With A New Military Title – And The Uniform To Match,” *South China Morning Post*, 21 April 2016.

⁷¹ Minnie Chan, “China’s President Xi Steps Out With A New Military Title – And The Uniform To Match,” *South China Morning Post*, 21 April 2016.

⁷² Austin Ramzy, “China’s President, Xi Jinping, Gains a New Title: Commander in Chief,” *New York Times*, 21 April 2016.

⁷³ Eric Baculinao, “China’s President Xi’s New Role: Military Commander-in-Chief,” *NBC News*, 21 April 2016;

others saw the move primarily as a denigration of the circumscribed authority of Hu Jintao or Jiang Zemin over the PLA during their tenures.⁷⁴

Some observers instead focused on the message to the outside world; namely that “Xi was not only the top administrative leader of the world's biggest army, but also the chief commander of the fighting force.”⁷⁵ Some even went so far as to say that “his appearance in military fatigues may also be a display of strength aimed at China's rivals.”⁷⁶ Others focused on the implications of the title for PLA modernization. The BBC opined that the title showed “China is modernizing its armed forces fast, and Xi Jinping is at the center of that change.”⁷⁷ Zhang Lifan, a noted political historian takes a comparative view, arguing that “by reforming the old military command and serving as commander-in-chief, he was discarding the old Soviet-style structure and emulating the U.S. model of joint command for faster execution of decision.”⁷⁸ Michael Raska agrees, positing that “this long, funky title is part of accelerating reforms at the operational level.”⁷⁹ Andrei Chang, however, cautioned against over-emphasizing the military aspect of the announcement, insisting that Xi's new title remains “more political than military” and doesn't imply “he will take charge of the day-to-day running of the PLA.”⁸⁰ Instead Chang asserts the visit was designed “to show off his muscle to his potential enemies and show that he is tough and in charge.”⁸¹ Dennis Wilder also points to the broader party-military dynamic as well as leadership concerns about social stability, arguing

By donning both military fatigues and a new title, Xi may be sending a signal to the military that he intends to exercise closer control than other leaders have done in the past...Xi's move is therefore also a signal to the wider society and his rivals within the regime that he can and will use force to counter domestic challenges.⁸²

In the end, however, I think Xi's decision to wear a military uniform actually signals the weakness and dysfunction of the Chinese system, rather than its strength. In more mature and resilient political systems, such as the United States or countries in Western Europe, the civilian

⁷⁴ Minnie Chan, “China's President Xi Steps Out With A New Military Title – And The Uniform To Match,” *South China Morning Post*, 21 April 2016.

⁷⁵ Minnie Chan, “China's President Xi Steps Out With A New Military Title – And The Uniform To Match,” *South China Morning Post*, 21 April 2016.

⁷⁶ “China's Xi Jinping Takes Commander in Chief Military Title,” BBCnews, 21 April 2016;

⁷⁷ “China's Xi Jinping Takes Commander in Chief Military Title,” BBCnews, 21 April 2016;

⁷⁸ Eric Baculinao, “China's President Xi's New Role: Military Commander-in-Chief,” *NBC News*, 21 April 2016;

⁷⁹ Austin Ramzy, “China's President, Xi Jinping, Gains a New Title: Commander in Chief,” *New York Times*, 21 April 2016.

⁸⁰ Eric Baculinao, “China's President Xi's New Role: Military Commander-in-Chief,” *NBC News*, 21 April 2016;

⁸¹ Eric Baculinao, “China's President Xi's New Role: Military Commander-in-Chief,” *NBC News*, 21 April 2016;

⁸² Andrew Nathan and Tai Ming Cheung, “Xi Jinping's New Military Position: A ChinaFile Conversation,” *South China Morning Post*, 1 May 2016.

political leadership does not feel compelled to don the garb of their professional armed forces, primarily because of their confidence in the mechanisms of civilian control of the military and the popular legitimacy of their governments but also because it would be perceived as an insult to the professional officer corps. By contrast, the adoption of military uniforms by political leaders is common in shallow, tinpot dictatorships where their tenuous, personalized grasp on power lacks institutional or popular legitimacy. In some cases, such as Libya under Gaddafi or his fictional representation as Admiral General Aladeen in *The Dictator*, the leader even feels compelled to design outlandish, garish uniforms for himself with unearned medals and ranks in a spasm of overcompensation. In this case, Xi went with the more understated choice of camouflage with no rank insignia, but it still prompts the same question: if you need to announce that you are appointing yourself “commander-in-chief,” are you really?

Xi Jinping and Key Appointments

In October 2017 at the first plenary session of the 19th Central Committee, Chinese state media announced the lineup of the new Central Military Commission (CMC). While a smaller CMC had been rumored in the weeks prior, the new configuration shattered previous paradigms of military leadership. Not only was the number of members reduced from eleven to seven, but there was a wholesale change in the assignment of seats by office, reflecting the tectonic changes from the PLA’s massive reorganization.⁸³ This section of my testimony examines the transition, analyzes the individuals chosen and the logic for their selection, and assesses the implications for party-Army relations.

The prescribed makeup of the CMC, as promulgated in the PRC Constitution, is flexibly vague. According to Article 93,

The Central Military Commission of the People’s Republic of China directs the armed forces of the country. The Central Military Commission is composed of the following: Chairman; Vice-Chairmen; and Members. The Chairman of the Central Military Commission has overall responsibility for the commission. The term of office of the Central Military Commission is the same as that of the National People’s Congress.⁸⁴

The constitution does not specify the number of “members,” nor does it specify the ex officio positions those members need to hold within the military. Frankly, the ambiguity of the language could even be flexible enough to accommodate previously unseen configurations, such as “co-chairman” or a single vice-chairman. As a result, the “drop” from eleven to seven members does not by itself have any institutional significance, particularly when compared with Xi Jinping’s counter-norm move to eliminate the two-term rule in the constitution. Indeed, the prior 11

⁸³ James Mulvenon, “China’s ‘Goldwater-Nichols’? The Long-Awaited PLA Reorganization Has Finally Arrived,” *China Leadership Monitor*, no. 49, Winter 2016, accessed at: <https://www.hoover.org/research/chinas-goldwater-nichols-long-awaited-pla-reorganization-has-finally-arrived>.

⁸⁴ “Constitution of the People’s Republic of China,” accessed at: <http://en.people.cn/constitution/constitution.html>.

members of the 18th Central Military Commission was an historical outlier, and the CMC since the 1989 Tiananmen Massacre was consistently smaller.

Instead, the much more interesting dynamic is the change in the military positions of those officers appointed to the CMC, driven most persuasively by the actual top-level organization of the PLA rather than political considerations. Appendix A delineates the titles of every member of the CMC since the 14th Party Congress in 1992. The 14th through 16th CMC memberships clearly reflect the dominance of the General Department system, with the traditional dual vice-chairmen honchoing operational and political issues, respectively, a minister of defense handling external military relations, and the heads of the four General Departments rounding out the group. The 17th and 18th CMCs in retrospect now appear to be transitional configurations for the Xi Jinping reorganization, with the configuration from the 14th through 16th CMCs supplemented by the commanders of the respective armed service branches to inject more jointness into the national command structure. The 19th CMC, by contrast, reflects the “demotion” of the General Departments to departments under the CMC, the “demotion” of the armed service branches to “train and equip” organizations, and the heightened political significance of the anti-corruption investigation. As a result, the 19th CMC includes Chairman Xi, the traditional dual vice-chairmen (Xu Qiliang and Zhang Youxia),⁸⁵ a minister of defense (Wei Fenghe) overseeing a supposedly expanded scope of responsibilities, the directors (Li Zuocheng and Miao Hua) of the two most powerful CMC departments (Joint Staff and Political Work), and the head of the PLA Commission for Discipline Inspection (Zhang Shengmin).⁸⁶ At 67 years of age, Xu and Zhang are the oldest of the seven members, suggesting that Xi followed the party’s unwritten “seven up, eight down” rule, which means leaders aged up to 67 can stay on for another term while those 68 or older must retire.⁸⁷

*Meet the 19th Party Congress Central Military Commission!*⁸⁸

Vice-Chairman Xu Qiliang (许其亮). Xu Qiliang, like many prominent military leaders over the years, hails from Shandong Province. Born in 1950, he joined the Air Force at the beginning of the Cultural Revolution in 1966, when it was a powerful political entity under Marshal Lin Biao’s son, Lin Liguo. After three years of schooling, which was notable in a time when most technical schools were closed and “experts” were suspect, Xu became an aviator. For the next 30 years he systematically worked his way through increasingly senior Air Force command positions, with predictable stops along the way at National Defense University from 1986 to 1988. Xu’s career intersected with Xi Jinping when he became commander of the PLAAF’s Eighth

⁸⁵ Liu Zhen, “What Changes at The Top Mean for China’s Military,” *South China Morning Post*, 26 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2116856/what-changes-top-mean-chinas-military>.

⁸⁶ Minnie Chan, “Xi Jinping Rolls Out Leaner Top Line Up for China’s Military Machine,” *South China Morning Post*, 26 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2117004/xi-jinping-rolls-out-leaner-top-line-chinas-military>.

⁸⁷ Ibid.

⁸⁸ Most biographical data in this section is taken from *China Vitae*, accessible at: <http://chinavitae.com>.

Corps, based in Fuzhou, in late 1989, while Xi became the city's party head in 1990.⁸⁹ After serving as PLAAF chief of staff in the mid- to late 1990s, Xu finally made the transition to the military region level, promoted to deputy commander of the Shenyang Military Region and then commander of the Shenyang MR Air Force. He then made the leap to Beijing, posted first as a deputy chief of the General Staff, then commander of the PLAAF and a member of the Central Military Commission. In 2012, he was elevated to be a vice-chairman of the CMC as well as a deputy director of the Leading Group for Deepening Reform in National Defense. He is currently one of two PLA officers on the Politburo and the first non-ground officer to be vice-chairman of the Central Military Commission.

Vice-Chairman Zhang Youxia (张又侠). Zhang Youxia was born in Weinan City, Shaanxi Province, in 1950. His father was Zhang Zongxun, who commanded the Northeast Army Corps in the late 1940s, when Xi Jinping's father, Xi Zhongxun, who also hailed from Weinan, was its political commissar.⁹⁰ One PLA officer describes Zhang and Xi as "sworn brothers" because of their mutual experience of suffering through their father's purges during the Cultural Revolution.⁹¹ Zhang joined the PLA in December 1968 and joined the CCP in May 1969.⁹² Little is known about his early years in the PLA, except that he worked his way through the 14th Group Army to eventually command the 40th Division. He did two tours during the Sino-Vietnamese War (1979-84) and is described as having performed with "meritorious service."⁹³ From 1994 to 2005, Zhang was deputy commander and then commander of the 13th Group Army.⁹⁴ In 2005, Zhang moved to the military region level, posted first as deputy commander of the Beijing MR and then commander of the Shenyang MR. In 2012, he was elevated to the Central Military Commission and appointed director of the General Armaments Department, overseeing military research, development, and acquisition.

⁸⁹ Minnie Chan, "General Xu Qiliang: How a Chinese Air Force Top Gun Shot to the Top of Military," *South China Morning Post*, 25 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2116939/general-xu-qiliang-how-chinese-air-force-top-gun-shot>

⁹⁰ Minnie Chan, "General Zhang Youxia: Xi Jinping's 'Sworn Brother' Now His Deputy on China's Top Military Body," *South China Morning Post*, 25 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2116936/general-zhang-youxia-xi-jinpings-sworn-brother-now-his>

⁹¹ Minnie Chan, "General Zhang Youxia: Xi Jinping's 'sworn brother' now his deputy on China's top military body," *South China Morning Post*, 25 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2116936/general-zhang-youxia-xi-jinpings-sworn-brother-now-his>

⁹² "Zhang Youxia -- Member of Political Bureau of CPC Central Committee," *China Daily*, 26 October 2017, accessed at: http://www.chinadaily.com.cn/china/2017-10/26/content_33723562.htm

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⁹⁴ "Zhang Youxia -- Member of Political Bureau of CPC Central Committee," *China Daily*, 26 October 2017, accessed at: http://www.chinadaily.com.cn/china/2017-10/26/content_33723562.htm

General Wei Fenghe (魏凤和), Defense Minister. Wei Fenghe is China's new defense minister, replacing Chang Wanquan. Born in 1954 in Chiping County, Shandong Province, Wei joined the PLA in 1970 and became a CCP member in 1972.⁹⁵ He spent his entire career in the Second Artillery, now the PLA Rocket Force. In 1975, Wei studied rocket engineering at a missile school under the Commission for Science, Technology and Industry for National Defense (COSTIND).⁹⁶ He went on to train as a strategic missile commander at the Second Artillery Corps' college in Wuhan. Wei worked his way up through the ranks at the 53rd Base and then serving as deputy chief of staff, chief of staff, and finally commander of the force. He has the distinction of being the youngest deputy chief at age 56 of the former General Staff Department in 2010. In 2012, he joined the CMC as an ex officio member, and was reinstated in 2017 without portfolio but with the expectation that he would become minister of defense at the National People's Congress in early 2018. Wei is now the first non-ground force officer to serve as Minister of Defense.

General Li Zuocheng (李作成), Director, CMC Joint Staff Department. Born in 1953 in Anhua County, Hunan Province, Li has enjoyed a typical Army career, promoted to command the 41st Group Army, and then serving as deputy commander, deputy chief of staff, and then commander of the Chengdu Military Region. In 2016, he assumed command of the newly formed Army Headquarters, and one year later became director of the new CMC Joint Staff Department (formerly General Staff Department). This latter position was sufficiently senior to merit elevation to the CMC in 2017. According to a reputable Hong Kong media source, Li is "a decorated hero of the [1979] Sino-Vietnamese war and a veteran leader of disaster relief campaigns."⁹⁷ In Vietnam, he was awarded a "first-class merit," and his combat company won a collective order of merit.⁹⁸ When Li was promoted to division commander in 1994, his combat unit was awarded a second-class merit for their part in a flood-relief mission in Guangxi.⁹⁹ In

⁹⁵ Minnie Chan, "'Reticent' General Wei Fenghe Could be China's New Defence Minister, Sources Say," *South China Morning Post*, 24 February 2018, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2134555/reticent-general-rockets-ranks-central-military>

⁹⁶ Minnie Chan, "'Reticent' General Wei Fenghe Could be China's New Defence Minister, Sources Say," *South China Morning Post*, 24 February 2018, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2134555/reticent-general-rockets-ranks-central-military>

⁹⁷ Minnie Chan, "Xi Jinping Rolls Out Leaner Top Line Up for China's Military Machine," *South China Morning Post*, 26 October 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2117004/xi-jinping-rolls-out-leaner-top-line-chinas-military>.

⁹⁸ Minnie Chan, "War Hero Tipped as Xi Jinping's Choice for Key Role in World's Biggest Army," *South China Morning Post*, 17 August 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2106947/war-hero-tipped-xi-jinpings-choice-key-role-worlds>

⁹⁹ Minnie Chan, "War Hero Tipped as Xi Jinping's Choice for Key Role in World's Biggest Army," *South China Morning Post*, 17 August 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2106947/war-hero-tipped-xi-jinpings-choice-key-role-worlds>

1998, when he was 41st Group Army commander, he was a key leader in the two-month effort to respond to flooding across 24 provinces.¹⁰⁰

Admiral Miao Hua (苗华), Director, CMC Political Work Department. Miao Hua was born in 1955 in Fuzhou City, Fujian Province. He has been a career political officer, beginning on the Army side in the 31st and 12th Group Armies, and then moving to the military region level as the director of the Lanzhou MR Political Department and then deputy political commissar of the Lanzhou MR itself. In 2012, Miao was posted to the CCP Central Discipline Inspection Commission during the height of the first years of Xi's anti-corruption campaign. He moved over to the Navy as headquarters political commissar in 2014 and was promoted to admiral in 2015. Miao assumed the directorship of the new CMC Political Work Department in 2017, and was elevated to the CMC. Miao's reported connection to Xi Jinping was during his service as head of the Fujian-based 31st Group Army political department between 1999 and 2005, which overlapped with Xi Jinping's tenure in the province.¹⁰¹

Lieutenant General Zhang Shengmin (张升民), Director, CMC Discipline Inspection Commission. Born in 1958 in Shaanxi Province, Zhang is youngest member of the CMC. Also a career political officer, he served as the director of the Second Artillery Political Department, and then Political Commissar of the Second Artillery Force Command Academy.¹⁰² In 2010, Zhang led reconstruction work following the 2010 Yushu earthquake in Qinghai Province.¹⁰³ According to CCTV, his unit helped to build emergency living quarters for the monks at the Changgu Monastery (禅古寺), the largest Kagyu Tibetan Buddhist temple in Yushu Tibetan Autonomous Prefecture.¹⁰⁴ Zhang then moved quickly from political commissar of the CMC Logistics Supply Department to the secretary of the PLA Discipline Inspection Commission, where he oversees the sensitive anti-corruption investigation within the military. Zhang is well-known for his award-winning calligraphy.

Xi Jinping and the Anti-Corruption Campaign

In November 2014, Central Military Commission Chairman Xi Jinping used the occasion of the 85th anniversary of the 1929 Gutian Conference to convene a critical meeting on political work in the People's Liberation Army. Xi addressed the 420 generals and senior military officials in attendance for the two-day meeting, reminding them of Mao's dicta about party control of the military and connecting the themes to his current anti-corruption campaign.

¹⁰⁰ Minnie Chan, "War Hero Tipped as Xi Jinping's Choice for Key Role in World's Biggest Army," *South China Morning Post*, 17 August 2017, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2106947/war-hero-tipped-xi-jinpings-choice-key-role-worlds>

¹⁰¹ Bo Zhiyue, "The Rise of the 31st Army in Chinese Politics," *The Diplomat*, 30 December 2014, accessed at: <https://thediplomat.com/2014/12/the-rise-of-the-31st-army-in-chinese-politics/>

¹⁰² "履历不凡 新晋上将两年三履新 曾是'打虎干将'刘源继任者," *CCTV*, 3 November 2017.

¹⁰³ "履历不凡 新晋上将两年三履新 曾是'打虎干将'刘源继任者," *CCTV*, 3 November 2017.

¹⁰⁴ "履历不凡 新晋上将两年三履新 曾是'打虎干将'刘源继任者," *CCTV*, 3 November 2017.

The Gutian Congress was held on 1 November 1929 in Shanghang County in southeastern Fujian Province.¹⁰⁵ It was the ninth meeting of the Chinese Communist Party since its founding in 1921, and the first following the Nanchang Uprising in August 1927 that marked the founding of the Red Army. Most of the attendees of the 1929 congress were soldiers, and Mao Zedong chaired the meeting as the Comintern-appointed political commissar.

Mao authored the meeting's concluding resolution, entitled "On Correcting Mistaken Ideas in the Party," which addressed a set of "non-proletarian ideas" within the party and Army, including "ultra-democracy," "the disregard of organizational discipline," "absolute egalitarianism," "subjectivism," "individualism," "the ideology of roving rebel bands," and "the remnants of putschism."¹⁰⁶ But the lasting legacy of the Gutian meeting was Mao's criticism of what he called "the purely military viewpoint." Specifically, Mao was criticizing a number of wayward views in the military. The first was the belief that "military affairs and politics were opposed to each other," even going so far as to say that "military affairs [had] a leading position over politics."¹⁰⁷ The second was the incorrect view that the task of the Red Army "is merely to fight," instead of serving as "an armed body for carrying out the political tasks of the revolution" as well as "doing propaganda among the masses, organizing the masses, arming them, helping them establish revolutionary political power and setting up political organizations."¹⁰⁸ Indeed, the Gutian Conference was the seminal moment where the principle of CCP control of the military was enshrined as core party doctrine, and "set the tone for the army's political work during the revolutionary era" and beyond.¹⁰⁹

Prior to the 2014 Gutian Conference, the party and military propaganda systems were in full swing on the issue of party control of the military. The most complete read-ahead material for the conference attendees was a Yu Guang article in the July 2014 issue of *Seeking Truth* entitled "Looking at Casting the Military Soul from the Contemporary Values of the Gutian Conference."¹¹⁰ Describing party leadership of the military as "the immutable military soul of the Chinese military" and "an important political advantage of the party and of the nation," the author insists that this arrangement is essential for "achieving the goals of the dream of a powerful nation and the dream of a powerful military." At the same time, Yu Guang reminds his readers that the party-military relationship was not always so clearly subordinated, recalling the "intense debate at the Seventh and Eighth Party Conferences of the Fourth Red Army over the core issues of who was to lead the Red Army and who was to command it." He argues that "achieving consensus had proven difficult" until Mao suggested a reorientation with the

Notes

¹⁰⁵ "Xi Urges Serious Reflection On Xu Caihou's Case," *China Daily*, 1 November 2014.

¹⁰⁶ Mao Zedong, "On Correcting Mistaken Ideas in the Party," December 1929, *Collected Works of Mao Zedong*, Vol.1, accessed at: https://www.marxists.org/reference/archive/mao/selected-works/volume-1/mswv1_5.htm.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ "Xi Urges Serious Reflection On Xu Caihou's Case."

¹¹⁰ All subsequent quotes are taken from Yu Guang, "Looking at casting the military soul from the contemporary values of the Gutian Conference," *Qiushi*, 31 July 2014, No. 15.

following elements: (1) “a new military leadership system of absolute party leadership of the military,” (2) a mission statement that declared that the “Red Army is an armed group that executes the political tasks of the revolution,” (3) imperatives that the “military not lead politics” and that “the military not control political power,” and (4) the primacy of “party organization within the military.”

Pivoting to the contemporary situation, Yu argues “the times have changed, but the logic remains the same.” Specifically, he asserts, “the development of our party and military are at a new historical starting point,” especially given “major changes . . . in the environment both inside and outside the military,” but “China’s basic national situation and military situation have not changed.” Among the immutable elements are: (1) “the important status and role of the [party] to lead the military”; (2) the primacy of “people” as the key “factor that determines who wins and loses wars.” More interesting are the author’s list of “changes in the environment,” which includes professional concerns about the “profound development of the new world revolution in military affairs,” which creates a set of “arduous and complex tasks of deeply reforming and strategically transforming the Chinese military.” These difficult efforts are complicated by “plots of westernization by enemy forces” and “corrosion by various incorrect ideological trends,” which the author describes darkly as “diverse,” “varied,” “acute,” and “complex.” Enemies in “the West” are “pointing the spears of westernization and differentiation at the Chinese military in a reckless attempt to pull the Chinese military out from under the party’s banner.” They are attempting to undermine the current system by promoting ideas such as “departyizing and depoliticizing the military,” “nationalizing the military,” and the so-called “universal values” and “constitutional democracy.” This subversion has “blurred the understanding of the legal principle of absolute party leadership of the military in some officers and men” and “blurred their understanding of the special advantages of the military system with Chinese characteristics,” leading “some” to “blindly admire the military system and military control model of the west.”

Yet the weakness of Yu’s article and the great challenge for the party is the lack of effective, concrete measures for combating these trends. In the vacuum, Yu offers more of the same, no doubt with greater intensity and revolutionary spirit. He calls for “actively exploring effective ways and scientific methods of implementing and enforcing the basic system of absolute party leadership of the military,” “promoting inner-party democracy,” “improving decision-making mechanisms,” and “strengthening supervision, selecting people, and appointing people within the party.” In the end, he concludes with the view that success will be determined by finding people who are “absolutely reliable,” implicitly suggesting that some of the current crew may not be completely up to snuff. This last point was likely front and center in the minds of the hundreds of attendees at the November 2014 meeting, who were collectively under greater scrutiny than at any time since the post-Tiananmen political purges.

The 85th anniversary celebration of the Gutian Conference on 1 November 2014 was held at the historic site of the original 1929 meeting. According to a Xinhua report, Xi Jinping personally proposed that the gathering be held in Gutian.¹¹¹ Attendance at the meeting was no doubt

¹¹¹ Cao Zhi and Li Xuanliang, “(Military) All-Army Political Work Conference held in Gutian; Xi Jinping attends meeting, delivers important speech, emphasizes need to develop role of political work as lifeline for strengthening the army and invigorating the military, and to struggle

mandatory for any senior military leader who was ambulatory and breathing. Xinhua reports that all members of the Central Military Commission showed up, including Fan Changlong, Xu Qiliang, Chang Wanquan, Fang Fenghui, Zhang Yang, Zhao Keshi, Zhang Youxia, Wu Shengli, Ma Xiaotian, and Wei Fenghe.¹¹² Additional non-military attendees included Politburo member Wang Huning and CCP General Office Director Li Zhanshu.¹¹³ The rest of the crowd was drawn from “relevant leaders of the four general headquarters, the major leaders and political department directors of the large units, leaders of CMC General Office, political commissars of quasi-military regions and army-level units, the relevant comrades of the general headquarters and large units’ offices, representatives of the grassroots and heroic models, and the relevant leaders of Ministry of Public Security.”¹¹⁴ In total, the 2014 event was witnessed by “more than 420 representatives.”¹¹⁵

The color commentary that accompanied the conference provided some details about the venue and the activities of the participants. Faithful to the propaganda style manual, the building’s white walls and green roof tiles “looked solemn, old, and plain,” adorned with a “glistening” banner reading “Gutian Congress Shines Forever.”¹¹⁶ Xinhua tells us that attendees “visited the museum,” gazed upon a statue of Mao Zedong “with reverence,” dined on a likely spartan representation of something called the “Red Army meal” (reportedly brown rice and pumpkin soup), studied historical documents, listened to lectures about “tradition,” and saw “red movies.”¹¹⁷ There was the requisite cleansing ritual of criticism and self-criticism, with special emphasis on “the negative lesson and the harmful influence of Xu Caihou’s case.”¹¹⁸ Xinhua also wins a Marxist poetry award for its evocative assertion that “the meeting was full of a pungent gunpowder smell, and the attendees collectively underwent a round of party character tempering and spiritual baptism.”¹¹⁹

Apart from the atmospherics, the propaganda apparatus was resolute in its view that Xi Jinping was large and in charge. He began his morning by “cordially” receiving all of the participants, and then he “led” all CMC members in touring the site. Xi Jinping closely inspected the ground, “stopping at the photos and exhibition boards to examine them,” and “now and then asking the docent some related questions.”¹²⁰ While viewing the hall that housed the 1929 meeting, he “joined the people around him in remembering the utmost hardships and strenuous struggles that the forefathers endured in search of the revolutionary path, and talked to them about the situation

for realization of the party’s goal of strengthening the army under the new situation,” Xinhua, 1 November 2014.

¹¹² Cao Zhi and Li Xuanliang, “All-PLA Political Work Conference concludes at Gutian; Fan Changlong, Xu Qiliang attend and address the conference,” Xinhua, 2 November 2014.

¹¹³ “(Military) All-Army Political Work Conference held in Gutian.”

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ “All-PLA Political Work Conference concludes at Gutian.”

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ “(Military) All-Army Political Work Conference held in Gutian.”

and his feelings of his various visits to Gutian.”¹²¹ In a striking performance of ancestor worship, Xi climbed the 151-flight staircase of the Chairman Mao Memorial Garden, “respectfully laid a floral basket at Mao Zedong statue, personally smoothed out the ribbons on the floral basket, led the people to bow three times to Mao Zedong statue, paid homage to the statue, and deeply remembered the great exploits of the revolutionaries of the older generation.”¹²²

During the course of the conference, Xi made it abundantly clear that this was not his first visit to Gutian, which is not surprising given his official postings to Fujian from 1985 to 2002. He told the participants that he had been to the old revolutionary base area on 19 occasions, “every time making a special trip to visit with the veteran red armymen and the dependents of the armymen and martyrs.”¹²³ On this trip to Gutian, Xi Jinping again specially invited “ten veteran red armymen, dependents of the armymen and martyrs, as well as representatives of veteran underground party members, veteran guerillas, veteran transporters, veteran liaison men, and veteran township cadres in the old soviet areas.”¹²⁴ During their meeting at the Party Member-Cadres Education Center, Xi Jinping was at his paternalistic best, holding the “veteran comrades’ hands and show[ing] concern about their comfort.”¹²⁵ Naturally, the “veteran comrades were especially moved on seeing Xi Jinping,” and reciprocated his concern by expressing “their trust in the party central committee and their delights over the nation’s development and achievements.”¹²⁶

The centerpiece of the conference was Xi Jinping’s speech. After the customary throat-clearing about the “Party commanding the gun” and the military’s fine traditions of political work, Xi offered a relatively positive assessment of military developments since the 18th Party Congress, crediting the PLA with “closely focusing on the goal of strengthening army, stepping up and improving political work, concentrating on forging the army spirit, servicing the center, rectifying the prevalent practice, strictly enforcing the discipline, and punishing corruption.”¹²⁷ At the same time, he identified 10 “outstanding problems” in the military, with particular emphasis on “leading cadres’ ideology, politics, and work style.”¹²⁸ The main causes of these problems were spiritual, and included “problems in ideals and beliefs, principle of party spirit, revolutionary spirit, [and] organizational discipline.”¹²⁹ At the same time, he called out “insufficient education of the instructors themselves, excessive leniency and softness in managing the leading cadres, failure to effectively develop the supervision system’s functions,

¹²¹ Ibid.

¹²² Ibid.

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ All quotes in this section can be found in “(Military) All-Army Political Work Conference held in Gutian.”

¹²⁸ All quotes in this section can be found in “(Military) All-Army Political Work Conference held in Gutian.”

¹²⁹ All quotes in this section can be found in “(Military) All-Army Political Work Conference held in Gutian.”

and loopholes in developing rules and regulations.”¹³⁰ In a blinding flash of the obvious, Xi complained that management of officials is “too lax” and “the supervision system has flaws.”¹³¹ Directly contradicting unnamed individuals arguing that the PLA should spend more time on military professional tasks than political work, Xi countered that domestic and foreign trends demand that “political work should only be strengthened, not weakened.” Xi then cast a pall over the room by discussing the case of Xu Caihou, who was investigated in March 2014, expelled from the party in June 2014, and confessed to accepting “extremely large” bribes on 28 October 2014.¹³² Highlighting Xu’s case as a cautionary tale, Chairman Xi called for the attendees to “deeply reflect on the lessons learned and thoroughly exterminate its influence.”¹³³

After diagnosing the disease, Xi then proceeded in his speech to offer the remedy in the form of five directives. As with all speeches of this sort, the cardinal order of the remedies is often as significant as the content of the remedies, especially as a reflection of the priorities for political guidance. The first, as usual, was spiritual, focused on reinforcing the ideological commitment to party leadership over the military. The second was managerial, centered on recruiting and promoting reliable people who will not be swayed by negative ideological trends. The third directive specifically addressed the anti-corruption campaign, emphasizing that it was a long-term, existential fight not a short-term correction. All the way down in the fourth position was warfighting and combat proficiency, though even here Xi was less interested in “winning” than cultivating the “dauntless, heroic, and adamant combat style of the officers and men.” The fifth directive was a throwaway line about “innovating the development of political work.” All in all, a strikingly political agenda with little if any concentration on military professional tasks.

Immediately following Xi’s speech, senior military leaders rose to praise the speech and the speaker. CMC Vice Chairman Fan Changlong polished the cormorant by describing the meeting as an “historic event of milestone significance” and Chairman Xi’s speech as a “very profound” message that “greatly shocked and deeply educated” him.¹³⁴ CMC Vice Chairman Xu Qiliang declared that the speech “contains profound thoughts” and “shines with the truth of our times.”¹³⁵ Other highlights of the more than 20 *biaotai* remarks from military leaders include comments from controversial PLA officers, such as GLD Political Commissar Liu Yuan and NDU Political Commissar Liu Yazhou. In Liu Yuan’s speech, “Earnestly Implement Demand on ‘Three Strict and Three Solid Things’,” he repeats his earlier prescient and unpopular warnings about the “destruction of the armed forces’ political ecology” by the corruption of officers like “Xu Caihou and Gu Junshan.” Liu Yazhou’s speech, entitled “Vigorously Cultivate Outstanding Talented Military Personnel Who Can Shoulder the Heavy Responsibility of Strengthening the Army,” focused on “cultivation of talented military personnel” as the remedy, with no mention of some of his more controversial beliefs about political reform. Finally, Wang Jianwei, political

¹³⁰ All quotes in this section can be found in “(Military) All-Army Political Work Conference held in Gutian.”

¹³¹ “Xi urges serious reflection on Xu Caihou’s case,” Xinhua, 1 November 2014.

¹³² Ibid.

¹³³ All quotes in this section can be found in “(Military) All-Army Political Work Conference held in Gutian.”

¹³⁴ “All-PLA Political Work Conference concludes at Gutian.”

¹³⁵ Ibid.

commissar of the National University of Defense Technology, offered a technological perspective in his speech, “Strengthen and Improve the Armed Forces’ Political Work in the Information Network Era,” arguing that ideological supremacy on the “information network should become a position that must be fought for, defended, and occupied.”¹³⁶

It is always important to closely examine post-meeting or speech propaganda work, both to confirm the important *tifa* but also to try to detect any important variations or subtle disagreements with the official line. In this case, there was very little evidence of the latter. Authoritative state media summarized the meeting thusly:

The conference deeply studied and implemented the spirit of a series of important speeches by Chairman Xi, especially his important speech at this conference, adhered to the principle of ideological party building and political army building established by the Gutian Conference [in 1929], carried forward the fine tradition of our army’s political work, studied and settled major practical issues concerning our party’s ideological and political army building with a spirit of reform and rectification.¹³⁷

Xinhua offered three “highlights” of the meeting:

—The contemporary theme of the army’s political work is to closely center on realizing the Chinese dream of the Chinese nation’s great rejuvenation, and provide a strong political guarantee for realizing the party’s goal of strengthening the army under the new situation.

—To strengthen and improve our army’s political work under the new situation, the most important thing now is to erect four fundamental things: Firmly erect the ideals and beliefs throughout the army, firmly erect the principle of party spirit throughout the army, firmly erect the standards for combatworthiness throughout the army, and firmly erect the prestige of political work throughout the army.

—To strengthen and improve our army’s political work under the new situation, we should now focus on the following five areas: Focus on firmly forging the army spirit, focus on effectively managing senior and middle-ranking cadres, focus on improving the work style and struggling against corruption, focus on nurturing the combatant spirit, and focus on innovating the development of political work.¹³⁸

¹³⁶ “Provide strong political guarantee to achieving party’s strong-military objective in new situation—Excerpts of speeches by representatives to All-Army Political Work Conference,” *Liberation Army Daily*, 3 November 2014, pp.6–7.

¹³⁷ “All-PLA Political Work Conference concludes at Gutian.”

¹³⁸ “(Military) All-Army Political Work Conference held in Gutian.”

The subsequent *Liberation Army Daily* editorial¹³⁹ and commentator article¹⁴⁰ were long on reflexive ideological cant about the glories of the past and the challenges of the present but short on any tangible policy changes or new ideas, other than doing more of the same with greater energy. One very direct *Liberation Army Daily* article insisted that the Gutian Conference sent a “clear signal,” reiterated that the Party must maintain absolute control of the military, piled on the criticism of Xu Caihou, and issued more broadsides against calls to “nationalize” the military as “conceited and naïve . . . ideals from the West.”¹⁴¹ *Qiushi* described the speech, which was given at “a holy place of the revolution,” as “a new ‘political blueprint’ for strengthening and developing the military” that will allow the PLA to scrape “poisoned tissues off bones.”¹⁴² The only false note came from a very brave Professor Ni Lexiong in Shanghai, who told the *South China Morning Post* that “Xi’s move to promote such ‘Red Army spirit’ will fail because such utter devotion is contrary to current basic social values, where people just pursue economic interests under the market economy.”¹⁴³ Professor Ni’s current location and health are unknown at the time of writing.

What to make of this very “retro” move by Xi Jinping, forcing hundreds of senior military leaders to revisit one of the touchstones of the revolution and haranguing them with ideological and moral exhortation? Was the meeting and his speech really a “major innovative development of the party’s military guidance theory” filled with “new thoughts, new viewpoints, new requirements for energetically building political organs and political cadre contingents that are absolutely loyal to the party, competent in focusing on war-fighting, and able to keep a good style and image”?¹⁴⁴ Did it really “open a new chapter of political army building and of strengthening and developing the military in our times,” providing “a profound answer to the important practical issue in the domain of political work” and “an explicit roadmap and a guideline for unfolding action for political work under the new situation”?¹⁴⁵ Is “political work,” rather than the technical and professional achievements of military modernization since the late 1990s, really the PLA’s “greatest feature and greatest advantage” and essential for achieving the “China dream”?¹⁴⁶ Can ideological purity and revolutionary spirit defeat a carrier strike group?

¹³⁹ Editorial, “Provide strong political guarantee for fulfilling the party’s military strengthening goal under the new situation,” *Liberation Army Daily*, 2 November 2014.

¹⁴⁰ Staff commentator, “It is urgently necessary to settle prominent problems in political work—Second Talk on seriously studying and implementing chairman xi’s important speech at the All-PLA Political Work Conference,” *Liberation Army Daily*, 5 November 2014, p. 1.

¹⁴¹ “‘Party Commands Gun’ Must Be Upheld,” *Liberation Army Daily*, 3 November 2014.

¹⁴² PLA General Political Department, “The Scientific Guide to Strengthening and Developing the Military under the new situation—Deeply study and implement Chairman Xi Jinping’s important speech at the All-PLA Political Work Conference,” *Qiushi*, 1 December 2014, No. 23.

¹⁴³ Minnie Chan, “Communist Party ‘Controls The Gun,’ PLA Top Brass Reminded,” *South China Morning Post*, 5 November 2014, accessed at: <http://www.scmp.com/news/china/article/1632136/communist-party-controls-gun-pla-top-brass-reminded>.

¹⁴⁴ “The Scientific guide to strengthening and developing the military under the new situation.”

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

Short answer: not really. But the GPD's *Qiushi* article is correct when it argues "military reform has entered the stage of tackling tough issues and has come to a crucial juncture of style rectification and anti-corruption," especially given the crushing impact of the arrest of Xu Caihou, which did in fact cause "immeasurable harmful effects to the prestige of the party and the PLA, to the image of political work, and to the belief and faith of the military forces."¹⁴⁷ One certainly gets the impression that Xi saw the Xu case as rocking the very foundations of the military, especially given that Xu's "bribes for promotion" scheme is reportedly standard practice at every level of the military promotion system and *every officer attending the Gutian meeting therefore was an unindicted co-conspirator in Xu's larger crime by participating in that system*. Indeed, when the officers in the audience reflect on Xu's case, they must think some state-directed atheist variant of "there but for the grace of God go I." So it is entirely understandable that Xi, as a leader, would want to get everyone in one place and directly communicate a unifying message that combined both exhortation and warning. Ironically, however, the takeaway message from this political work conference may be entirely political in a different sense of the word; namely, given the fact that nearly every officer is complicit in the PLA corruption system to one degree or another, the criteria for investigation and arrest have as much to do with personal ties, loyalty, connections, and patronage networks as with levels of criminality. Thus, the vague messages from the meeting really offer no clear guidance to the officer corps other than "keep mouthing the right political slogans and maybe you won't end up in the dock." It is certainly the wrong time to own extensive real estate, have large sums of money ferreted abroad, send your children to expensive foreign schools, possess a foreign passport, wear expensive watches or drive a luxury car. Instead, one's time is likely better spent these days boning up on Mao's *Collected Works*, so you can whip out just the right phrase when the situation calls for you to be more red than expert. In July 2016, Chinese state media began using a new *tifa* (提法, formulation) about "eliminating the baneful [pernicious] influence of Guo Boxiong and Xu Caihou" from the military. Former Central Military Vice-Chairmen Guo and Xu are the highest-ranking Chinese military officers indicted in Xi Jinping's ongoing anti-corruption purge. Xu Caihou escaped the hangman's noose by dying of bladder cancer in March 2015.¹⁴⁸ Guo Boxiong, who retired in 2012, was expelled from the party in 2015, but observers wondered whether he would ever be formally tried for his crimes.¹⁴⁹

On 25 July 2016, state media announced that Guo Boxiong, 74, had been convicted in a secret trial for accepting bribes, and was sentenced to life in prison.¹⁵⁰ According to the verdict, Guo "had taken advantage of his position to assist the promotion and reassignment of others, and had accepted huge amounts in bribes both personally and in collusion with others."¹⁵¹ *China Daily* asserted that the trial (Star Chamber?) was conducted behind closed doors because it "touched on

¹⁴⁷ Ibid.

¹⁴⁸ Li Rongde, "Senior Party Officials Indicted For Corruption Appear In New TV Show," *Caixin wang*, 18 October 2016, accessed at: <http://english.caixin.cn/2016-10-18/100998220.html>.

¹⁴⁹ "Ex-military leader Guo given life in bribery case," *China Daily Online*, 25 July 2016, accessed at: http://usa.chinadaily.com.cn/china/2016-07/26/content_26219276.htm.

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

military secrets.”¹⁵² A reputable Hong Kong newspaper reported that the amount of the bribes in question totaled RMB80 million, or roughly \$12 million.¹⁵³ By the standards of discipline apparatus, these bribes were judged to be “extremely huge” and his crimes were “extremely serious”.¹⁵⁴ As befitting his party training, Guo readily “confessed to his misdeeds and repented in good faith,” though he was stripped of his political rights for life and stripped of his rank of general. His personal assets were seized, and all his illicit gains were confiscated and turned over to the State treasury.¹⁵⁵ An accompanying *People’s Daily* commentary summarized the lessons of the process, asserting that Guo was “handled in accordance with the law,” the verdict had “demonstrated the resolute stance of the Central Committee of the Communist Party of China on the administering of the party with strict discipline and the administering of the military with strict discipline,” and the party would continue “using strong doses of medicine to cure diseases and scraping the poison off the bone” (刮骨疗毒) and “eradicate evils.”¹⁵⁶ The commentary concluded with a warning: “The military is an armed force and there must be absolutely no hideouts for the corrupt elements.”

One week prior to Guo Boxiong’s conviction, then vice-chairman of the CMC Fan Changlong on 19 July 2016 warned the new Southern Theater Command about eliminating the “baneful influence” of Xu and Guo.¹⁵⁷ While the timing of Fan’s comments strongly suggests that the results of Guo’s trial might have been “fixed” (shocking), it was an important indicator that the party and the military and their corresponding propaganda apparatuses were ready to turn a corner and begin to systematically use Xu and Guo as classic “negative examples” for the rest of the armed forces. When asked after the verdict whether there is a “Guo Boxiong faction or clique” in the PLA, however, the Defense Ministry spokesman sternly dodged the question.¹⁵⁸

Throughout the remainder of July, the campaign was publicly conducted through a series of commentaries in *Liberation Army Daily*. A 27 July article entitled “Further clarify thinking through a thorough ideological overhaul,”¹⁵⁹ declared: “to eradicate an evil, it is necessary to look at the root cause of the evil; to cure a disease, it is necessary to look at the root cause of the disease.” Continuing the medical theme, a 29 July 2016 article exhorted the rank and file with

¹⁵² Ibid.

¹⁵³ Jun Mai and Minnie Chan, “Former top PLA general Guo Boxiong jailed for life over graft,” *South China Morning Post*, 25 July 2016, accessed at: <http://www.scmp.com/news/china/policies-politics/article/1994588/former-top-pla-general-guo-boxiong-jailed-life-over>.

¹⁵⁴ “Ex-Military Leader Guo Given Life In Bribery Case.”

¹⁵⁵ Ibid.

¹⁵⁶ Staff Commentator, “We must fight against corruption and crack down on law violation,” *People’s Daily*, 26 July 2016, p. 1.

¹⁵⁷ “Fan Changlong Conducts Investigation and Study of Units in Southern Theater Command: Constantly Deepen and Refine Preparations Sea Direction Military Struggles,” *China News Service*, 19 July 2016.

¹⁵⁸ “Defense Ministry’s Regular Press Conference on July 28,” *China Military Online*, 28 July 2016.

¹⁵⁹ Staff Commentator, accessed at: http://www.81.cn/jmywyl/2016-07/27/content_7175377.htm.

the title “We cannot have one iota less calcium for spirit.”¹⁶⁰ A 30 July 2016 article entitled “Break new ground for getting stronger, take on the important task of military strengthening”¹⁶¹ made the linkage between eliminating the Guo/Xu influence and the success of the ongoing military reforms. Finally, a 2 August 2016 article focused on the individual, asking “What is the strategic point for forging absolutely loyal political character?”¹⁶²

By late August, the organizational apparatus was in full swing, manifested in a high-level meeting of the “All-Army Leading Small Group to Implement the Political Work Spirit of Gutian,”¹⁶³ drawing on the ideological lessons discussed in my *China Leadership Monitor* no. 46 essay.¹⁶⁴ Further preparation occurred at a 27 September 2016 All-Army Political and Legal Work conference attended by CMC Vice-Chair Xu Qiliang, who specifically mentioned the *tifa* about eradicating the influence of Guo and Xu.¹⁶⁵

This series of meetings culminated in a 10 October 2016 meeting for “Major Units and CMC Departments,” headlined by both Fan Changlong and Xu Qiliang.¹⁶⁶ The main themes of the meeting were summarized in a high-profile 11 October commentary in *Liberation Army Daily*.¹⁶⁷ Staying true to the PLA’s peasant roots, the article employed an agricultural metaphor: “we should weed out evils in the way a farmer does to grass in fields. To weed out evils, we must be firm and root them out so that they will not return.” While excoriating Guo Boxiong and Xu Caihou as “the highest-ranking leading cadres of our army since its founding to have been investigated and handled for violation of laws and discipline,” the commentary called for “a purge of deep-seated problems in ideology, politics, organization, and work style” and hinted that the campaign should be expanded to include mid-ranking officers. One Hong Kong newspaper added that the CMC reportedly ordered the destruction of “all military books containing Guo and Xu’s speeches, words or pictures.”¹⁶⁸ Interestingly, the hawkish *Global*

¹⁶⁰ Staff Commentator, *Liberation Army Daily*, accessed at: http://www.81.cn/jmywyl/2016-07/29/content_7179557.htm.

¹⁶¹ Staff Commentator, p. 2.

¹⁶² Wei Guofeng, “What is strategic point for forging absolutely loyal political character?” *Liberation Army Daily*, accessed at: http://www.81.cn/jwgd/2016-08/02/content_7185507.htm.

¹⁶³ Yin Hang and Huang Chao, “The PLA Work Leading Group tasked to organize and guide the PLA Forces across the country to implement and carry out the spirit of the PLA Political Work Conference held in Gutian Town, Fujian Province, two years ago, calls a membership meeting,” *Liberation Army Daily*, 27 August 2016, accessed at: http://www.81.cn/jwzb/2016-08/27/content_7227801.htm.

¹⁶⁴ See James Mulvenon, “Hotel Gutian: We Haven’t Had That Spirit Here Since 1929,” *China Leadership Monitor*, no. 46, 19 March 2015, accessed at: <http://www.hoover.org/research/hotel-gutian-we-havent-had-spirit-here-1929>.

¹⁶⁵ Xinhua, 27 September 2016.

¹⁶⁶ Mei Changwei, “Party Secretary thematic meeting for all major military units, Central Military Commission organs and departments convenes in Beijing, Fan Changlong, Xu Qiliang attend and speak,” Xinhua, 10 October 2016.

¹⁶⁷ Staff Commentator, accessed at: http://www.81.cn/jmywyl/2016-10/11/content_7294646.htm.

¹⁶⁸ Minnie Chan, “Chinese military’s anti-graft drive targets mid-level officers to root out disgraced leaders’ influence,” *South China Morning Post*, 11 October 2016, accessed at:

Times reported on 16 October that a group of disgruntled PLA veterans sought to capitalize on the campaign by leading a protest in Beijing outside the meeting building, complaining that during the decade of Guo and Xu's command their concerns were ignored.¹⁶⁹

A week later, the CCP unveiled a slick anti-corruption documentary entitled *Always on the Road* (永远在路上).¹⁷⁰ The official English translation, "The Corruption Fight Is Always Underway," provides more obvious context. Showing greater discipline and parsimony than the usual CCTV-1 serial with dozens or hundreds of episodes, this eight-part film, co-produced with the Central Commission for Discipline Inspection (CCDI), featured over a dozen indicted officials.¹⁷¹ State media promised "tearful confessions and juicy details,"¹⁷² and described the purpose of the show as a "cautionary tale." The Zhou Yongkang, Guo Boxiong, and Xu Caihou cases were discussed, including the use of rare still photos of both Guo and Xu, but neither man was interviewed.

The Guo-Xu campaign naturally appeared in the propaganda surrounding the Sixth Plenary session of the 18th Party Congress in late October.¹⁷³ The CMC Standing Committee held a meeting on 3 November devoted to studying the spirit of the Sixth Plenum, and one of the major themes was to "comprehensively and thoroughly eliminate the bad influence of Guo Boxiong and Xu Caihou."¹⁷⁴ An 8 November article elaborated on the campaign's main thrusts, asserting that the arrest and conviction of both men, who by their actions had "poisoned the red gene," had "eliminated the major hidden political danger for the party and the armed forces."¹⁷⁵ Yet the article was also more circumspect, claiming that "the broad ranks of officers and men more and more intensely sensed that had we not comprehensively and thoroughly eliminated the baneful influence exerted by Guo Boxiong and Xu Caihou, the unwritten rules that they set will be concealed, and their set of style and histrionics will continue, and this will affect the deepening

<http://www.scmp.com/news/china/diplomacy-defence/article/2026986/chinese-militarys-anti-graft-drive-targets-mid-level>.

¹⁶⁹ "Veterans sent home with high officials' promises after protests in Beijing," *Global Times*, 16 October 2016, accessed at: <http://www.globaltimes.cn/content/1011657.shtml>.

¹⁷⁰ Zhang Yan, "Public gets look at heart of graft," *China Daily Online*, 18 October 2016, accessed at: http://usa.chinadaily.com.cn/china/2016-10/19/content_27102369.htm. See also Li Haoran, "It is necessary to always maintain the intrinsic political quality of being immune from corruption," *People's Daily*, 19 October 2016, p. 5.

¹⁷¹ "Senior Party Officials Indicted For Corruption Appear in New TV Show" (see endnote 1).

¹⁷² "Public gets look at heart of graft."

¹⁷³ "All Army and Armed Police units rapidly whip up upsurge on study and implementation of Sixth Plenary Session of 18th CPC Central Committee, broad ranks of officers and men express one after another that they will unswervingly advance efforts to comprehensively administer party with strict discipline, and unremittingly struggle for construction of world first-class armed forces," Xinhua, 30 October 2016.

¹⁷⁴ Wang Yushan, "The Central Military Commission holds its executive meeting to study and implement the spirit of the Sixth Plenary Session of the 18th CPC Central Committee," Xinhua, 3 November 2016.

¹⁷⁵ "Writing epochal chapter on political army building—Looking back at Gutian All-Army Political Work Conference on second anniversary of its convening (Part two of three)," Xinhua, 8 November 2016.

and smooth implementation of reforms and affect the process of the strengthening and development of the armed forces.” As a result, the rank and file needed to redouble their efforts to “thoroughly clean up the effects of baneful influence in work guidance, format of thinking, habitual practice, repertoire pattern, style and histrionics.” To wit, “party committees and organs at the regiment or above level in the whole army worked around major issues of right or wrong, such as using authority for official affairs and exploiting power, pursuing actual accomplishments, chasing after fame and fortune, criterion of combat power and other assessment standards, enforcement of the rule of law, and the habit of the rule by people; extensively carried out discussions and discrimination; educated and guided party members-cum-cadres to deeply dig into the roots of ideological ailment; and cleaned up the ideological dense fog.” Complete success appears to be elusive, however, as 2016 ended with yet more questions, aptly summarized in the title of a 22 December commentary in *Liberation Army Daily*: “What does true loyalty mean?”¹⁷⁶

Viewed in its entirety, we are left with a campaign whose goal is to eradicate the type of behavior and thinking and mindset associated with Guo and Xu, but is not aimed at a Cultural Revolution-style witchhunt to find quotas of unindicted co-conspirators of the two disgraced officials. This is strange on many levels, not the least of which is that the specific crimes *required* such co-conspirators, as Xu and Guo were certainly not bribing themselves or solely each other. Instead, the leadership was likely putting down a marker that could be used retroactively to summarize the crimes of future victims of the anti-corruption campaign. Indeed, over the time period of the campaign, there was a steady drumbeat of public arrests, including Wang Jianping (deputy chief of the CMC Joint Staff Department),¹⁷⁷ Tian Xiushi (former PLA Air Force political commissar), Zhang Ming (deputy chief of staff, Jinan MR),¹⁷⁸ MG Liao Xijun (younger brother of Liao Xilong),¹⁷⁹ MG Zhu Xinjian (secretary to Li Jinai),¹⁸⁰ and then finally Li Jinai and Liao Xilong themselves.¹⁸¹

¹⁷⁶ Staff Commentator, accessed at: http://www.81.cn/jmywyl/2016-12/22/content_7418445.htm.

¹⁷⁷ Zhang Zhihao, “Defense Ministry confirms general under investigation,” *China Daily Online*, 29 December 2016, accessed at: http://usa.chinadaily.com.cn/china/2016-12/29/content_27816178.htm.

¹⁷⁸ Choi Chi-Yuk, “Crackdown On PLA corruption targets former regional commander,” *South China Morning Post*, 1 September 2016, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/2011910/crackdown-pla-corruption-targets-former-regional>.

¹⁷⁹ Minnie Chan and Choi Chi-Yuk, “PLA general held after 37m yuan seized, but takedown hints at revenge plot against prominent brother,” *South China Morning Post*, 28 May 2016, accessed at: <http://www.scmp.com/news/china/diplomacy-defence/article/1956865/pla-general-held-after-37m-yuan-seized-takedown-hints>.

¹⁸⁰ Minnie Chan and Choi Chi-Yuk, “Two more of China’s former top commanders taken away for corruption investigation: military sources,” *South China Morning Post*, 5 August 2016, accessed at: <http://www.scmp.com/news/china/policies-politics/article/1999535/two-more-chinas-former-top-commanders-taken-away>.

¹⁸¹ Ibid.

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DR. WUTHNOW: Well, good afternoon, Commissioners. Thank you for once again inviting me to appear before the Commission and to testify on Chinese decision-making and the 20th Party Congress. My comments are going to focus on major changes to China's national security architecture during the Xi era and what those changes could mean for Xi's political control and for how China handles domestic emergencies.

At the top level, China's system for decision-making and interagency coordination has been revamped. Xi created a National Security Commission in 2013, but unlike the U.S. NSC, the system is geared more towards domestic security.

The National Security Commission is not just a single institution but an entire system that has been created in the CCP hierarchy down to the county level. The system plays a role in coordinating planning but also making sure that central directives, and in particular Xi Jinping's thoughts and views on national security, are well understood throughout the bureaucracy.

The lower-level NSCs have also apparently become coordinating mechanisms for the Party to discuss a diversity of topics under the heading of national security, including pandemic response and food and energy security, thus contributing to the securitization of all areas of Chinese governance during the Xi era.

Xi has also made important changes to the military and the paramilitary forces. He has revamped the CMC to rein in the bureaucracy and consolidate power in his role as CMC Chairman. This was part of a larger reform to the PLA that also included the creation of a modernized joint command structure, a key to the operational performance of China's military in peacetime, crisis, and wartime.

He has also restructured the People's Armed Police, moving China's primary internal security force of more than 500,000 firmly into the military chain of command and thus under his leadership. This was also an attempt to weaken the power of the state as well as local officials, who could no longer call out the PAP.

Rather, the Party has elected to centralize authority over the Armed Police, which certainly augments Xi's political control but also raises questions about the effectiveness of domestic emergency response if local officials hesitate to call for assets no longer under their de facto control.

The PAP, like the PLA, has also been modernized. The PAP's clear focus is on internal security, and it has important new tools to achieve this mission, including the standing up of the two mobile contingents that can be quickly deployed to stamp out unrest all across the country.

There have also been some changes to the public security and law enforcement apparatus, including the creation of a National Supervision Commission in 2018. This Commission further expanded the Party's coercive reach by extending anti-corruption investigations to individuals such as civil servants and employees of state-owned enterprises outside the Party.

Looking at changes being undertaken across the system, the clearest motive was to strengthen Xi's authority by consolidating power in offices under his control, such as CNSC and CMC Chairmen, thus supplementing anti-corruption investigations, personnel employment, and other strategies that my preceding speakers mentioned.

Rightful power centers were diminished. As one example, the Central Political and Legal Affairs Commission, previously under Zhou Yongkang, was downgraded in status. But aspects

of these reforms also fit a larger pattern under Xi of transferring authority from the state to the Chinese Communist Party.

Only the Party, in Xi's analysis, can address critical problems and set the stage for national rejuvenation. This motive is clear, for instance, in Xi's decision to strip the State Council of its authority over the PAP, and there were also more practical moves.

What we see is an updated machinery that aims to improve strategic planning and crisis response in part by breaking down the stovepipes that limited cooperation across China's vast bureaucracy. We also see a sharpening of the key coercive tools of powers, including the PLA and the PAP, to achieve operational success.

This final motive is important given perceptions among the CCP leadership that the security environment continues to deteriorate domestically and internationally, but in particular in terms of the perception that domestic and external security are inextricably linked.

Decision-making platforms such as the NSC and implementers such as the PLA and the PAP are running in many different directions at the same time and must be better coordinated and streamlined to be effective in this context.

As I discussed in my testimony, however, there are some potential challenges, including how well a system that concentrates power in the hand of a single individual can function and whether it can survive as such in the post-Xi era.

The 20th Party Congress will be an opportunity to gain insight into Xi's new slate of national security officials and priorities. Changes in China's national security system impact both the Party's ability to exercise control at home and also the performance of security actors abroad, and so we need better insight.

Congress and the USCC have opportunities here in several respects, and this brings me to my set of recommendations. First is to support open-source research on China. Although sometimes it's opaque, there's a tremendous amount of published data on the system.

Legislation such as the Open Translation and Analysis Center Act or similar initiatives could be helpful in positioning analysts inside and outside the U.S. Government to better understand this evolution through access to high-quality translations produced by professionals and ways to share different analytic perspectives.

Congress might also require the Administration to periodically update its assessments to account for changes in the broader national security system. One example would be requiring the Office of the Secretary of Defense to revise its annual reports on China's military power to include discussion of CCP control over the PLA, as James Mulvenon was just mentioning.

Typically, these reports are very strong on hardware and operations, but they don't cover Party-Army relations, including recent steps to strengthen the Party committee system, which Rod Lee is going to address in a moment.

And, finally, the USCC and other stakeholders may consider supporting research on China's national security architecture directly. One example concerns China's emergency response system. There is a wealth of data available on how national and local administrations are preparing for internal unrest and natural disasters, but most of this material remains totally unexploited. Targeted research could yield much greater insights into the system, including its strength and its weaknesses.

So let me stop there, and I look forward to your questions.

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Transforming China's National Security Architecture in the Xi Era

By Joel Wuthnow, Ph.D.

Testimony Before the U.S.-China Economic and Security Review Commission

Hearing on “CCP Decision-Making and the 20th Party Congress”

January 27, 2022

Executive Summary: This testimony reviews the transformation of key elements of China's national security system during the Xi Jinping era and previews potential changes at the 20th Party Congress. It is organized into three sections: major Xi-era reforms, focusing on the National Security Commission system, the PLA and paramilitary services, and the public security apparatus; drivers of change; and challenges and future prospects. It closes with recommendations for Congress and the U.S.-China Economic and Security Review Commission. Key findings include:

- Xi has innovated a new means of supervision and control of national security work through the National Security Commission system. This now includes “NSCs” at each tier of the party hierarchy down to the county level.
- The PLA and the People's Armed Police have undergone dramatic structural reforms over the last five years, including changes that strengthen to Xi's ability to manage and coordinate the bureaucracy.
- Organizational changes improved Xi's authority over the national security system by adding authority to offices under his control and diminishing rival power centers. This accompanied other changes, including corruption investigations and personnel shifts.
- Reforms also continued a general transition of power in the Xi era from the state to the Chinese Communist Party. A final important goal was improving the operational effectiveness of the PLA and paramilitary services.
- Potential challenges include the durability of the current architecture in the post-Xi era, Xi's ability to rein in the bureaucracy, tradeoffs between political and professional qualifications, a blurred division of labor between different commissions under the CCP Central Committee, and limited national security representation on the Politburo.
- The 20th Party Congress will clarify not only the new slate of national security officials but also provide insight into Xi's priorities and how the party is structured to manage the national security system.
- Congress and the USCC have opportunities to support open-source analysis of China, require additional administration reporting on related topics, and commission analysis on understudied but critical topics, including China's NSC and emergency planning systems.

Major Reforms in the Xi Era

Over the last decade, Xi Jinping has led and, in many cases, innovated or reformed a vast national security decision-making and implementation apparatus. The boundaries of this system are ambiguous because the concept of “national security” has expanded under Xi, from traditional security issues such as territorial defense and internal stability to other areas of governance, including food security, epidemic control, cyber security, and public finance. Xi labeled this broader approach the “holistic national security concept” (总体国家安全观).¹ As a result, most party and state organs now support some aspect of China’s “national security” work.² This section, however, focuses on high-level decision-making systems and organizational changes directly affecting the primary coercive tools of power.

National Security Commission System

From the perspective of national security decision-making and coordination, one of the most notable changes during the Xi era has been the creation of a system of National Security Commissions (国家安全委员会). The party established a National Security Commission, later renamed the Central National Security Commission (CNSC), at the 3rd Plenum of the 18th Central Committee in November 2013 that would “perfect the national security system (国家安全体制) and strategy and ensure national security.”³ Its inclusion in a section of the plenum decision focused on social governance led Chinese and foreign observers to speculate that the commission would focus primarily on domestic affairs.⁴

Only a few authoritative details about the CNSC have emerged. In January 2014, the Politburo clarified that the CNSC would be the Central Committee’s “deliberative and decision-making coordination agency” (决策和议事协调机构) for national security affairs and responsible to the Politburo and its Standing Committee.⁵ It would be chaired by Xi, with its vice chairmen the party’s second- and third-ranking members, premier Li Keqiang and NPC chairman Zhang Dejiang (replaced by Li Zhanshu in March 2018). Its first meeting was held in April 2014, during which Xi introduced the “holistic national security concept.”⁶ CNSC meetings are not usually publicized, but a second meeting was announced in April 2018, at which Xi said that the CNSC should “do a good job in implementing national security guidelines and policies and improve the national security mechanism.”⁷ Other details, including its full membership, internal structure, decision-making processes and staffing, have not been released.

What has been clearer since the 19th Party Congress is the creation of a broader set of National Security Commissions below the CNSC. Party committees at the provincial, prefecture, municipal, and county levels now all have “NSCs” built into their internal structure, led by the party secretary and staffed by the party office.⁸ Information from local party and government sources suggests that these lower-level NSCs meet two or three times per year to review decisions made by higher-level NSCs, discuss pressing “national security” matters (including diverse topics under Xi’s expanded concept of national security, such as food security and public health), and listen to reports from relevant agencies. The party has thus established a new system of supervision and coordination extending from Xi in his role as CNSC chairman to the localities, becoming the organizational face of the party’s “holistic national security concept.”

People's Liberation Army

The 2-million-strong People's Liberation Army (PLA) continues to be led by the Central Military Commission (CMC), with Xi as its chairman, supported by two uniformed vice chairmen. Like the CNSC, the CMC is a constituent part of the CCP Central Committee, but in practice it wields significant autonomy over military policy, rendering decisions on acquisition, force structure, operations, and other areas.⁹ The structure of the CMC has been revised many times since the 1920s.¹⁰ The 19th Party Congress resulted in its downsizing from eleven to seven members.¹¹ The directors of the former general logistics and armament departments were removed, as were the service chiefs,¹² though the secretary of the Discipline Inspection Commission—responsible for anti-graft investigations within the armed forces—was added. This was a notable change that indicated Xi's priority on rooting out corruption.

Structurally, the PLA has undergone extensive reforms under Xi, including a 300,000-person downsizing, creation of a modern joint command system, and establishment of the Strategic Support and Joint Logistic Support forces.¹³ The restructuring of the CMC bureaucracy in January 2016 was particularly relevant for political control. The four general departments, which had become semi-autonomous fiefdoms under Xi's predecessors, were replaced by 15 departments, commissions, and offices.¹⁴ For instance, the Discipline Inspection and Political and Legal Affairs commissions were removed from the former General Political Department, while the Audit Office was removed from the former General Logistics Department.¹⁵ These agencies now report directly to the CMC, thus enabling Xi and his CMC colleagues to monitor and control the PLA through multiple independent channels.¹⁶

People's Armed Police

The People's Armed Police (PAP), consisting of 500,000 to 1 million personnel, is part of China's broader "armed forces" (武装力量) that also includes the PLA and the militia, but focuses more on internal security.¹⁷ Prior to 2017, the PAP operated under a dual leadership system in which both the CMC and the State Council played a role. In practice, local government and party leaders occasionally summoned PAP units to stifle protests. To prevent overuse or abuse of the PAP, the 2009 PAP Law confined local mobilization of the armed police to certain particularly severe incidents, including "riots, turbulence, severe violent crimes, terrorist attacks, and other social security incidents," and stated that only public security organs above the county level could take command of PAP units.¹⁸

Control over the PAP has been further tightened during the Xi era. On January 1, 2018, the CCP Central Committee abandoned the dual leadership system and full control over the PAP was granted to the CMC.¹⁹ Local officials can still request PAP support through a new "mission request and work coordination mechanism" (任务需求和工作协调机制). Details from emergency response plans (应急计划) issued by local governments between 2019 and 2021 suggest that the PAP continues to play a predefined role in local emergency response, including handling protests, and that support can be requested directly from PAP units at the same administrative level.²⁰ In June 2020, the National People's Congress approved an updated PAP Law that formalized the new arrangement, but added that the PAP could begin to mobilize to handle emergency incidents even before the full approval process has been completed, signaling a recognition that timely crisis response is critical.²¹

Changing command arrangements were only one feature of a broader reform of the PAP that strengthened its identity as a paramilitary service.²² Prior to the Xi era, the PAP contained not only internal security troops (内卫部队), but also ancillary forces such as the Hydropower Force, Gold Force, and Firefighting Force. In 2017, the PAP divested itself of those forces and strengthened its focus on internal security by adding two “mobile contingents” (机动总队), one based in the north and one in the south, containing specialized capabilities such as special operations troops and capable of projecting power at great distances.²³ The PAP also gained control over the China Coast Guard, which was previously subordinate to the State Oceanic Administration.²⁴ In his role as CMC chairman, Xi thus has at his disposal a reformed and more tightly focused paramilitary service.

Legal and Public Security Organs

Another significant shift in the broader national security apparatus was the creation of a National Supervision Commission—also confusingly rendered as the “NSC”—as part of a reform of the State Council in March 2018.²⁵ This new commission, part of the state administration, was integrated with the party’s existing Central Commission on Discipline Inspection, essentially expanding the CCP’s anti-corruption arm to cover civil servants and employees of state-owned enterprises. With powers such as the ability to detain suspects for up to six months without the right to consult a lawyer, this system provides CCP leaders an “extra-legal” cudgel to intimidate members of society beyond the party.

The public security system has also been evolving. The Ministry of Public Security (MPS) continues to supervise local police forces among other responsibilities, including border control. In recent years, China’s police have conducted armed patrols and have increasingly advanced capabilities at their disposal, such as SWAT teams and “smart city” surveillance systems.²⁶ The Ministry of State Security (MSS) focuses on counterintelligence work within and beyond China.²⁷ Coordinating the work of both ministries is the CCP Central Committee’s Central Political and Legal Affairs Commission. As Minxin Pei explains, the commission’s mandate includes generating policy proposals, supervising implementation of the party’s internal security agenda, and ensuring political loyalty among public security officials.²⁸

Drivers of Change

The evolution of China’s national security architecture appears to have been designed, in part, to centralize authority over key coercive tools under Xi. But at least two broader goals are also apparent: contributing to a process of transferring authority from state to party organs and increasing China’s ability to prevent, plan for, and respond to crises. This section describes all three motives.

Centralizing Control under Xi

Reforms improved Xi’s influence by consolidating authority in offices held by him and diminishing other power centers. His position as CNSC chairman allows him to set the agenda for national security work and ensures that his priorities are widely communicated across the party hierarchy.²⁹ The revised CMC bureaucracy increased Xi’s ability to monitor the bureaucracy by establishing several mutually independent reporting chains culminating with Xi and eliminating the general departments, which had become hotbeds of corruption.³⁰ The ending of the dual leadership system over the PAP reduced the ability of provincial officials to cultivate influence with provincial PAP units—recall Bo Xilai’s mobilization of the PAP to apprehend his former police chief Wang Lijun in February 2012. Xi did not assume authority of the Central Political and Legal Affairs

Commission but reduced its influence by downgrading its leader from a Politburo Standing Committee to a Politburo member.

Other steps to increase Xi's power have complemented these structural reforms, including:

- *Enhancing Xi's personal prestige in the security services.* Xi has appeared at military events at a higher rate than Hu Jintao and has cultivated his authority through a political work campaign highlighting the "CMC chairman responsibility system" (军委主席负责制)—the message being that ultimate power rests with Xi as CMC chairman, and not with other civilians or the uniformed vice chairmen who wielded significant power under his predecessors.³¹ His writings have also become required reading for military officers.³²
- *Leveraging anti-corruption investigations against rivals.* Xi's use of anti-corruption investigations to remove or intimidate his rivals includes purging Zhou Yongkang, who previously led the Central Political and Legal Affairs Commission, and former CMC vice chairmen Guo Boxiong and Xu Caihou, both appointed by Jiang Zemin. Other cases, such as the arrest of former MPS vice minister Sun Lijun in April 2020 and the investigation of another former vice minister, Fu Zhenghua, in October 2021, sent the message that no one, including close Xi associates, is immune, thus giving Xi a powerful tool to rein in the military and security services.³³
- *Installing associates in key positions.* Like his predecessors, Xi has placed trusted associates in key positions. Zhang Youxia, who serves as a CMC vice chairman, has known Xi since childhood and others, such as Li Zhanshu and current MPS party secretary Wang Xiaohong, have known Xi professionally for decades.³⁴ Xi has also appointed longtime aides to key staff positions, including Zhong Shaojun, who was an aide to Xi in Zhejiang Province prior to being appointed as deputy director of the CMC General Office, and Ding Xuexiang, director of the CNSC General Office.³⁵ Such officials not only serve as "gatekeepers" to Xi, but also as his "eyes and ears" in bureaucracies far too large to be personally managed. Xi has also reportedly taken an active role in appointments to less-senior positions—as CMC chairman, he has reviewed personnel files for candidates down to Corps Commander.
- *Extending Xi's tenure.* Xi's broader consolidation of power in the party-state also includes the party's decision to eliminate term limits on the country's president in 2018 and its failure to appoint a successor-in-training at the 19th Party Congress.³⁶ One implication is that there is currently no civilian vice chairman of the CMC, meaning that Xi is unlikely to be seen as a "lame duck" within the PLA or other security organs.

Transferring Power to the Party

Another driver was strengthening the party's control over key decisions. In general, Xi has diagnosed an atrophying of the party as a threat to national development: only a strong party, in his analysis, can set and implement an agenda to correct economic and social problems, ensure the country's security from foreign and external threats, and set the stage for "national rejuvenation" by midcentury.³⁷ Various changes under Xi, including constitutional revisions, new or updated organizations, and personnel shifts, have been designed to strengthen the party, often at the expense of the state.³⁸

Several reforms of the national security architecture under Xi promoted this goal. The National Security Commission system established a new channel within the party to discuss national security issues and coordinate plans and policies down to the local level. The National Supervision Commission, though nominally a state entity, expands the party's anti-corruption authority through integration with the CCP discipline inspection system. The party has also solidified its grasp of the paramilitary services: the State Council, through the MPS, no longer oversees PAP operations, budgets, size, and composition,³⁹ and local public security departments relinquished a de facto ability to mobilize PAP units. The Coast Guard, as part of the PAP, is now responsible to the CMC, a party organ, rather than the state.

Other changes also supported a stronger role for the party. In terms of political work, Xi has repeatedly emphasized the “absolute leadership of the party over the armed forces” (党对人民军队的绝对领导) and the principle that the “party commands the gun.”⁴⁰ PLA political work has also emphasized revitalizing the party committee and commissar systems down to tactical units.⁴¹ In January 2021, the CMC approved new officer regulations that sought to “strengthen the key role of party organs in selecting and utilizing personnel” and that highlights “political standards” (政治标准) and “political quality” (政治品质) in promotions.⁴² It is likely that political qualifications have also been stressed in other parts of the system.

Improving Operational Effectiveness

A final important motive was increasing the operational effectiveness of the system. At the top, a major goal of the CNSC was to improve interagency coordination and information-sharing, which Chinese strategists believed was insufficient.⁴³ The need for a more effective coordination mechanism was recognized in the Jiang era, but resistance to more extensive reforms meant that the result was only a National Security Leading Small Group, which met on an ad-hoc basis and lacked a permanent staff. As a more powerful “commission,”⁴⁴ the CNSC holds regular meetings,⁴⁵ is chaired by Xi and coordinated by a trusted Xi aide (Politburo member Ding Xuexiang), and has staff drawn from across civilian and military agencies, which positions it to conduct strategic planning and coordinate crisis response more effectively.

Reforms to the military and paramilitary services also enhance operational performance. The PLA's updated command system enables a stronger integration of forces from the different services, improving PLA effectiveness in peacetime coercion and in preparations for war.⁴⁶ Similarly, the Strategic Support and Joint Logistic Support forces facilitate wartime operations by consolidating key support functions.⁴⁷ “Below-the-neck” changes included a transition from army (and some air force) divisions to brigades, which aimed to increase operational flexibility and maneuverability.⁴⁸ The PAP was also streamlined, retaining only those elements that contributed to its paramilitary identity, such as mobile rapid-reaction units, and divesting it of previous economic and law enforcement responsibilities. The addition of the mobile contingents, referenced above, also provided a powerful new operational tool.⁴⁹

Other changes improved the state's ability to handle crises and perform other functions. The March 2018 reform of the State Council consolidated functions from several other agencies into a new Ministry of Emergency Management (应急管理部) responsible for compiling emergency response plans, organizing rescue operations, workplace safety, and disaster prevention (including fires, floods, and earthquakes).⁵⁰ The reforms also brought border defense troops previously under the PAP and China's customs agency into a consolidated National Immigration Administration under the MPS.⁵¹

Challenges and Future Prospects

Despite Xi's reforms, China's national security system may still suffer several political and structural weaknesses. This section reviews those challenges and identifies how the party might try to address them at or beyond the 20th Party Congress.

First is whether a system that privileges the concentration of power in a single individual can survive in the post-Xi era. Recent reforms strengthened Xi's authority by ensuring his dominance of key institutions and diminishing rival power centers. While Xi has been able to marginalize his opponents through prosecutions and other means, it is less clear that such a system can be sustained after the next transition of power, since elites may prefer a return to collective decision-making due to the risks of policy failures or personal risk associated with strongman rule.⁵² Such a scenario is also likely if Xi becomes ill or leaves office without a strong successor being named; gaining the support of rival factions could mean that a compromise leader has less authority over the national security apparatus. Picking a successor at the 20th Party Congress would help ensure that the system outlives Xi's tenure, but could paradoxically reduce his power in office by empowering another individual.

Second are principal-agent problems. With vast responsibility over the national security and other arenas, Xi can only devote a small amount of time to ensure that any given set of policies are implemented. Appointment of trusted agents is one strategy for mitigating the risks of bureaucratic intransigence, but the reliability of those agents has been brought into question with investigations into close Xi associates such as Sun Lijun. The 20th Party Congress will, at a minimum, clarify who Xi's new (and returning) agents are. In addition, the event could signal whether Xi can strengthen his control by keeping top aides in their posts past the normal retirement ages or find new ways to keep them active.⁵³ Xi could also use the congress as an opportunity to shift personnel around, reducing their ability to develop personal power bases in key areas.

Third are tradeoffs between political loyalty and professional competence. The party has long tried to find the right balance between "red" and "expert," but needs to make choices about how much to emphasize one set of qualifications over another—the most loyal party cadres might not be the most professionally skilled, and vice versa. The 20th Party Congress will provide new insight into Xi's priorities. One example is whether he will preserve a CMC with a large share of officers with political responsibilities (and use success in party roles, such as members of the Central Committee, as major criteria for advancement). This would not necessarily signal that Xi fears disloyalty but would suggest a conviction that the party cannot afford to loosen its grip. Perhaps less likely, given Xi's emphasis on the "absolute leadership" of the party, he may return the CMC to its former status of being more operationally focused.⁵⁴

Fourth concerns blurred leadership of different parts of the national security machinery. All roads ultimately lead to Xi, but the system below his level remains convoluted. Most notably, the CNSC is responsible for "national security" work, but does not define its status in relation to either the CMC or the Central Political and Legal Affairs Commission, which oversees the MPS and MSS.⁵⁵ It is possible that Xi encouraged multiple commissions with overlapping responsibilities to prevent a concentration of power in the hands of any particular Politburo member, or that Xi needed to leave prior arrangements in place to gain support for the CNSC in 2013. Retaining the current commission structure following the 20th Party Congress would suggest that Xi is loathe to "overturn the apple cart" in favor of bureaucratic streamlining, but doing so could reduce the

ability of CNSC staff to achieve interagency coordination by leaving other Politburo officials in charge of individual bureaucracies.⁵⁶

The fifth challenge concerns the influence of China's national security leaders relative to other party elites. Previous Politburos were weighted towards officials responsible for party, state, and regional affairs, with only a handful of national security officials.⁵⁷ If Xi's level of influence is lower than commonly assumed, he may need to strike bargains between elites who mostly do not focus on national security affairs and have other priorities.⁵⁸ A rebalancing of the Politburo at the 20th Party Congress to include a greater emphasis on national security work (or other changes, such as the elevation of a CMC vice chairman to the Politburo Standing Committee) would both signal Xi's intent to focus on that set of issues in the next five years and make it easier for him to assemble consensus on hardline policies, while consistency would signal that he does not believe a change in membership is necessary.

Recommendations

The evolution of China's national security architecture before and after the 20th Party Congress has implications for human rights and external security, and should thus be the subject of continued study and analysis. Congress can support this objective in several ways.

- *Support open-source analysis.* With direct access to mainland China increasingly limited, it is particularly important that foreign analysts have access to good quality translations of Chinese literature, including party decisions, speeches, and key commentary, as well as increased training in how to use these materials most effectively (for instance, by understanding which Chinese sources should be regarded as “authoritative” and how to weight the opinions of Chinese commentators).⁵⁹ To elicit alternative perspectives, such resources should also be available, wherever practicable, to analysts outside the U.S. government. Legislation such as the Open Translation and Analysis Center Authorization Act could facilitate this goal.
- *Update the requirements for China reporting.* Congress can also request the administration to provide additional analysis on Chinese national security decision-making and implementation. For instance, the annual reports on Chinese military power produced by the Office of the Secretary of Defense (OSD) provide a thorough overview of key hardware, organizations, and operations, but offer little insight into party-army dynamics. Among other topics, Congress may require OSD to update the report with periodic analysis of reforms to the political commissar or personnel system to better understand how the party seeks control of the PLA and other security services.
- *Commission research on key topics.* To better understand recent reforms, the U.S.-China Economic and Security Review Commission may consider commissioning deep-dive research into select topics. Examples of areas where publicly available data could facilitate original analysis include China's National Security Commission system and China's evolving emergency management system. The commission might also consider commissioning forward-looking analysis on how China's national security policies might change in the post-Xi era.

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¹¹ For a discussion, see Joel McFadden, Kim Fassler, and Justin Godby, “The New PLA Leadership: Xi Molds China’s Military to His Vision,” in Saunders et al., eds., *Chairman Xi Remakes the PLA*, 557-582; and James Mulvenon, “And Then There Were Seven: The New, Slimmed Down Central Military Commission,” *China Leadership Monitor* 58 (2018), <https://www.hoover.org/research/and-then-there-were-seven-new-slimmed-down-central-military-commission>.

¹² The navy, air force, and Second Artillery Force (now Rocket Force) commanders, who had ex officio positions on the CMC since 2004, lost their seats. The commander of the new ground force headquarters was not added.

¹³ Phillip C. Saunders et al., eds., *Chairman Xi Remakes the PLA: Assessing Chinese Military Reforms* (Washington, DC: NDU Press, 2019).

¹⁴ “CMC Organs Become 15 Functional Departments” [中央军委机关改为十五个职能部门], *China Youth Daily Online* [中国青年报], January 12, 2016, <http://politics.people.com.cn/n1/2016/0112/c70731-28039781.html>.

¹⁵ The GPD was replaced by a Political Work Department that manages the political commissar system and performs other functions. The GLD was replaced by a Logistic Support Department.

¹⁶ Phillip C. Saunders and Joel Wuthnow, “Large and In Charge: Civil-Military Relations under Xi Jinping,” in Saunders et al., eds., *Chairman Xi Remakes the PLA*, 519-555.

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²⁰ Joel Wuthnow, “Who Commands the Gun? Mobilization and Use of China’s Armed Police,” unpublished manuscript, 2021.

²¹ Specifically, Article 12 allows units to “report while acting” (边行动边报告). Interestingly, this language was not present in early drafts of the revised law and perhaps added due to the practical recognition that quick PAP deployments might sometimes be necessary. PRC People’s Armed Police Law [中华人民共和国人民武装警察法], National People’s Congress, June 20, 2020, <http://npc.people.com.cn/n1/2020/0620/c14576-31754020.html>.

²² For an overview, see Joel Wuthnow, *China’s Other Army: The People’s Armed Police in an Era of Reform*, China Strategic Perspectives 14 (Washington, DC: NDU Press, 2019).

²³ The second mobile contingent, based in Fuzhou, also likely has a mission to provide rear area support during a Taiwan contingency. See Wuthnow, *China’s Other Army*.

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²⁵ Jamie P. Horsley, “What’s So Controversial About China’s New Anti-Corruption Body?” *Brookings*, May 30, 2018, <https://www.brookings.edu/opinions/whats-so-controversial-about-chinas-new-anti-corruption-body/>.

²⁶ Previously, Chinese police did not regularly carry guns. William Wan and Xu Jing, “Newly Armed Police in China Say They Fear Their Guns As Much As the Public,” *The Washington Post*, September 26, 2014, <https://www.washingtonpost.com/news/worldviews/wp/2014/09/26/newly-armed-police-in-china-say-they-fear-their-guns-as-much-as-public/>; “China’s Smart Cities Development,” SOSi Report for the U.S.-China Economic and Security Review Commission, January 2020.

²⁷ John Costello, Testimony before the U.S.-China Economic and Security Review Commission, June 9, 2016, 9-10.

²⁸ Minxin Pei, “The CCP’s Domestic Security Taskmaster: The Central Political and Legal Affairs Commission,” *China Leadership Monitor*, September 1, 2021.

²⁹ Wuthnow, “A New Chinese National Security Bureaucracy Emerges.”

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³¹ James Mulvenon, “The Cult of Xi and the Rise of the CMC Chairman Responsibility System,” *China Leadership Monitor*, January 23, 2018.

³² Saunders and Wuthnow, “Large and In Charge.”

³³ James T. Aredy, “China Levels Series of Allegations Against Former Law-Enforcement Official Sun Lijun,” *Wall Street Journal*, September 30, 2021, <https://www.wsj.com/articles/china-levels-series-of-allegations-against-former-law-enforcement-official-sun-lijun-11633023115>; “China Investigates Ex-Official Who Led Major Corruption Case,” *Nikkei Asia*, October 2, 2021, <https://asia.nikkei.com/Politics/China-investigates-ex-official-who-led-major-corruption-case>.

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⁴⁰ Xi Jinping, “Maintain the Absolute Leadership of the Party Over the Armed Forces” [坚持党对人民军队的绝对领导], *Renmin Ribao* [人民日报], August 18, 2021, http://www.xinhuanet.com/politics/2021-08/18/c_1127771391.htm. See also James Mulvenon, “Hotel Gutian: We Haven’t Had That Spirit Here Since 1929,” *China Leadership Monitor*, March 19, 2015.

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⁴⁴ Guoguang Wu explains that several previous leading small groups (领导小组) were upgraded into commissions (委员会) under Xi. Commissions are “more formal, prestigious, and powerful than their predecessors.” Guoguang Wu, “A Setback or Boost for Xi Jinping’s Concentration of Power? Domination Versus Resistance within the CCP Elite,” *China Leadership Monitor*, December 1, 2018, <https://www.prcleader.org/bump-or-speed-up>.

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⁴⁶ Joel Wuthnow, “A Brave New World for Chinese Joint Operations,” *Journal of Strategic Studies* 40:1-2 (2017), 169-195.

⁴⁷ See John Costello and Joe McReynolds, *China’s Strategic Support Force: A Force for a New Era*, NDU China Strategic Perspectives 13 (2018); Joel Wuthnow, “A New Era for Chinese Military Logistics,” *Asian Security* 17:3 (2021), 279-293.

⁴⁸ *Military and Security Developments Involving the People’s Republic of China* (Washington: Office of the Secretary of Defense, 2021), 82.

⁴⁹ These organizational reforms supplemented other changes too numerous to describe in detail, including in training, military education, doctrine, hardware, and officer assignments.

⁵⁰ “China to Form Ministry of Emergency Management,” State Council, March 13, 2018, http://english.www.gov.cn/state_council/ministries/2018/03/13/content_281476076465182.htm.

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⁵² For one party elite’s views on Xi’s concentration of power, see Cai Xia, “The Party That Failed,” *Foreign Affairs* (January/February 2021), <https://www.foreignaffairs.com/articles/china/2020-12-04/chinese-communist-party-failed>.

⁵³ Party retirement norms were largely held at the 19th Party Congress despite speculation that Xi would keep close confidantes on the Politburo. See Alice Miller, “The 19th Central Committee Politburo,” *China Leadership Monitor* 55 (Winter 2018). Xi did keep his top anti-graft official Wang Qishan, who had reached the 68-year retirement age for party cadres, as state vice president. Benjamin Kang Lim, Ben Blanchard, and Philip Wen, “China’s Xi Looks to Keep Right-Hand Man on Despite Age,” Reuters, October 11, 2017, <https://www.reuters.com/article/us-china-congress-wang/chinas-xi-looks-set-to-keep-right-hand-man-on-despite-age-idUSKBN1CG0JI>.

⁵⁴ Specifically, at the 19th Party Congress, Xi revised the CMC so that half of its uniformed members (three of six) have political responsibilities, compared with two out of ten in the previous CMC. Among the current CMC members, vice chairman Zhang Youxia holds the political portfolio (Xu Qiliang being operational), while Political Work Department director Miao Hua and Discipline Inspection Commission secretary Zhang Shengmin have political responsibilities as well. Previously, CMC vice chairman Fan Changlong and General Political Department director Zhang Yang held similar responsibilities. For analysis, see McFadden, Fassler, and Godby, “The New PLA Leadership.”

⁵⁵ Pei, “The CCP’s Domestic Security Taskmaster.” Additionally, the diplomatic machinery is coordinated by a Foreign Affairs Commission, which was established in 2018 and is also led by Xi. “CPC Releases Plan on Deepening Reform of Party and State Institutions,” Xinhua, March 22, 2018, <http://en.people.cn/n3/2018/0322/c90000-9440252.html>.

⁵⁶ The Central Political and Legal Affairs Commission is led by Politburo member Guo Shengkun while the CMC is represented on the Politburo by its two vice chairmen, currently Xu Qiliang and Zhang Youxia. The director of the CNSC Office, Ding Xuexiang, is at the same level. Alternatively, Xi could elevate the director of the CNSC office to a Standing Committee member, who would have more authority to compel civil-military coordination.

⁵⁷ Miller assesses only 3 of 21 Politburo members following the 19th Party Congress as “military/security” officials, though at least two others (CNSC office director Ding Xuexiang and Foreign Affairs czar Yang Jiechi) play related roles. Miller, “The 19th Central Committee Politburo.”

⁵⁸ For conflicting perspectives, see Miller, “The 19th Central Committee Politburo,” and Joseph Fewsmith, “Balances, Norms, and Institutions: Why Elite Politics in the CCP Have Not Institutionalized,” *China Quarterly* 248 (November 2021), 265-282.

⁵⁹ For a useful analysis in the context of military signaling, see Nathan Beauchamp-Mustafaga et al., *Deciphering Chinese Deterrence Signaling in the New Era* (Santa Monica, CA: RAND, 2021). See also Paul H.B. Godwin and Alice L. Miller, *China’s Forbearance Has Its Limits: Chinese Threat and Retaliation Signaling and Its Implications for a Sino-American Military Confrontation*, China Strategic Perspectives 6 (Washington, DC: NDU Press, 2013).

OPENING STATEMENT OF RODERICK LEE, RESEARCH DIRECTOR, U.S. AIR FORCE, CHINA AEROSPACE STUDIES INSTITUTE

MR. LEE: Good afternoon, everyone. And thank you to the Commissioners as well as the Commission staff for inviting me here today to talk about PLA decision-making.

Before I get started, I want to sort of anchor ourselves with two key facts that we can establish about PLA decision-making. Fact number one is that the PLA is ultimately run by a set of Party organizations.

Underneath Xi Jinping, every PLA organization is run by a Party committee. Whether it's the Eastern Theater Command to a Luyang III-class destroyer, there is a Party committee at the head of it, which means the PLA is subject to the same strengths and weaknesses as the Party committee system is.

Fact number two is that Xi Jinping, and really the PLA writ large, doesn't particularly trust its own people. This isn't to say they distrust them, but rather they're not particularly confident that the people of the PLA will rise to the occasion if asked.

That brings us to the question of what do we do with this information in our broader understanding about how PLA decision-making and command and control works? I think there's an opportunity here for us to create some form of deterrent effect against the PRC.

That's by, one, creating a decision-making advantage on the U.S.'s side, and two, creating doubt within the CCP about whether the PLA can keep up with us in wartime. Now, how do we do that? I think there are at least three steps.

Step number one is we need to invest more in understanding how this decision-making and command system works in a pragmatic sense. We're getting to the point where we have a reasonably good understanding about how the Party committee system works and the centralized command system works on paper, but how does this actually translate in reality?

I'll give here two examples. Example number one is referencing back to that highly centralized decision-making mechanism. We know that they have built a system where they are easily able to reach down from the Central Military Commission or a Theater Command, bypass intermediate command layers, and reach down directly to tactical formations.

But every organization, even ones that Xi Jinping is in charge of, have span of control limits. When you begin to exceed that span of control limit, your ability to exercise control over forces begins to degrade.

So there's an opportunity here. We can begin to slow their decision-making process by getting them to engage in more of what we call skip-echelon command. But how do we actually get them to engage in skip-echelon command?

Another example is looking to the Party committee system. We understand that a Party committee system is there to provide command guidance, to define a division of labor between the unit commander and unit political commissar, and to generally oversee what's going on with the unit as it proceeds through its task.

If it has done its job perfectly, it will have clearly defined parameters about who is allowed to do what and how much freedom of action each individual has to make decisions. In the event that something occurs that pushes them beyond those parameters, they're supposed to reconvene the Party Committee in order to reach a new conclusion.

There are ultimately some emergency decision-making processes available to them as well, but they're supposed to reconvene a Party Committee. There lies another opportunity to

delay the system. If we can induce them to reconvene a Party committee to sort of reevaluate the situation, we can delay their decision-making process, especially at the operational level.

But how do we actually push them beyond that threshold? In order to get that understanding, we need to support and resource organizations to further understand this through things like gaining, emulations, and case studies. We need to take our academic understanding of how things work and apply it in as realistic scenario as possible.

Then we can begin to unpack, where do we actually have a reasonably good understanding? Where are there gaps that we need to engage in more research in? And then we can finally start identifying where those weaknesses might be.

And that gets to my second recommendation. Once we've identified those weaknesses and how the system works in a pragmatic sense, we need to educate our force about it. Getting our force aware about military capabilities and weapons systems, as Joel referenced, is a good start.

But if we want to maintain our decision-making advantage, we need to educate our force about how the PLA system works, how a Party Committee system works, and the role it has in decision-making cannot remain this exquisite and niche topic. We need to educate the force about how it works.

And once we have more brains looking at this topic, we are likely to find new solutions to, one, find ways to degrade their ability to make rapid and smart decisions, and two, identify places where we ourselves need to strengthen our own capabilities and capacity.

That brings me to number three. Once we have this really high-fidelity understanding of how the PLA's decision-making system works and where it stands today and where we think it's going to move towards in the future, we can start identifying where we need to bolster our own capabilities and our own capacity.

This doesn't just mean technology, things like the Advanced Battle Management System that the Air Force is trying to push forward. More specifically, I want us to start looking at the people. The PLA acknowledges that even though they have redundant communication systems, command decision-making aids, and automated data processing, it's ultimately a group of people who work as a Party committee that make the decisions.

They also recognize that when they look at the United States, they see something that they want, that they don't feel like they can go up against. They look at the United States, and they look at the trust we impart, especially among our junior officers and enlisted, and they self-recognize that they can't keep up with that system, especially in wartime.

They've already told us that we have a competitive advantage in this field, and we need to maintain that, again, not just in technology, but in the people. So we need to both empower them, but perhaps more importantly, trust our people to make smarter and better decisions than the PLA.

With that, I'll yield the rest of my time and look forward to our discussion.

**PREPARED STATEMENT OF RRODERICK LEE, RESEARCH DIRECTOR U.S. AIR
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Control and Decisionmaking in Xi Jinping's Military

Roderick Lee

Testimony before the U.S.-China Economic and Security Review Commission

Hearing on CCP Decision-Making and the 20th Party Congress

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Disclaimer: The views and opinions expressed herein by the authors do not represent the policies or position of the U.S. Department of Defense and are the sole responsibility of the author.

Summary

Over the past decade, Xi Jinping centralized control over the military through more than just reshuffling the People's Armed Forces. Just as importantly, he stripped away control over the Party gun from other parts of the Chinese Communist Party. In doing this, the primary potential disrupting factor in control of and decisionmaking in the military is internal. As such, Xi now relies on three different elements to exercise control and implement decisionmaking at lower levels.

Firstly, Xi directly involves himself in some military issues that he sees as high priority. However, his involvement is not necessarily permanent. Military affairs only take up a small fraction of Xi's time and he cannot simultaneously control the entire military by himself.

This leads to the utilization of a second form of control and decisionmaking. Xi built and maintains a network of trusted agents; individuals that he knows well enough to reliably act as his eyes, ears, mouth, and hands. These are not just individuals that Xi views exclusively as politically trustworthy but must fall under the category of "double expert"; individuals who have strong political and military credentials. Although we can identify a handful of such trusted agents, it is impossible to know exactly who is and is not a trusted agent.

Even with trusted agents in place, these individuals cannot be everywhere at once, and even the most trustworthy individuals cannot be entirely trusted. Thus, Xi continues to rely on the CCP's Party committee system as the primary means of control and decisionmaking. In a way, these act as a "trusted agent in aggregate" and are the most prevalent decisionmaking bodies in the People's Armed Forces. Even if an organization has an individual that Xi trusts leading it, the organization's Party committee is officially the decisionmaking body that interprets Xi's guidance, applies that guidance within their organization, and disseminates that guidance to subordinate entities.

The levels of authority each organization has is virtually impossible to determine. On paper, they can have vast amounts of autonomy and authority. Officially, how much authority subordinate entities have is up to the discretion of the up-echelon Party committee and eventually Xi. Inherently, because Xi cannot provide precise guidance to every single part of the People's Armed Forces, his guidance must be broad and left to the interpretation of lower echelons. However, the presence of skip-echelon and pushing down of senior officers can pressure units relying on high-level centralized decisionmaking.

Despite this extensive structure, there are still possible gaps in decisionmaking and areas where the current structure is likely inadequate. There is no evidence that the CCP currently has a robust decisionmaking and control mechanism for joint nuclear operations, operations beyond the theater command system, and military intelligence. The operational decisionmaking structure for counterspace operations appears to be confused.

In response to these findings, I recommend that the United States commit greater resources to further understanding how the intricacies of the CCP military decisionmaking mechanism works in a practical sense, better educate our forces on how this system works, and invest in ways to improve our own military decisionmaking processes and survivability. If we implement these changes, we have the opportunity to substantively deter the CCP from using force against the United States and its allies.

How Xi Centralized Control Over the Military

Structurally, Xi Jinping's efforts to reinforce his ability to exercise direct control over the People's Armed Forces, an umbrella term that includes the People's Liberation Army (PLA), People's Armed Police (PAP), and militia, fall under two categories. Firstly, he reduced the number of bureaucratic layers between himself as CMC chairman and the individual PLA soldier. Secondly, Xi removed several civilian actors that historically had direct or indirect influence over the military.

Previous studies already explored the first category. Xi broke up the PLA's four general departments, reduced the number of command layers between the CMC and tactical formations, and codified the Central Military Commission (CMC) chairman responsibility system with the Chinese Communist Party (CCP) Constitution all helped strengthen Xi's grip on the military.¹ However, there are several structural changes that Xi made that deliberately removed civilian actors from the People's Armed Forces' chain of command that are not as commonly recognized or understood as ways of centralizing control.

Xi's removal of external actors who could either influence decisions related to the People's Armed Forces or directly control military forces is arguably the most direct means of Xi consolidating structural control over the military. Upon Xi's ascendance to power in November 2012, there were multiple actors outside of the military system that were involved in the People's Armed Forces. Not only did these actors have the ability to directly control or influence the military, but they also complicated the decisionmaking process. The changes enacted in subsequent years did away with most of these external actors.

One of Xi's first moves to consolidate control over the People's Armed Forces was to remove local CCP officials from the command structure of PLA reserve units. Prior to 2016, regional party secretaries frequently served as "first commissars" of PLA reserve units within the Provincial Military District (PMD) system. In this capacity, CCP officials at the prefecture and provincial level acted as a "first among equals" over a reserve unit's military commander and political commissar. The civilian CCP official, in this capacity, also led party committee meetings for local PLA reserve units and thus could exercise substantial influence over what these reserve units did.² In other words, local CCP officials had a limited capacity to control their own guns. Given that Xi served in this capacity for a Fujian PMD reserve anti-aircraft artillery division while he was the Fujian provincial party committee deputy secretary, he almost certainly is cognizant about how one might abuse this system for self-gain.³

As part of Xi's widespread reform of the PLA, the creation of the National Defense Mobilization Department (NDMD) and Theater Command system provided a more streamlined means of controlling the PMDs and subordinate reserve units. Under the new system, the NDMD administers the various

¹ People's Republic of China, "China's Constitution of 1982 with Amendments Through 2004", August 26, 2001, https://www.constituteproject.org/constitution/China_2004.pdf?lang=en.

² "科普：军队中的“第一政委”和“政委”有什么区别？谁的级别高" [Science: What Is The Difference Between The "First Political Commissar" And The Political Commissar"? Whose Level Is High], 欢乐说娱 [Huanle Shuoye], May 10, 2018, <https://www.163.com/dy/article/DHC5GQ1R0529IHA8.html>.

³ 新华网, [Xinhuanet], "习近平同志简历" [Comrade Xi Jinping Resume], 新华网 [Xinhuanet], October 25, 2017, http://www.xinhuanet.com/politics/19cpcnc/2017-10/25/c_1121856289.htm.

PMDs while the Theater Commands provide operational control.⁴ Even if the local civilian authorities wanted to use PLA reserve units for disaster response, the relevant theater command must assume a joint command of those forces.⁵

Similarly, Xi realigned the PAP under the full control over the CMC through the “Decision of the Central Committee on Adjusting the Leadership and Command System of the People’s Armed Police” in January 2018.⁶ Prior to this “Decision”, the Ministry of Public Security (MPS) oversaw the PAP to include operations, budget, size, and composition.⁷ Local MPS officials also retained a “first commissar” position in local PAP detachments through late-2017.⁸ This dynamic provided local CCP officials with similar levels of control over local PAP detachments when compared to PLA reserve forces.

Determining if Xi had ulterior motives for removing local CCP officials from the PLA reserve force and PAP chain of command would be extremely difficult. However, this move inherently stripped local CCP officials of control over military and paramilitary forces and consolidated control over those forces within the CMC and thus Xi himself.

Xi also removed civilian CCP members from People’s Armed Forces inspection delegations early in his tenure as CCP General Secretary. Xi Jinping’s accompanying delegation at PLA and PAP units from 2012 to 2015 consisted of several civilian CCP members to include Politburo members Wang Huning and Li Zhanshu.⁹ Hu Jintao’s delegations also consisted of senior civilian CCP members to include at least one Politburo member.¹⁰ However, Xi Jinping’s visits after 2015 do away with this trend in that Xi’s entire visiting delegation consists of military officers.¹¹

We can likely rule out active distrust for the reason behind Xi’s decision to remove civilian CCP officials from military visits. Wang Huning and Li Zhanshu accompanied Xi to most military unit visits from 2012 through 2015. Both individuals served on the Politburo of the 18th Central Committee at the time of

⁴ 张军胜, 刘国顺, [Zhang Junsheng, Liu Guoshun], “全国省军区系统转隶中央军委国防动员部” [National Provincial Military Region System Transfer Central Military Commission National Defense Ministry], 解放军报 [Liberation Army News], February 17, 2016, http://www.81.cn/sydbt/2016-02/17/content_6916134.htm.

⁵ 薛志亮, 沈凡, [Xue Zhiang, Shen Fan], “从一次抢险看动员要素构成” [Mobilization Elements From A Rescue], 解放军报 [Liberation Army News], August 6, 2020, http://www.81.cn/gfbmap/content/2020-08/06/content_267774.htm.

⁶ 徐平, [Xu Ping], “历史发现：武警有过哪些体制调整？” [History Discovery: What Institutional Adjustments Have Ever Been Armed?], 中国军网综合 [China Army Network Comprehensive], January 4, 2018, http://www.81.cn/wj/2018-01/04/content_7894833.htm.

⁷ Joel Wuthnow, China’s Other Army: The People’s Armed Police in an Era of Reform, April 2019, <https://inss.ndu.edu/Portals/82/China%20SP%2014%20Final%20for%20Web.pdf>.

⁸ 雅安市人民政府办公室, [Ya'an Municipal People's Government Office], “马宏副市长出席武警雅安支队 2017 年夏秋季退役士兵欢送大会” [Marhong Deputy Mayor Attends Armed Police Ya'an Detachment 2017 Summer Autumn Retired Soldier], 市公安局 [Municipal Public Security Bureau], September 6, 2017, <http://www.yaan.gov.cn/gongkai/show/20170906161834-755237-00-000.html>.

⁹ “Xi Jinping Military Visit Tracker”, China Aerospace Studies Institute, January 1, 2022, available upon request.

¹⁰ 解放军报, [Liberation Army News], “胡锦涛视察济南军区强调不放松军事斗争准备” [Hu Jintao Inspected Jinan Military Region To Emphasize Not To Relax Military Struggle Preparation], 解放军报 [Liberation Army News], October 22, 2009, <http://mil.news.sina.com.cn/2009-10-22/0926571027.html>.

¹¹ “Xi Jinping Military Visit Tracker”, China Aerospace Studies Institute, January 1, 2022, available upon request.

these visits and ascended to the Politburo Standing Committee of the 19th Central Committee. Given this ascendance and Li Zhanshu's potential connection to Xi during their time in Hebei, it seems reasonable that Xi does not actively distrust either individual.

A possible explanation for Xi removing two Politburo members from the typical military inspection delegation may be that he simply wants to remove non-military actors from the picture to prevent confusion about who can be involved in military decisionmaking. While Article 24 of the CCP Constitution suggests that the Central Committee, and thus Politburo Standing Committee, has a cursory line of authority over the PLA, the consistent presence of civilian Politburo and Central Committee members at military unit inspections prior to 2015 suggests they likely had some hands-on involvement in the military.¹² This might have resulted in a confused management over the People's Armed Forces.

What Xi Controls Directly

The structural and cultural changes that Xi imposed on the PLA opened the way to him becoming more directly involved in the military. However, the extent to which Xi has exercised this right as opposed to delegating authorities to trusted agents remains somewhat of a mystery. What we can glean about Xi's direct involvement is largely anecdotal and based on a very limited number of datapoints.

For example, authors of the 2022 Training Mobilization Order include the term "I order" (我命令), a very personalized reference that otherwise only appears in the first training mobilization order that Xi issued in 2018.^{13 14} The training mobilization orders in 2019, 2020, and 2021 are clearly less personalized and while the PLA almost certainly issued those orders on behalf of Xi, they do not read as the verbal order issued by Xi in 2018 and the most recent 2022 order.

This is all to reinforce the inherent difficulty in determining what military issues Xi personally involves himself in and what he delegates to other actors such as the CMC vice chairman. By cataloging Xi's major interactions with the military since his ascendance to the position of CMC chairman in late 2012, Xi likely involved himself in the decisionmaking of the following efforts:

- Defining PLA reform milestones and objectives
- Transforming the Southern Theater Command into a modern joint operations command organization
- Modernizing the PLA Army (PLAA) and Navy (PLAN)

This approach is potentially flawed in that Xi himself may not decide or even influence his travel and meeting agenda. Other individuals that Xi trusts could determine where he needs to be for military issues, in which case, these findings are entirely irrelevant. However, Xi's military meeting agenda is one

¹² 中国共产党, [Communist Party of China], "中国共产党章程" [Chinese Communist Party], 中国共产党 [Communist Party Of China], October 24, 2017, <http://dangjian.people.com.cn/GB/136058/427510/428086/428087/index.html>.

¹³ 李萌, [Li Meng], "习近平签署中央军委 2022 年 1 号命令 向全军发布开训动员令" [Xi Jinping Signed The Central Military Commission No. 1 Command To Issue A Training To The Whole Army], 新华社 [Xinhua News Agency], January 4, 2022, http://www.gov.cn/xinwen/2022-01/04/content_5666366.htm.

¹⁴ 蔡琳琳, [Cai Linlin], "军委举行 2018 年开训动员大会习近平发布训令" [The Military Commission Held The 2018 Announcement Mobilization Conference Xi Jinping Release Order], 新华网 [Xinhuanet], January 3, 2018, http://www.xinhuanet.com/mil/2018-01/03/c_129782295.htm.

of the few consistently observable instances and thus we must press with this approach under the assumption that Xi does in fact dictate his own travel and meeting appearances.

Not surprisingly, Xi demonstrated an active interest in the military reform efforts he initiated. As the title of *Saunders et al's* 2019 publication "Chairman Xi Remakes the PLA" suggests, Xi Jinping led the PLA and the People's Armed Forces on the largest reform effort in decades. However, Xi's initiation of a reform effort does not necessitate his active involvement throughout the reform process. That being said, Xi's military engagements reveal what appears to be an active effort to understand the state of the People's Armed Forces upon his ascendance in 2012 and subsequent efforts to guide the CMC through all three stages of the reform process.

Between December 2012 and December 2014, Xi visited the headquarters of six out of the seven now-defunct PLA military regions. Although PRC press does not explicitly tie these visits to the subsequent reform campaign, these trips likely were Xi's effort to survey forces to understand what he wanted to change. He subsequently attended CMC reform meetings in November 2015, December 2016, February 2017, and November 2018.¹⁵ These meetings align against the beginning of the reform process as well as the PLA's three reform stages of "above the neck", "below the neck", and "policy changes" respectively.¹⁶

Xi likely was also involved in the creation of a modern PLA joint organization and policy system. As of 2022, he has only visited one joint theater command since the system came into being in 2016: the Southern Theater Command (STC).¹⁷ Xi also visited the STC Army Headquarters in April 2017 and has made the greatest number of visits to units within the STC area of responsibility. This not only suggests that the STC acted as the leading edge of the PLA's effort to establish a joint command mechanism, but also that Xi has focused his attention in ensuring the success of this effort.

Xi's visits between late 2012 and 2021 also demonstrate a bias in which he seems to involve himself in the affairs of some PLA services more than others. Out of the 67 events cataloged, eight visits were PLAA-centric, and seven visits were PLAN-centric. In that same time, Xi only conducted four PLA Air Force (PLAAF), three PAP, two PLA Strategic Support Force (PLASSF), and one PLA Rocket Force (PLARF)-centric visit. The remaining events were either CMC-related meetings, or visits to multiple units in the field.¹⁸

Whether these events accurately reflect Xi's greater direct involvement in PLAA and PLAN issues is up for debate. However, if it does reflect direct interest, the reasoning behind Xi's interest is unclear. On the one hand, Xi may be genuinely interested in these parts of the PLA. Alternatively, Xi may feel that the PLAA and PLAN require greater direct oversight compared to the other services. Regardless, Xi's particular emphasis on visiting PLAA and PLAN units demonstrates a probable direct interest in these two services.

¹⁵ "Xi Jinping Military Visit Tracker", China Aerospace Studies Institute, January 1, 2022, available upon request.

¹⁶ Phillip C. Saunders, Arthur S. Ding, Andrew Scobell, Andrew N.D. Yang, and Joel Wuthnow, "Chairman Xi Remakes the PLA- Assessing Chinese Military Reforms", 2019, <https://ndupress.ndu.edu/Portals/68/Documents/Books/Chairman-Xi/Chairman-Xi.pdf>.

¹⁷ "Xi Jinping Military Visit Tracker", China Aerospace Studies Institute, January 1, 2022, available upon request.

¹⁸ "Xi Jinping Military Visit Tracker", China Aerospace Studies Institute, January 1, 2022, available upon request.

Although not reflected in Xi's attendance of military events, PRC press coverage about Xi's interest in the wellbeing of retired military personnel also suggests that Xi may directly involve himself in veteran affairs issues. Official PRC media consistently references that Xi self-identifies as a "demobilized military cadre" (军转干部), a reference to Xi's early career transition from the CMC General Office to Hebei province.¹⁹ As with most other issues, it is difficult to ascertain the reasoning behind Xi's decision to emphasize veteran work. One possible reason is that placating retired PLA military personnel reduces the potential for internal unrest, given that military veterans have historically been a source of protests in China.²⁰

Building a Network of Trusted Agents

Xi Jinping ultimately cannot exercise simultaneous control or even perfectly maintain situational awareness over the entire People's Armed Forces. Even for the issues over which Xi appears to exercise direct control or influence over, other individuals and organizations must eventually interpret Xi's overarching guidance and execute his intent. Xi thus must maintain a control structure that can reasonably interpret and execute his intent. The first means of maintaining control and situational awareness is an informal network of trusted agents in the military.

Xi almost certainly relies on a network of trusted agents within the PLA to oversee issues that he cannot or does not want to personally manage. This judgement relies on the assumption that Xi will leverage his authority as CMC Chairman to approve promotions of all general and flag level officers. A handful of publicly available datapoints also suggest that Xi may have indeed installed trusted agents, but there is insufficient evidence at present to suggest that Xi has engaged in a widespread deployment of trusted agents that he knows from before his time as CMC chairman.

One of the most discussed means through which Xi ensures loyalty and political reliability across the CCP is the installing of trusted agents.²¹ It is true that Xi installed several individuals into senior positions across the PLA with whom he has longstanding ties. Typically, we flag individuals who have family connections to Xi or with whom Xi has previously worked in the past as personal allies. One clear example of this is Xi's appointment of his long-time aide Zhong Shaojun to the CMC General Office as a deputy director.²²

However, publicly available information rarely captures such personal connections. Besides Zhong, there are only a few other military officials that public reports cite as "Xi allies", namely CMC Vice Chairman Zhang Youxia and PLAN Political Commissar Qin Shengxiang. Due to the rarity of such connections being

¹⁹ 王萌萌, [Wang Mengmeng], "以习近平同志为核心的党中央关心退役军人工作纪实" [Party Central Committee Of Comrade Xi Jinping Cares For The Documentary], 新华网 [Xinhuanet], July 25, 2019, http://www.xinhuanet.com/politics/2019-07/25/c_1124799562.htm.

²⁰ Associated Press, "China sentences military veterans for protesting", Associated Press, April 19, 2019, <https://apnews.com/article/b71f4727f7fc41e2b4aff99c933025a6>.

²¹ Benjamin Kang Lim, Ben Blanchard, "China combat veteran, close ally of Xi, to get promotion – sources, Reuters, October 17, 2017, <https://www.reuters.com/article/china-congress-military-idINKBN1CM0U2>.

²² 陈宝成, [Chen Baocheng], "官方证实钟绍军任中央军委办公厅主任" [Official Confirmed That Zhong Shaojun Was Director Of The Office Of The Central Military Commission], 财新数据通 [Finish Data], September 19, 2018, <https://database.caixin.com/2018-09-19/101328280.html>.

made public, using this type of connection as a trust indicator to determine the full extent of Xi's personal network in the military. Thus, while Xi does appear to have placed some close allies and individuals with whom he has a longstanding relationship with, we cannot realistically know how many current PLA leaders have such connections.

Indeed, it appears that Xi is happy to delegate some issues to military trusted agents. For example, despite Xi's attendance of an "All Army Equipment Meeting" in December 2014, CMC Vice Chairman General Zhang Youxia has taken over leading all subsequent equipment and logistics meetings as recently as late-2021.^{23 24}

Another potential category of trusted agents in the military are individuals who served in the same region and timeframe as Xi. Namely, other works frequently look to officers that served in Fujian, Zhejiang, or Shanghai based units while Xi served in those areas.²⁵ This "early career overlap with Xi" argument typically looks at individual datapoint, such as Admiral Miao Hua and General Wang Ning, who both served in the Fujian-based 31st Group Army at the same time Xi worked in Fujian. The major potential flaw with this indicator is that it assumes geographic and temporal overlap is a reasonable indicator that two individuals know each other and that limited professional work together would create trust.

Nevertheless, we can look at the 57 officers that Xi promoted to full general or admiral since he became CMC chairman. 17 out of the 57 officers had the potential to overlap with Xi in either Fujian, Zhejiang, or Shanghai. 7 of the 17 individuals served in the Fujian-based 31st Group Army at the same time Xi was in Fujian. There is insufficient career information for the current PLAN Commander, Admiral Dong Jun, to determine whether he overlapped with Xi.²⁶

One would need to compare this data with 3-star promotions prior to Xi to make it useful. It is possible that the 31st Group Army, as a premier Army unit expected to lead the charge in a Taiwan invasion scenario, might have higher promotion rates.²⁷ In short, it does appear that in disproportionately large number of PLA and PAP three-star officers promoted by Xi served in eastern China at the same time as Xi, but additional work is required to determine whether this is unique to Xi's tenure as CMC chairman or if there are other variables at play.

A third category of potential trusted agents are individuals who likely had sustained interactions with Xi after he became CMC chairman. This category is slightly more reliable than the previous "early career overlap" argument because it looks to individuals who we know had personal contact with Xi. The best window into who might have regular contact with Xi are individuals that accompany him on military

²³ "Xi Jinping Military Visit Tracker", China Aerospace Studies Institute, January 1, 2022, available upon request.

²⁴ 杨鹤, [Yang He], "习近平对全军装备工作会议作出重要指示" [Xi Jinping Made An Important Indication Of The Entire Military Equipment Work Meeting], 新华社 [Xinhua News Agency], October 26, 2021, http://www.gov.cn/xinwen/2021-10/26/content_5645018.htm.

²⁵ Arthur S. Ding, Jagannath P. Panda, "Chinese Politics and Foreign Policy under Xi Jinping", Routledge, November 24, 2020.

²⁶ "General Officer Catalog", China Aerospace Studies Institute, January 1, 2022, available upon request.

²⁷ 陈俊松, [Chen Junsong], "别了! 18个集团军" [Do Not! 18 Group Army], 新华社解放军分社 [Xinhua News Agency Liberation Army Branch], April 28, 2017, http://www.xinhuanet.com/politics/2017-04/28/c_1120887341.htm.

visits. Two examples of such individuals are CMC Strategic Planning Office Director Major General Shen Fangwu and PLAN Discipline Inspection Committee Secretary Vice Admiral Liu Xunyan.

Shen previously served as a CMC General Office deputy director and accompanied Xi on virtually every military unit visit through 2019. Liu served as Political Work Department Security Bureau director until January 2016 and accompanied Xi on most military unit visits until he received a promotion in 2016.²⁸ After several years working around Xi, both individuals received promotions to extremely coveted and sensitive positions. Although there is no way to determine with certainty that Xi deliberately promoted these two individuals and others like them to place trusted agents in key positions, it is certainly a possibility.

It is possible that there are multiple confounding variables at play. One potential problem is that positions near Xi may already be closely controlled to ensure only the most competent individuals fill those positions. Another potential issue is that these positions may inherently act as gateways to further promotion. Nevertheless, we can at least ascertain that these individuals have some direct contact with Xi before receiving a promotion.

It should be abundantly clear at this point that determining who might qualify as a trusted agent of Xi is extremely difficult. In most cases, a military officer's connection to Xi is circumstantial at best. However, there are still a handful of known or likely examples of Xi promoting individuals he knows into key positions.

Despite this difficulty in determining how many officers are trusted agents of Xi, the system inherently allows for Xi to easily place such trusted agents wherever he wants. According to the PRC's Active Military Officer Service Law Article 12 Section 1, the CMC Chairman officially appoints and removes all active-duty officers at the division grade and above.²⁹ During Xi's tenure as CMC Chairman, the PLA and PAP promoted several hundred PLA and PAP officers to the one-star general rank and above. The number of officers that the PLA promoted to the division grade almost certainly numbers in the thousands.

As such, Xi had the sole authority to approve or disapprove all general and flag promotions in the People's Armed Forces from 2013 onward. Of course, it would be impractical for Xi himself to scrutinize every single officer up for promotion at the division grade and higher. Xi almost certainly offloads some of this work to individuals he trusts, such as CMC Political Work Department Director Admiral Miao Hua, who is officially in charge of personnel management in the PLA. However, it is a safe assumption that Xi has a direct say in the promotion of full generals and admirals. Xi may also exercise his authority and apply direct scrutiny on lower-level positions at the theater and even corps level.

The officers that Xi promotes to these senior positions must have the right political ideology and operational track record. Indeed, differentiating these two buckets, especially at the general and flag level, is an artifact of a Western military mindset. In the People's Armed Forces, operational proficiency

²⁸ "Xi Jinping Military Visit Tracker", China Aerospace Studies Institute, January 1, 2022, available upon request.

²⁹ 毛志文, [Mao Zhiwen], "中华人民共和国现役军官法" [People's Republic Of China Active Military Officer Law], 国家信访局门户网站 [National Letter And Tour Office], January 16, 2014, http://www.81.cn/zggfs/2014-01/16/content_5737753_2.htm.

and political awareness are increasingly intermingled the more senior one becomes. The PLA's propaganda slogan of "double expert" perfectly encapsulates this philosophy that the divide between military and political work is disappearing.³⁰

This blurring of lines can be seen today in some of the PLA's senior most generals. For example, PLA National Defense University's political commissar General Zheng He previously served as the University's commandant. Similarly, Western Theater Command's political commissar General Li Fengbiao is a career airborne officer who previously served as the PLASSF Commander.

Party Committees as a Formal Control Mechanism

Even if Xi has an extensive network of trusted agents across the People's Armed Forces, they still cannot provide total coverage over the entire force. The formal party committee system that exists across all CCP organizations is the ultimate guarantor of Xi's effective control over the entire military. In the most simplified sense, party committees act as Xi Jinping signal amplifiers. They interpret up-echelon guidance about what Xi Jinping wants, translates that into actionable information at their level, and then disseminate guidance down to subordinate lower echelons. Understanding the party committee system sets the foundation for understanding the PLA's decision-making processes both in peacetime and wartime.³¹

Every level in the PLA has some form of leading party organization. Although each type of Party organization has a different name, we can broadly refer to them all as party committees. Each Party organization is responsible to the next higher-level Party organization and, ultimately, to the CCP's Central Committee through the CMC.

Group leadership and decisionmaking is the core of the party committee system and thus the core of the PLA's decisionmaking system. The Party committee secretary, deputy secretary, and standing committee members are equal in position to regular committee members.³² However, there are differing levels of responsibility. The Party committee secretary and deputy secretary oversee the implementation of the decision and the standing committee is responsible for reporting up to the party congress at the relevant level. In peacetime, the standing committee of the party committee presides over making daily decisions for unit affairs.

In many ways, the Party committee structure creates a "trusted agent" in the aggregate. Instead of having a single individual whom Xi trusts, a collective group of individuals who are promoted based on both political and military affairs traits are responsible for unit control and oversight.

Specifically, military Party committees are responsible for the following:

³⁰ 王妍洁, 鞠英杰, 张新凯, [Wang Yizhen, Yan Yingjie, Zhang Xinkai], "争做“两个行家里手” | 从“纸上谈兵”到“双脚落地”" [Strive To Be "Two Hipster Hands" | From "Talking" To "Feet"], 解放军报 [Liberation Army News], November 18, 2021, http://www.mod.gov.cn/power/2021-11/18/content_4899060.htm.

³¹ Roderick Lee, Marcus Clay, Eli Tirk, "The Role of CCP Apparatuses in the People's Liberation Army", SOS International LLC Center for Intelligence Research and Analysis, Forthcoming.

³² 中国共产党, [Communist Party of China], "中国共产党章程" [Chinese Communist Party], 中国共产党 [Communist Party Of China], October 24, 2017, <http://dangjian.people.com.cn/GB/136058/427510/428086/428087/index.html>.

- Establishing and overseeing Party organizations in subordinate units and organizations
- Educating CCP members
- Interpreting and implementing higher-level Party committee decisions and guidance
- Reporting the unit's work to the higher-level Party committee
- Make decisions on operational and military works issues

Although requiring collective group decisionmaking on all these issues may sound ineffective and slow, the CCP likely believes in the “advantages” of the party committee’s leading role in warfighting, because it is conducive to the “vertical penetration of grassroots units” while simultaneously “horizontal linkages of different operational systems of systems.”³³ Under rapidly changing informatized conditions, the PLA values the advantages party committee system provides because it facilitates “pushing decision-making activities vertically down to the grassroots” and can also foster “horizontal linkages of different operational system of systems.”

Transitioning into Crises and Wartime

Most of a Party committee’s functions are relatively “high-level” in nature and do not involve the Party committee needing to approve every action made within a unit. If a Party committee has done its job properly, it will have clearly defined overarching guidance, a division of labor, and emergency procedures before a crisis or conflict begins. Thus, it should have very little involvement in lower-level decisions that it has delegated out to different parts of a unit.

For example, a good Party committee will outline what a PLAN vessel in the South China Sea can and cannot do while shadowing a U.S. Navy vessel that is conducting a freedom of navigation operation, who on the PLAN vessel is responsible for what, and what procedures must be followed should something happen outside the scope of the plan. If all of this is done, the PLAN vessel should be able to operate on its own with very little additional guidance from its up-echelon unit’s Party committee. This same dynamic should apply in a wartime environment, wherein Party committees provide overarching guidance, and individuals within a unit, namely the commander and political commissar, execute that guidance within their respective work types.

But inevitably, there are unique demands in a crisis or during wartime that drive the existence of two modified forms of the Party committee system that come into play: temporary party committees (临时党委) and wartime party committees (战时党委). Although the CCP does stand up both temporary and wartime party committees in the present day under limited circumstances, they will be prolific within a crisis or wartime PLA structure.

In peacetime, the PLA’s party committee system is stable due to units and organizations have well defined party committees and standing party committees. In wartime, the PLA will inevitably create numerous ad hoc formations based on operational requirements. This can range from the well-known joint landing group that the PLA will stand up during a Taiwan invasion scenario to a small navy escort formation consisting of two frigates. Since both aforementioned ad hoc formations are at least a

³³ Roderick Lee, Marcus Clay, Eli Tirk, “The Role of CCP Apparatuses in the People’s Liberation Army”, SOS International LLC Center for Intelligence Research and Analysis, Forthcoming.

regiment-level command, the CCP Military Party Committee Work Regulation stipulates that both formations must form temporary party committees.

Notionally, a wartime ad hoc formation's temporary party committee will consist of the formation's senior command and political officer, department directors, and sometimes the senior officers from subordinate groupings. But due to the ad hoc nature of these committees, there appears to be greater flexibility in terms of committee membership and who acts as secretary.

A similar party committee construct that likely will be prevalent in wartime is the wartime party committee. In most cases, wartime party committees are temporary or ad hoc in nature, implying that most wartime party committees are also temporary party committees. The only apparent difference between discussions of regular party committee and a wartime party committee responsibility is the emphasis on clarifying authorities and the division of labor. In one example, a wartime party committee within a training environment clarifies the immediate temporary authorities of frontline combat commanders and personnel. Extrapolating from this responsibility, wartime party committees may place broad emphasis on defining which decisionmaking methods should be used under a wide range of combat situations.

As an example of a temporary wartime party committee implementation, within the context of a notional PLA military campaign, a wartime party committee likely has the following tasks. The committee is first expected to determine the overall concept and resolution for the campaign. Using that overarching concept and desired end state, the campaign command and support staff will draft a campaign plan and supporting plans. Within the plans, the campaign staff will define the division of labor, authorities, and command relationships. The campaign wartime party committee will then approve a plan. At this point, the campaign committee's roll becomes one of monitoring and only intervening when there is a major change in circumstances.

If a Party committee decision is needed, but the full party committee or standing party committee cannot meet due to time or geographic constraints, the PLA has several options to temporarily bypass the party committee decisionmaking process. One option is that the leader on scene can make an emergency decision on the spot and address the consequences of that decision at the party committee level after the emergency is over. Another option that is more applicable for situations where party committees are disaggregated across different locations is a "remote" committee meeting wherein participants essentially call in and hold a virtual session of sorts.

Authority of Trusted Agents and Party Committees

Although each level of the PLA inherent must have some level of autonomy to make their own decisions, we cannot realistically gauge the amount of autonomy or authority any given trusted agent or Party committee in the PLA has. On paper, the People's Armed Forces are supposed to have a great amount of flexibility and autonomy in how they go about performing their assigned tasks. PLA textbooks and media articles highlight how units and thus Party committees across the PLA are supposed to innovate and adapt based on local conditions. Frequently, these articles discuss how a unit developed a new training

method, tactic, or maintenance process. PLA press will also openly publish officer recommendations about current deficiencies in the PLA and how one should go about resolving these deficiencies.³⁴

However, real world events suggest that such freedom in decisionmaking frequently does not exist. One PLA Navy officer who attended the Rim of the Pacific exercise in 2016 lamented that the PLA's "nanny command style" was inadequate for modern operations.³⁵ An example of such "nanny command style" is the PLA's tendency to push down senior officers to relatively small tactical formations. This problem was prevalent enough that the PLAN eventually issued guidance that single-ship formations could not have a senior officer embarked onboard to allow the ship's own commanding officer and political commissar to perform their job.

The PLA even places value on ensuring that even if they grant amount of autonomy in decisionmaking to lower echelons, the theater commands and CMC retain the ability to "skip echelon" command tactical formations.³⁶ This is not just an academic concept that the PLA discusses, but also something implemented in the real world today. It appears that all theater command joint operations command centers have live video feeds from virtually every weapons platform operating within the area of responsibility. For example, in the STC joint operations command center, there are video feeds from PLAN vessels patrolling the South China Sea as well as military facilities across the region.³⁷

Thus, while the PLA appears to academically acknowledge the need to grant their warfighters some level of decisionmaking and autonomy, the system also gravitates towards a highly centralized command and control structure.

Gaps in the System

Despite the extensive control infrastructure that Xi put in place within the People's Armed Forces, there are some gaps where the PLA appears to have either a confused or insufficient decisionmaking structure in place to adequately execute operations in that domain. Such gaps may be an artifact of publicly available information, but they may also reflect true gaps in the PLA's decisionmaking structure. The three areas where the public record shows a lack of a sufficient decisionmaking structure is joint nuclear operations, operations beyond the theater command system, and military intelligence.

The PLA's heavily publicized rapid development of nuclear launch systems and supporting infrastructure has not been accompanied by the development of an organizational entity that can conduct peacetime decisionmaking on joint nuclear operations. There is no equivalent to the U.S. Strategic Command and with the growing emergence of the PLAN, PLAAF, and PLASSF as nuclear players, the PLARF can no longer act as a stand-in for a functional nuclear operations command. Just as how the PLA stood up functional commands to oversee activities in the information domain and logistics, the PLA would likely need to stand up a nuclear operations command to oversee nuclear deterrence and counterattack

³⁴ 汪晓勇, [Wang Xiaoyong], "'环太平洋—2016"演习启示" ["RIMPAC 2016" Exercise Revelation], 人民海军 [People's Navy], September 19, 2016.

³⁵ Ibid

³⁶ 肖天亮, 楼耀亮, 亢武超, 蔡仁照, [Xiao Tianliang, Lou Yaoliang, Kang Wuchao, Cai Renzhao], "战略学" [Science of Military Strategy], 国防大学出版社 [National Defense University Press], August 1, 2020.

³⁷ CCTV-7, "军事报道 20180810" [Military Report 20180810], CCTV-7 [Military Report 20180810], August 10, 2018.

operations. Even if Xi has unilateral release authority and the PLA puts in place the technical infrastructure to automatically translate that release authority into launch authority for tactical units, there still must be a decisionmaking system to create and maintain such a system.

The second area where the PLA appears to lack a sufficient decisionmaking system is for operations that fall outside of the scope of the theater command system. Although the reach of the theater commands continues to grow geographically, it does not appear to cover global operations. As the PLA continues to conduct peacetime operations and plan for wartime operations to occur further from China's mainland, the current theater command system will eventually reach a limit. This is not to say that it is impossible for the current theater command system to oversee global operations, but rather that it is not optimal.

A third functional area where the PLA has either obscured or not fully developed a decisionmaking system is in the realm of military intelligence. Despite the growing emphasis on strategic early warning and intelligence as integral forms of operational support in the PLA, intelligence functions still appear to be disaggregated across multiple organizations.³⁸ The CMC consolidated most high-end technical intelligence capabilities within the PLASSF, but human intelligence, tactical intelligence, surveillance, and reconnaissance, as well as analysis fall under other various parts of the PLA. Conceivably, the CMC Joint Staff Department's (JSD) Intelligence Bureau could act as a coordinating mechanism with a JSD deputy chief of staff as the leading individual, but such a mechanism does not lend itself to the increasingly high volumes of intelligence that the PLA is almost certainly gathering.

Lastly, although the PLA's creation of the PLASSF as unified command that oversees much of the PLA's information and space operations, the operational decisionmaking structure for counterspace capabilities appears somewhat confused. Both the PLASSF's Aerospace Systems Department and Network Systems Department likely possess counterspace capabilities and may even operate identical ground-based counterspace electronic warfare systems. How or if the PLASSF will deconflict these capabilities are unclear.

Recommendations

Based on this discussion, I have three recommendations to consider as we seek to deter and if necessary, defeat PRC aggression. First, we need to dedicate more resources to understand the PRC's military decisionmaking apparatus from Xi Jinping down to the individual PLAA infantry squad. The United States seeks to maintain a decisionmaking advantage against its adversaries and create multiple decisionmaking dilemmas for our adversaries. The only way to know whether we have an advantage, how large that advantage is, and how to put our adversary at a disadvantage is to understand how their system works. We cannot know if we are ahead if we do not know where they are.

Second, we should further empower our professional military education institutions across the Department of Defense such that they can better educate U.S., allied, and partner nation forces on how the People's Armed Forces decisionmaking system works. This is not only to help military officers and defense officials inform how they should develop their own set of decisions, but also to make them internally aware of how wide or small the military decisionmaking gap is.

³⁸ 肖天亮, 楼耀亮, 亢武超, 蔡仁照, [Xiao Tianliang, Lou Yaoliang, Kang Wuchao, Cai Renzhao], "战略学" [Science of Military Strategy], 国防大学出版社 [National Defense University Press], August 1, 2020.

Third, we must invest in maintain an edge in decisionmaking. The CCP has a system that prefers and gravitates towards centralized military decisionmaking. However, such a system that is prone to becoming overwhelmed and for seniors to reach down and interfere. Automation can alleviate some bandwidth issues, but it is not a panacea. The CCP also has a system designed to atrophy and degrade in a controlled fashion. In a worst-case scenario, a PLA unit will still have a Party committee in the field that is supposed to be able to make its own decisions in the absence of up-echelon guidance. We need to build and maintain a system that will be more agile than the CCP's during the onset of the conflict, but also one that will degrade more gracefully than theirs over time. Such a system cannot be reliant on technology alone and must truly allow our warfighters to make the smart decisions that we know they can make without up-echelon interference.

Parts of the PLA have told us openly that at one point, they perceived the United States as having a decisionmaking advantage in the military realm. They saw the autonomy and trust that we place upon even junior officers and enlisted. When comparing that system with their own, they concluded that the PLA was not ready. The PLA told us that they felt deterred, and we must continue to leverage that dynamic.

PANEL III QUESTION AND ANSWER

COMMISSIONER FIEDLER: Thank you very much.

Commissioner Bartholomew?

CHAIRMAN BARTHOLOMEW: Thanks very much, and thanks to all of you for very interesting testimony. Earlier, Co-Chair Scissors exhorted us to direct our question to specific people, but I'm not sure that I can with this one.

A lot of times when we think about this, we think about the Taiwan scenario, and how is decision-making going to happen in that context? I'd like actually to look at what's going on on the Indian border. And can somebody talk about the decision-making process both where it was decided somewhere along the way that increasing aggressiveness or assertiveness on the Indian border, building more facilities there, is the strategy, and also, when something happens there, how does the information go back up?

That's one piece of it, but then the second piece of it is the decision about what's been going on on the Indian border has economic and technological consequences for China. I'm thinking particularly of the tech companies. So what happens when something that is sort of a traditional military security scenario overlaps with the economic and technology consequences?

It's a big question. Not sure who -- maybe James is the first person to give it a try, unless somebody else wants to try it. I'm just trying to map out in my head where the decision-making happens.

DR. MULVENON: Well, Commissioner Bartholomew, I'm happy to try and frame it, and looking forward to the comments of my colleagues.

Traditionally, one of Beijing's biggest problems has been control of the periphery. And I'm not talking about Imperial China, but I'm talking about the PRC trying to understand what's going on at the edge. And they're deeply suspicious of the edge because they're great control freaks, and they would prefer to be able to exercise tactical control of the battlefield.

And just as a historical analogy of what drives the leadership's view of this was the 2001 EP-3A collision crisis. Because the PLA gave a version of events of what had happened down there -- that, of course, was empirically impossible but actually caused the situation to escalate and draw out longer than it needed to be because the civilians had no mechanism by which they could independently dispute the account of the PLA about this acrobatic maneuver by a very lumbering American aircraft.

That, combined with things like the incident with the USNS Impeccable and in the South China Sea and other places, really pushed the leadership over the last 15 years as part of their C4ISR modernization to get much, much more tactical understanding of what was going on on the periphery available to them in Beijing, a common operational picture, if you will, that would allow them to do that.

That also reduces the ability of commanders at the edge of the system to exercise a lot of independent judgment, which gets to the heart of your issue, I think, which is, to what extent are we looking at freelancing by commanders on the Indian border, or to what extent can we assume that those activities in fact are directed by Beijing?

One final example I would give on decision-making is China just recently sent its 40th Task Force to the joint task force against piracy off of the Horn of Africa. And Chinese naval materials talk at length about the 10,000-mile screwdriver from Beijing via what is actually a video system on board Chinese ships whereby Wu Shengli when he was Chief of Naval Operations could literally pop up on the screen and say, what the hell are you doing down there?

Turn left, or whatever the proper naval term is.

And so this is always the temptation with advanced technologies, which is higher echelon is always tempted to exercise tactical control of the battlefield. I know for us, the question becomes, to what extent can we impute from local actions that it's central intent?

And I would argue that 20 years of C4ISR modernization has in fact been explicitly designed to give Beijing that tactical-level operational picture and the ability to control the situation, which increases my confidence that when I see activities on the perimeter, I don't immediately ask myself, is this something that some rogue commander on the periphery is doing that no one in Beijing knows about?

CHAIRMAN BARTHOLOMEW: I wonder if any of our other witnesses have something they can quickly add to this.

MS. SUN: If I may, I would like to add a few points. First off, there has been a debate as for whether China's escalation of the border tension was intentional, it was premeditated in 2020.

There are different views, but one argument that has been made was that, oh, China had to be planning on this after the Modi administration in India revised its constitution -- basically covers the issue of the land dispute -- disputed border in Kashmir. So China was retaliating against this.

The second factor to consider is that while in China's 13th Five-Year Plan, the construction or the development of the border infrastructure, especially the road construction leading to China's neighboring countries, has been one of the priorities -- so China had been intensifying its infrastructure development in these directions and in these regions. And that also is a contributing factor.

But as for the specific event, I'm skeptical that this was a decision made by the top and implemented by the soldiers of the front line, because at the time that this broke out, remember that China was undergoing severe international pressure because of its decisions on Hong Kong and also because of its policy or its liability for the issue of the origin of COVID.

So, at that time, China was already battling foreign policy battles kind of ferociously. So I doubt that China would like to add to another crisis on the top.

Lastly, in terms of the border, although there is a notion of Line of Actual Control, in reality, the control continues to shift between China and India. So this has created the opportunity for the skirmishes on the front line. But once a skirmish broke out, I think the top decision makers in Beijing decided to escalate instead of de-escalate.

Thank you.

COMMISSIONER FIEDLER: Let's go on to Commissioner Borochoff.

COMMISSIONER BOROCHOFF: Thank you very much, and thank you all for being here.

Mr. Lee, you intrigued me with what you said about the PLA reporting effectively to the entire structure, the Party organization. And I think what you were saying was that if you want to affect what they do, you effectively come up with a three-cushion bank shot.

You affect that Party structure, and then you get the result you want from the PLA indirectly by careful thought. Is that basically correct?

MR. LEE: Yes, sir, although I don't necessarily know if it needs to be a bank shot.

COMMISSIONER BOROCHOFF: It could be direct.

MR. LEE: Yes. The general premise is that they think that they'll plan everything out perfectly, and after that, they can let the unit sort of operate on its own. But that's not the reality

of how things work.

If something deviates beyond what they had planned, that Party committee needs to reconvene, and that takes time, especially when you have so many stakeholders. These are usually five to nine individuals that need to reach a consensus. And --

COMMISSIONER BOROCHOFF: Okay. So -- forgive me for interrupting. I'm leading up to something. So does that depend on something going wrong? For instance -- I'll give you a hypothetical -- they decide they're going to build a base on the moon. And maybe nothing's gone wrong yet; maybe something has. I don't know.

Is there a tactical way to address that concern from the safety viewpoint of our country? Would you go through that organizational route, or would you just wait for them to make a mistake?

MR. LEE: I think there are ways that we can shape the environment in which they're operating in that will push them to have to reconsider the situation.

COMMISSIONER BOROCHOFF: Okay.

MR. LEE: And that will sort of put them in a waiting period until they figure things out.

COMMISSIONER BOROCHOFF: That's a good way to answer it. Thank you. And I am passing to the next Commissioner.

COMMISSIONER FIEDLER: Commissioner Cleveland?

VICE CHAIRMAN CLEVELAND: Thank you. Thank you all for your testimony. Clear and very compelling.

We had a hearing last year on nuclear posture and policy and the rapid expansion of China's force. I'd like to ask Mr. Mulvenon and Mr. Lee, and others if they wish, to assess the implications of Xi's consolidation of control on the risks related to launch on warning.

DR. MULVENON: That's an excellent question, Commissioner. I will admit I've been a Cassandra about three issues in my China career. One was on the Chinese interest in offensive cyber operations against INDOPACOM and TRANSCOM. The second was on complacency within the U.S. Government about the nature of Chinese nuclear force modernization. And the last was on Chinese industrial espionage.

And I fear that what we've seen in the last year or two from Chinese nuclear force modernization really validates the idea that they are not satisfied with a recessed small second strike. And in fact, I see them, whether it's an accidental or an intentional breakout, really getting to much more of a limited war-fighting force.

So it's no longer simply a question of whether -- if there was a decapitating first strike against Beijing, does the command and control apparatus resilient enough for them to be able to authorize that small second strike to try and carry out their deterrent?

But now we're talking about intra-war nuclear deterrence, which again goes to this issue about the resiliency of this massive C4ISR infrastructure they've been building, the massive construction of nuclear undergrounds with the PLA Rocket Force, all of which is designed to ride out, frankly, a multi-iteration potential nuclear exchange.

But the fragility of that is, again, if you have a personalization of command in the form of Xi Jinping, that doesn't create strong institutional linkages. And, of course, we struggled with this throughout the Cold War about how we were going to provide the President with the ability to be able to do launch on warning, whether -- and we spent not just billions but gabbillions, to use a technical term, trying to buy that 20 minutes of time with Looking Glass aircraft and Site R and electromagnetic hardening and everything else.

It is very difficult to do and very expensive.

And so I worry that there is a fragility with the Chinese system and in the sort of personage of Xi Jinping, and that the system -- we see a lot of pathologies, to Rod's point, a lot of points of paralysis, a lot of seams in their decision-making, this need to constantly be connected to higher echelon.

And so I worry that in fact, in the fog of war, that personalized command system could in fact be more dangerous and more escalatory to a conflict than one in which we had more confidence in the institutionalization. And I would also simply point out that for a whole variety of reasons, the Chinese side refuses to talk to us about this in any serious way.

And as their force gets larger, there's a greater divergence between the rhetoric paid to the No First Use principle for international reputational reasons, which is now diverging wildly from the actual nature of the force that is on the ground.

And so how are we supposed to interpret that divergence when we can't talk to them about that divergence? And that's one of many destabilizing aspects about their nuclear force modernization that you guys went into at the earlier hearing and that I think continue to be worthy of discussion.

VICE CHAIRMAN CLEVELAND: Mr. Lee, do you want to add a --

MR. LEE: Yeah. Absolutely. Thank you. And I want to sort of echo what James was already getting at.

First, I want to highlight two things. One is I'm fairly confident the PLA does in fact want launch on warning. They actually told us this in the 1980s in their science and military strategy. They said, wouldn't it be great if you could just launch in response when you see missiles in the air but they haven't impacted yet? That's launch on warning, they told us. They continue to tell us that they want to do it. And the infrastructure, as James has pointed out, is sort of now being built towards that capability.

Point number two is Xi Jinping is centralizing all control, and that almost certainly includes launch authority, or -- yeah. Alright, I shouldn't say launch authority. It includes use authority.

And so, if you think about I want to do launch on warning, and it's only Xi Jinping who's involved and that process, in the time it takes for a ballistic missile from launch to impact, it's like 10, 15 minutes. And you can't instantly launch a response.

So Xi Jinping himself has about probably ten minutes, if not less, to make a decision on response. And this -- as James pointed out, this incredible centralization of this decision only within Xi and not existing anywhere else is incredibly concerning to me.

VICE CHAIRMAN CLEVELAND: Thank you. That answers my question.

Thanks, Jeff.

COMMISSIONER FIEDLER: Aaron?

COMMISSIONER FRIEDBERG: Thank you very much. And thanks to all the witnesses for their very interesting statements.

I wanted to start with a couple questions for Dr. Mulvenon. Could you describe, going back to this Gutian Conference, some of the rhetoric that surrounded it where the military -- or there's alleged to be a threat of departyization and the temptation of creating a national army and so on -- sort of ideological reason for concern, presumably, for the Party to reassert its control.

Do you think that that was really what they were concerned about, or is this primarily about corruption and especially about Xi's desire to crack down and assert his control when he took over?

DR. MULVENON: So the issue of departyization or nationalization of the Army -- actually, I could pull articles from the '80s forward. It is a Party perennial within the Chinese military political press. And there were times, certainly, when I would travel to China in the late '90s and early aughts where there were salons where senior military officers were talking about wanting to have a national Army, and Liu Yazhou and other people were respected for that.

All of that has gone away. And I really see departyization and nationalization of the Army as they're currently discussing it as really a code phrase for lack of loyalty to Xi Jinping as the core, and lack of loyalty to Xi Jinping as under the Chairman Responsibility System.

So it has -- in my view, it has evolved over time. It is simply too dangerous for PLA organizations or groups of officers to contemplate those kinds of moves, given the heightened internal security focus following the fall of Zhou Yongkang as well as the constant threat of the anti-corruption campaign being used as a Sword of Damocles over the Officer Corps.

COMMISSIONER FRIEDBERG: So you asked the question, can ideological purity and revolutionary spirit defeat a carrier strike group? You say, short answer, not really.

Do you see indications of concern on the part of the top leadership that by emphasizing ideological purity and personal loyalty, they may be undermining the professionalism and effectiveness of the PLA?

DR. MULVENON: Well, I'm glad you asked that question because one of the very first reports I did in my career was a study of professionalization of the Chinese Officer Corps in the mid-'90s, and I've tracked this issue over time.

And one of the interesting things, particularly when you look at it in a historical context, for instance during the Cultural Revolution of the "red versus expert" debate where you literally had political officers versus professional military officers, sort of Peng Dehuai versus -- you know, and discussions like that.

I would actually say now you have a dramatic increase in the professionalization of the Officer Corps across the board and that when the dossiers are put forward by the Political Work Department to make personnel decisions, they are making political choices between professional officers, if you sort of catch my distinction. In other words, they're not making a decision that is going to result in someone being promoted who is actually more political than professional, but they are making political criteria for choosing among professional officers.

And so, overall, I would say the level of professionalism has gone up pretty dramatically and that they were able to square that circle. However, at the same time, they are spending an inordinate amount of time, as Roderick and other people have written, spending doing political study when in fact their time might be better spent actually figuring out how to win wars.

That's true, but there is in their system a fusion of ideological thinking and ideological planning that is actually inextricably intertwined with military operations. So we on the outside like to think of it as training or something that no one would want to do or painting rocks near the flagpole, but in fact, their system is just differently designed to believe that in fact those two things reinforce one another, that political study in fact reinforces military operations and that military operations reinforce political study.

COMMISSIONER FRIEDBERG: Thank you very much.

COMMISSIONER FIEDLER: Kim Glas?

COMMISSIONER GLAS: I'm going to pass. Thank you.

COMMISSIONER FIEDLER: And, Randy Schriver, you're up.

COMMISSIONER SCHRIVER: All right. Thank you, and thank you to the witnesses

for excellent written statements and thoughtful comments today.

Let's go to Dr. Wuthnow to get you into the discussion. And I want to ask a question related to U.S. policy. Our engagement strategy on the DoD side has always been premised on the fact we need to communicate our intentions, signal our strategic interest, but we also need to be able to shape the PLA in terms of growing a greater appreciation for confidence-building measures, helping them understand the virtues of mil-to-mil engagement to enhance the operational safety of the operating environment.

But my question is, with all these reforms and what we now understand about decision-making, and as you addressed in your paper, are we talking to the right people? Are we able to engage the right people? Are we able to convey what we want to convey and have faith that there's going to be fidelity in how that's transmitted throughout the Chinese system and potentially get the results we're looking for?

DR. WUTHNOW: Thanks very much. I'll take a quick pass at this. First of all, my short answer is no, frankly speaking, because the folks who we typically engage in the PLA are not part of the elite decision-making structure. And this has been a problem for many years.

And so, if the idea is to shape attitudes, to socialize, and so on, frankly speaking, I don't think it's the right set of people.

But even if, I think, we were talking to the right set of people, you're talking to an audience that is so heavily domestically socialized by their own interest, their own expectations and preferences, that a perfunctory engagement once a year frankly is not going to make any dent at all.

I find different value in these engagements, and I'm not part of the camp that thinks they should be suspended just simply because you don't get effective messaging across. From my point of view, you can get extremely useful value in understanding the PLA through engagements with the Chinese military.

I personally have learned a tremendous amount not so much about their strategic perspectives but about their organization, their personalities, nuts and bolts policies from the horse's mouth. It's been irreplaceable. You cannot just learn about the PLA by reading PLA Daily. You have got to be able to speak with these people.

And from that perspective, it doesn't really matter if you're not talking to decision-making people and elites. It can be very useful just to talk to soldiers on the ground at different levels and so on. And so I think those channels of communication should be retained, but I have zero expectation that we're going to make a dent in their strategic perspectives just simply by conveying messages.

COMMISSIONER SCHRIVER: What do you think about the wisdom of trying to force or compel some type of change in the engagement -- I have in mind what leaked a year ago when there seemed to be a push for Secretary Austin to meet with Xu Qiliang, Vice -- the Defense Minister, who is his nominal counterpart.

Do you think this should be a priority for U.S. policy to shift the engagement strategy to try to get to the decision makers, try to get to people at the operational level? Or just sharpen the messages within the same channels we have now?

DR. WUTHNOW: I'm not convinced that the push to change the counterpart relationships from a CMC member, for instance, to a CMC Vice Chairman are particularly important. The important relationship is with Xi Jinping.

But whether you're a Vice Chairman or a member of the CMC, from my point of view, is almost irrelevant. The message that you transmit will be received, it will be recorded, and it

will be pushed up to Xi. But whether you're meeting with the number 2 or the number 4 member of the CMC, I don't think that's something where the United States has interest in expending political capital or trading anything to achieve that.

I don't see that as particularly useful beyond simply the posturing and the idea that we have certain counterparts and are not receiving a high enough counterpart. But from an actual relationship point of view, I don't think it's very important.

COMMISSIONER SCHRIVER: Thank you.

Time is running down. I might try to get one more quick one in to Mr. Lee.

As we look at the changes to the chain-of-command, and the decision-making, and an operational environment moving into crisis, or even wartime environment, is there any way to assess the quality of information that would flow to Xi Jinping if decision making has been centralized, and he's taking on this commander in chief role, there's a lack of efficiency there.

But it's also incumbent upon that system to be able to deliver the bad news, to give realistic assessments of the fight as it unfolds; to be able to say, hey boss, we need to change course.

Do we have any way of assessing that at all?

MR. LEE: I think the short answer is, no. We don't have a way to assess about the quality of information.

But, what I would note is that there are likely multiple, multiple flows of information to him.

And, not all those flows are going to look the same. And, they're not going to all be, reach the same conclusion.

And, so perhaps there is an opportunity where he is getting different messages from different things, and he will also be looking at that same, that same environment himself using the C4ISR that James has talked about.

He's going to look at the actual video feeds of the actual disposition of forces what's going on, and make his own conclusion.

But, so I think we can maybe shape it by those information channels, but I don't know about the quality.

COMMISSIONER SCHRIVER: Thank you.

COMMISSIONER FIEDLER: Commissioner Scissors.

COMMISSIONER SCISSORS: I am coming at this topic from a position of profound ignorance.

So, I may be trying to set up a disagreement between Ms. Sun and Dr. Wuthnow, because I just like disagreement, rather than because there's any real reason to set up a disagreement.

But maybe there is. That would be great.

Ms. Sun gave a, I think, convincing argument, others have made it as well, but you know, the one I learned the most from, from my position of ignorance was hers, about the securitization of Chinese foreign policy.

But if I have this right, Dr. Wuthnow, you pointed out and I think this is true, that there are actually very few explicit slots, for what we would call traditional national security officials, in the decision-making, you know, in the high levels of decision-making.

So, I'm wondering if first of all, I'll ask Ms. Sun first, but either of you disagree with my characterizations of what you just said, in which case oh well, I tried.

But if you agree, if you could remark on the tension between, we're getting a

securitization of foreign policy without what we consider to be traditional national security officials.

So first, just like, briefly, Ms. Sun, do you, I have it right? You are arguing that there's a greater securitization of Chinese foreign policy making, is that true?

MS. SUN: Yes, that is true.

COMMISSIONER SCISSORS: Okay, and Dr. Wuthnow, do I have it right on your side, that there are few national security officials? I mean that's how I read it, but again, I don't know what I'm talking about, few national security officials at high levels in the decision-making process?

DR. WUTHNOW: Not exactly. I was referring specifically to the Politburo and its Standing Committee, and the Central Committee.

Not to other decision-making bodies, including the CNSC.

But if you're talking about the Central Committee Politburo, then that's correct.

COMMISSIONER SCISSORS: Okay.

I would argue that when you're talking about foreign policy, or when we used to be talking about foreign policy, that the high political bodies used to matter.

I'm not talking about military decision-making. So, I'm going to, I think my question has merit, it took me two minutes to get here, which is if you're making foreign policy, which used to be run, we know the Party is, has priority over MOFA, et cetera, it at least used to be run by the you know, major decisions by the Politburo, minor decisions by the Central Committee. And, it's becoming more security oriented.

But we still have the same few numbers of security officials in those bodies, right? What are the implications that, if any, you can just deny the legitimacy of the question, but do you see any tension there?

And, I'll start with you, Ms. Sun.

MS. SUN: Well personally, I don't see the tension in the, in this setup because one important aspect of the current foreign policy decision-making, or the national security decision-making, lies in the executive office.

So, the members of the Politburo Standing Committee, they are the ultimate decision-maker.

But the everyday decisions, or the processing of the information, as well as a decision to, as for what kind of information to collect, and what issue needs to be studied, that, those are the practical issues being handled by the executive offices of the NSC, and the executive offices of the Foreign Affairs Office.

So, if you look at the composition, who has those executive offices, I think it makes a tremendous difference as for whether they are domestic generalist, or they have foreign policy background, or they have primarily security background.

Like in one case, what I understand is that for example, Wang Xiaohong, who is currently the head of the Public Security, was also given the role at the National Security Council.

And, while he was looking at the issue of North Korea, he was looking at it primarily from a domestic security, and homeland security, point of view.

How is this going to affect China's security, instead of what are China's broader foreign policy interests in this, in this particular issue.

So, I would say the people at the executive offices matter tremendously.

Thank you.

COMMISSIONER SCISSORS: So, I'm going to summarize her view and probably get it wrong, but I think I'm right, which is their securitization comes not at the Politburo level, it comes at the, at the information flowing to the Politburo level, which shapes their decision-making.

If that's true, Dr. Wuthnow, does it matter that there are no, that there are few National Security officials at the Politburo level?

And, it's perfectly fine for you to say no, it doesn't matter. I don't think you said that. I'm trying to learn.

Does it matter if information is coming from a lot of people considering security, that the Politburo level decision makers are not primarily National Security officials?

DR. WUTHNOW: I don't think it's particularly important because of Xi's political consolidation.

I think the truth is that once a position on a National Security issue has been reached, whether it's through the CNSC, or just simply by Xi himself, the Politburo and the Central Committee will be expected just simply to fall in line with it.

I don't think what you would expect would be to see a tremendous pushback once a position has been already in-house from Politburo colleagues and Central Committee members, especially those who have been selected by Xi.

COMMISSIONER FIEDLER: Right on time.

Thank you very much. Mr. Wessel?

COMMISSIONER WESSEL: Thank you all.

I'm like Derek in some ways in terms of uncertainty, and so, let me ask my question and it in part, emanates from what Commissioner Cleveland was talking about in terms of nuclear posture, in our hearing last year.

But it seems to me, and first Mr. Lee, for you, that as I understand what you have said, it makes me believe that U.S. military can have less confidence, in what they believe Chinese responses would be to certain actions.

Opacity, questions of, as you raised, that things may go back and forth with the political committees, et cetera.

Doesn't this create more risks, greater instability, about our relationship with China in the military sphere?

MR. LEE: So, my answer is yes, I believe it creates greater instability and risk on our part, with the caveat that the PLA and the CCP probably doesn't think so.

I think they enjoy having a black box that they can sort of reclude into, engage in whatever decision-making process, whether it be consensus making, or Xi Jinping reaching down directly and saying though shalt do X, Y, or Z, while we wait blind and deaf outside waiting for a response.

So, yes, I think that is an issue for us. But I think they also see it as an advantage. And, I'm not sure particularly, how to, how to sort of cross the T on that one.

COMMISSIONER WESSEL: If it were me, and again I'm not in the military, but, nor have I ever been, but I'd want to accumulate information regarding potential Chinese responses.

So, for example, do more transits, Taiwan Straits and other actions to try and accumulate information, rather than just simply to you know, promote a vision in say, in an intelligence gathering approach.

Isn't that more of a risk though, for the Chinese as well?

Mr. Lee, and then others on both questions?

MR. LEE: So, are you saying that the United States in response, wanting to do more proactive actions, to try to unpack what, what the PLA's decision-making process is?

COMMISSIONER WESSEL: Yes. I want to as a, you know, military planner, have the information I need.

And, if it's an opaque system, I'm going to test it to try and understand the responses without escalation.

MR. LEE: Yes. That inherently by, by us, the United States, wanting to prod the system more to understand how those, how it responds, it does create the potential for, for greater escalation.

But I think there is a sort of intermediate way we can get out of it in looking at past historical case studies.

And, this is kind of difficult to do at the unclassified level, but we can speak to it a little bit.

And, so the example I'll give is in 2020, we know that the PLA went into an escalated level of readiness, leading up to the, the infamous October 2020 call.

We can actually look back into that data point at the unclassified level, and know that the PLA, starting in late September, started getting incredibly nervous.

They started something that they called the 922 Special Activities event. And, if you look at what happened that September 22, 2020, Trump issued a speech at the United Nations General Assembly, that was scathing of China, although no more than usual.

But that, combined with other activities, sort of tipped something. And, so that resulted in highly escalated PLA military readiness rates for months.

And, so if we look at case studies in the past and really dig in, and what caused them to reach the conclusion that they did, I think we can get to some of it without actually having to actively prod them.

COMMISSIONER WESSEL: Thank you. Any others quickly?

(No audible response.)

COMMISSIONER WESSEL: Thank you, Mr. Fiedler.

COMMISSIONER FIEDLER: Okay. Commissioner Wong?

COMMISSIONER WONG: Thank you.

So, you know, looking at all the testimony from this panel, it paints a picture for me where, stepping back, there's, I think all of you, many of you have said there's a stronger centralization of decision-making during the Xi era, particularly on the military side.

There's more robust incorporation of Party bodies, and political motivations into the hierarchies over professionals, professional decision-making, or professional motivations.

There's greater personalization of hierarchies over institutionalization. And, there's not just corruption within the ranks of the military, but paranoia over the corruption. The Sword of Damocles I think, is the phrase that was used.

All of these factors indicate to me that the information flow and the decision-making, will be greatly slowed, and the quality of that information will be degraded, particularly in a crisis situation.

And, on the diplomatic side, the testimony has been that because of the blurring of the line between external and internal security matters, there's a hardening of diplomacy. And, diplomacy should inherently be supple and subtle, not hard.

Stepping back, all of this sounds like the foreign policy and national security, and

military apparatuses of China are, are kind of sick dogs right now.

And, from the U.S. perspective, that's, that's not a bad thing.

I can see the point that Commissioner Wessel's making that there could be some destabilizing actions, or decisions, coming, coming out of this system.

But overall, if their diplomacy is less effective abroad, or hard and less effective, and if their decision-making in a military contingency is slow and wrong, these are all things that we should encourage.

Am I wrong about this? Maybe I should turn to Ms. Sun first, and then, and then our two panelists here in person.

MS. SUN: Thank you, Commissioner Wong.

That is a very precise observation and an argument that we have heard that while if this is China's imperial overstretch, and if this is China's arrogance angering the whole world, maybe we, maybe it's not the worst-case scenario for the United States.

There are, however, a couple of risks associated with this current model of decision-making in China.

The first one is with China's national wealth, this approach could inflict significant damage to U.S. national interest abroad.

And, this is not only on the relationship, well, on China's relationship with U.S. allies, but also on key issues such as Taiwan.

China is able to mobilize tremendous diplomatic, financial, and military resources to, to undermine the U.S. national interest in this, in this particular issue. And, that is destabilizing.

And, that in many cases, poses significant threats, or the challenges, or at the minimum, tests for the U.S. credibility.

So, I would say that from this perspective, it is not necessarily a good thing for the U.S. national security interest.

And, on the other hand, in terms of the hardening of the Chinese position, I think we do observe the destabilizing effect that has already been created, for example, in China's relationship with its neighbors. And also now, China's relationship with Europe, and with Canada, with Australia.

So, we are seeing that China is isolating itself from the, from the vast majority of the West, of the West world.

But on the other hand, China is still able to mobilize its solidarity, and mobilize its friendship with developing countries.

So, in this case, I would say that the Chinese will be keen on deepening the decoupling, or the dividing effect of its foreign policy, if this is indeed, the course that Xi Jinping will continue to pursue.

Thank you.

COMMISSIONER WONG: Mr. Lee?

MR. LEE: Yes. I would agree with your assessment.

They have built a system both, both in terms of decision-making, and frankly the military as a whole, that is, that appears to be optimized for small scale, local, short intensity environments.

Once things start to expand horizontally, this is something they acknowledge themselves, that they don't want to happen.

They call it chain effect warfare; they're convinced that the United States is going to do it, and that we're going to drag more parties involved, and that's going to make things

complicated.

They're trying to avoid that in wartime, and they're trying to avoid that in peacetime.

There are, and to your point, is this a good thing? I think there are certainly ways we can take advantage of it. It provides us with an advantage on the escalation, and competition phase.

So, yes, I would agree with your assessment.

COMMISSIONER WONG: I think we're out of time, but appreciate it.

COMMISSIONER FIEDLER: Okay, let me ask my question. So, I will address it to Joel.

I want to probe the security services a little bit; the decision-making.

So, we have, probably the most sophisticated surveillance state in existence is China, at the moment.

It uses that presumably on some level, internally with its, within the Party. Okay, and we have had rapid turnover induced by Xi himself, in removing security, high level security officials, some of whom he has picked.

So, one could ask if there's a natural distrust of all security people, which would be healthy on some level perhaps, because they gather so much information on people.

Or, is it the opposition coalesces around some of the security officials, because they believe that the watchers are more important than we do?

There's a real problem for Xi I see, in stability in not trusting those he, who are watching everybody else.

Comment?

DR. WUTHNOW: Well, I agree with that premise that if you have a security structure, which not only allies of Xi's rivals, but also folks who have themselves, been appointed during the Xi era have not only been questioned, but actively investigated, and in some cases, expelled from the Party and arrested, then you know, it sends a very clear message to everyone else: don't cross, don't cross the line. Understand where the lines are. Don't do things that are going to get yourselves in trouble.

And, so from a control perspective, it might be useful. However, from a governance perspective, I would submit to you that this is creating a hostile atmosphere, in which there is likely to be extreme distrust.

You know, if we harken back to the Cold War era, you know, you had cadres reporting against each other by saying that they were out of line with the boss, just simply for personal rivalry stakes.

And, so if you're trying to effectively govern society and wrest control of the bureaucracy, and yet those in the positions of power do not trust each other, you know, how are you going to do that?

One other sort of corollary or implication of it I think, is that you have folks in the bureaucracy who are not going to stick themselves out to propose new, or innovative solutions, to security problems.

And, I'll just give you the example of the National Security Commission structure. From what I can ascertain, this is a structure that's in place.

What it's not doing is providing local solutions that are innovative solutions, to problems.

What they are doing is essentially transmitting cookie cutter solutions from the Central to the localities. And, you have to ask yourself the question, is that the most effective way to govern a

highly fragmented, and diverse society at that level?

And, my answer would be absolutely not.

COMMISSIONER FIEDLER: Do we know about how many people underneath the top levels that were removed, were removed subsequent to their demise?

How far down did it go?

DR. WUTHNOW: Well, I think you know, the cases that have been flagged and reported are the ones at the higher levels. I don't think we have very good fidelity on just exactly how far down, and how extensive the removals have been.

By just simply the cautionary examples of the removals most likely, as James Mulvenon was suggested, has served as a pretty effective Sword of Damocles of sorts, over the entire system.

DR. MULVENON: Commissioner Fiedler, it's James Mulvenon.

The one supplemental historical anecdote that I would give you, that I think really defines the leadership's suspicion of the security apparatus and the surveillance apparatus, is that my personal view is that the Bo Xilai story was not about his Mafia crackdowns in Chongqing.

That the one thing that Bo Xilai did that sent the Central leadership into paroxysms, and forced them to remove him as quickly as possible, was the revolution, excuse me, the revelation, that he had conspired with Zhou Yongkang, and the security apparatus, to wire tap Central leaders when they had visited Chongqing, and develop kompromat on them via those visits and that wiretapping.

That that violated the fundamental Party norm, and is the number one fear that the Central leadership has of the security apparatus.

COMMISSIONER FIEDLER: And, the technology exists for instance, with facial recognition and algorithms, to, to throw somebody's face into a, into a database and show where they had been that day.

DR. MULVENON: Right, right.

COMMISSIONER FIEDLER: In Beijing, for instance.

DR. MULVENON: Well, and also they know that on the other side, they can use generative adversarial networks to create deep fake videos that are almost sort of unimpeachable, that could in fact, create a narrative.

And, so there's that fear as well, which is the dirty trick side.

COMMISSIONER FIEDLER: What's interesting to me is it is a surveillance system that exists in a nation where trust is not present, on sort of any societal level.

DR. MULVENON: Yes.

COMMISSIONER FIEDLER: And, so the political level is exacerbated.

I think that that's a recipe for instability, as well as of course, the centralization is.

So, second round?

(No audible response.)

COMMISSIONER FIEDLER: Who? I could go. Aaron, I can see you. Who else is interested in a second round?

Randy and Robin, okay. Aaron, you first.

COMMISSIONER FRIEDBERG: Thank you.

I want to start by asking a couple questions of Mr. Lee.

Your assessment of their system and its liabilities is obviously very important. But in terms of anticipating how China is likely to behave, of course we'd like to have some insight into how they, themselves, assess the performance of their system.

And, I wonder if you could comment on that. It may not be possible to do so in this setting. Maybe it's not something we have very good information about.

But how confident do we think the political leadership is in the likely performance and reliability of the PLA?

And, how confident do we think the PLA leadership is in its ability to maintain control of military operations, and achieve the results that they think they need quickly?

COMMISSIONER FIEDLER: Somebody's muted.

MR. LEE: All right, sorry.

So, getting to your first question about how confident are they that this is, that the system is going to make the right decisions, or generally their people. The answer is not. I don't think they're very confident at all.

They look at the Party committee system as a strength because they can kind, it kind of washes out individual performance, right? So, individuals that are not particularly either politically reliable, or may not have the military proficiency, it all sort of washes out in the communal sense.

And, they say okay, if we talk about this enough in a committee setting, we'll reach a consensus decision that is smart and that will, that will wash out any outliers.

So, but even then, they're not, I don't think they're particularly confident in those individuals.

And, we see frequently in large scale exercises, and in actual operations doing this, this pushing down of senior trusted agents.

So, they'll push down senior officers that are egregiously senior to what the task actually calls for, and they will preside over what the sort of local operations.

This is sort of good in one sense in that they can maintain more control, but it got really bad to the point where the navy said okay, you guys are pushing down far too many senior officers for one ship formations doing single ship cruises. And, you need to stop it.

And, they told them if it's just one ship, you cannot send someone down. And, so that's on the leadership side.

I would also say that the PLA doesn't trust any of its people to sort of rise to the occasion, including its enlisted.

A 2000, I forget the date. An early 2000 PLA document talking about psychological warfare, explicitly says that the young, the young generation in China is fearful of death and greedy for life. And, that they need to induce sort of political education and ideological training to overcome that.

This is them saying it themselves. And, this does not speak to a military that is especially competent.

And, sorry, could you restate your second, the second part?

COMMISSIONER FRIEDBERG: No, I think you've addressed it.

MR. LEE: Okay.

COMMISSIONER FRIEDBERG: The further question I had was, we know the PLA is very interested in artificial intelligence for a variety of reasons.

And, I can imagine that that might be tempting to think that you could use machines to help you make decisions, to help you conduct battle management, and so on. And, our military is interested in some of those things.

On one hand, it kind of eliminates the middle man. On the other, it has the liability of

potentially taking decision-making out of the hands of the relevant human beings.

Can you comment on whether there's discussion of the possible role of artificial intelligence in getting around some of these problems?

MR. LEE: My sense right now is that the PLA itself, is still trying to figure out the exact answer to that question.

They feel fairly confident it seems, based off the literature I've read, that they can employ artificial intelligence, or machine learning technologies, at tactical levels.

So, in terms of processing radar signals and saying is that an F-35 or a B-1. And, to a certain extent, what you know, whether, what we should engage first in air, surface-to-air missile engagement.

The discussion at the operational and strategic level is incredibly abstract from what I've read, in saying yes, it seems like a really good idea.

But to what extent they implement it as a replacement for unreliable human decision-making at that operational strategic level, I think they're still grappling with. Although I would defer to anyone else on inputs there.

COMMISSIONER FRIEDBERG: Thank you.

If anyone has a thought on that? If not.

DR. MULVENON: I do, actually because I would just extend Roderick's remarks to say that they are very much students of Soviet cybernetic theory.

And, they do believe that decision-making devices like the integrated command platform, have superior cognition to humans. And, can make superior decisions.

And, they believe wrongly, I think, that you can program the algorithms to anticipate every possible branch and sequel.

And, therefore, have greater confidence in the ability of the decision-making aid equipment, to make decisions that will be right.

And, in fact, as Roderick probably, has also seen, there's also some frankly hilarious articles that discuss making the algorithms also loyal to Xi Jinping Thought, so they can make both the politically correct decision, as well as the military operationally correct decision.

And, this introduces some incredibly attractive seams for exploitation in our military operations because it infantilizes the military decisionmaker, as much as the navigation systems in our cars infantilize us as to our situational awareness of where we are at any given moment.

And, their obsession with communication redundancy and constantly being connected north, south, and east and west, also creates a phenomena where they write incessantly in there about their own command culture pathologies. And their risk aversion, and, the over-hierarchical nature of the system, and their fault intolerance, and their personalization of command, leads them to paralysis when they are for whatever reason, cut off from higher echelon.

Whereas our military culture, when we're cut off from higher echelon, we rejoice because then we're going to take commanders intent, the acme of our training, professional military education, our skill, our exercises, and we're going to go kick butt.

Whereas in the Chinese system, it results in operational paralysis until they can reestablish.

It's sort of like the Borg. Until they can reestablish connection to the Borg Collective, they, they simply power down.

COMMISSIONER FRIEDBERG: Thank you.

COMMISSIONER FIEDLER: Randy?

COMMISSIONER SCHRIVER: Thank you.

I want to try to get two very different questions in, and it seems like I'm jumping around but just want to hit a couple topics I haven't heard addressed yet.

First to Mr. Lee. Again, I'm thinking of U.S. policy implications. You talked a lot about the reforms and organizations, in the organization and how that effects efficiency of decision-making.

I wonder about reverse engineering, and looking at particular activities we're seeing right now, and trying to understand decisions that presumably have already been made and are being acted upon.

And, what I have in mind is in the Taiwan Strait with, particularly with the flight activity, the number of incursions, is there a way to know and distinguish, is this a campaign of coercion, long-term coercion, or preparation for invasion?

Because I think there's major implications if we have insights on that, for our policy response.

COMMISSIONER FIEDLER: Who are you asking?

COMMISSIONER SCHRIVER: Oh, I'm sorry, Mr. Lee.

MR. LEE: So, I think there is the potential if we have a high enough fidelity understanding.

And again, this sort of goes back to my point of if we look at historical data points and distinguish what was routine, what was in response that was sort of determined to be a deterrent or coercive measure, and what's actual preparation.

And, I suspect, although and especially at the unclassified level, I'm not sure we can really discuss about what the nuances are between each of them.

And, the example that I'll give for -- we know that some activity is in fact, determined to be, is intended to be deterrent or coercive against Taiwan.

The example I'll reference is that we know as 100 percent fact is leading up to the first inauguration of Tsai Ing-wen in May 2016, the PLA conducted what they called the 516 Deterrence Activity. Taiwan 516 Deterrence Activity.

We can look then, to all of the activity that occurred around that time in May 2016, and look at okay, so this we know for a fact was deterrence, coercive type activity and benchmark it, and then compare that to other sort of definitely known data points, and try to identify where the differences are.

Again, my suspicion is that there will be minute differences in what those activities look like, but I don't know the specifics having not actually dug in that deep into it.

COMMISSIONER SCHRIVER: Thank you.

As I said, a very different question.

Dr. Mulvenon, and moving from the operational to the peacetime, and the modernization efforts.

I know you've done a lot of study of Chinese military civil fusion. And, this sort of crosses the PLA into the economic realm. But it very much relates to PLA decision-making, and their modernization goals.

Do you think we have a good fix on what technologies the PLA desires to acquire or improve, how they plug back into the civilian sector for the purposes of directing civilian entities toward those ends?

And, bringing it back to U.S. policy, are we, do we have the proper understanding of all of this, and are we deft enough to use the tools available in our means, to have a strategy to

thwart civil military fusion goals?

DR. MULVENON: Well, I would say at the strategic level that the trend of the last six to seven years has been a recentralization of planning within the Chinese economy.

A move away from an emphasis on private enterprise, a Partyization of private enterprise, a reemphasis on state owned enterprises.

And, to that extent, military civil fusion has become a more critical mechanism within the system, as part of this overall centralization of, of economic planning.

The PLA institutionally, is deeply involved in military civil fusion requirements development.

And, the mechanisms of that have been documented by numerous people who have looked at it, you know, including the people at Georgetown, CSET and other places.

But within that ministry of state, science and technology process of putting together those national plans, you know, the PLA has a distinct role through SASTIND and, and other organizations.

But to the issue of you know, whether or not the U.S. government has enough situational awareness about it, I would argue that we're, we're facing increasingly difficult times because of Chinese trends towards data localization.

The use of the data security law to prevent the export of critical trade and economic, and even resume and corporate record data, such that we can then connect the dots.

Frankly, compounded by clear evidence of increased obfuscation of the ownership of individual companies, as a result of export control actions by the Commerce Department, Magnitsky sanctions, actions by the Treasury Department, Section 301 dumping actions by USTR, has sensitized the Chinese system to go into sort of armadillo mode in terms of preventing the easy access to the kind of information we would traditionally have had in order to track military civil fusion.

And, I'll give you an example. Commissioner Fiedler and I in the mid-90s, when he was running the kick the PLA out of the U.S.A. campaign, at AFL/CIO, and I was writing my thesis on PLA, Inc., were using the same datasets, like the Hong Kong company registry.

And, it was very easy to identify Chinese military companies, because the PLA officers were officers of those companies in true name.

Those halcyon days are long gone, and it is a much more complicated effort to now figure out these ownership patterns given the, you know, the new data security law, as well as you know, the disclosures of the Panama and Paradise papers, and other embarrassing disclosures for the leadership.

COMMISSIONER FIEDLER: Commissioner Cleveland?

VICE CHAIRMAN CLEVELAND: It's hard to follow Mr. Mulvenon. In terms of succinct testimony.

So, we concluded last, in our report last year, that the, that China was at or near a capability to invade Taiwan.

And, that ultimately, the decision on, on that course of action, was going to be a political one.

And, so I'm trying to get rid of the picture of myself which is really, there we go, because it's hard to look. That ultimately, it would be a political decision, and that that political decision would in part, include Xi's assessment of the points that, that Commissioner Friedberg made. The quality of the force.

I'm curious what you think, this is Mr. Lee and I think, well, actually Mr. Mulvenon,

Wuthnow, I'd welcome everybody's response. What you think are factors, or what we should be looking for in terms of changes, that would enhance Xi's assessment that the PLA was ready to carry out his desired, or his stated intent, which is the reunification with Taiwan.

(No audible response.)

VICE CHAIRMAN CLEVELAND: If he doesn't have confidence now, what would be the difference between now and--

(Simultaneous speaking.)

MR. LEE: So --

VICE CHAIRMAN CLEVELAND: MAN-- some.

MR. LEE: Yes, I'll fully caveat this with the saying there's no way that I think we can realistically predict what's going to drive Xi to finally pull the trigger and say we're going, we're going today.

Whether it's invasion or blockade, or any other sort of major use of force.

And, I would also echo Mr. Lonnie Henley's sentiments that I believe he made clear during that hearing, of I think Xi and all of his predecessors have always been told by the PLA when they ask can we do, can we reunify with Taiwan, the answer is probably always yes, comma, but, followed by a list.

That list will increasingly shorten as time goes on. And, so I think it's a matter of if anything, it would be the absence of them talking about certain issues.

I think once we start talking, once we see them not talk about deficient, certain deficiencies within the PLA, that would suggest to me that at least on the military side, there's enough confidence where the PLA says yes, we can do it with no caveats.

So, I really hate to say the absence of information, or the absence of them talking about it is the indicator, but I think that's frankly, one of the few indicators we might have of the military, at least in the open domain, of the military saying we're ready.

VICE CHAIRMAN CLEVELAND: I guess I'm asking you what you see those deficiencies as being.

MR. LEE: So, I'm going to get right back to the people. They continue to harp on how incapable the people of the PLA are.

They look at they're not 100 percent on, sure on the political reliability. They're not convinced that especially senior commanders, are sort of cognizant of what is required in modern warfare.

An anecdote I would provide is, the current air force commander is the first air force commander to have actually flown a modern fourth generation fighter.

The rest of them are all, have only ever flown old Soviet sort of third and second generation type fighters.

So, especially with the senior generation, I think there's a major concern that they just don't get it.

And, with the junior officers, I think the concern is more of we are not entirely certain you guys are going to step up to the plate and really, and really have the political commitment.

When we start seeing them not talk about those, I think that's when we'll start getting indications that the confidence is there.

VICE CHAIRMAN CLEVELAND: Anybody else?

CHAIRMAN BARTHOLOMEW: Actually, I have a follow up on that though, Robin, unless anybody else has an answer.

COMMISSIONER FIEDLER: Go ahead.

CHAIRMAN BARTHOLOMEW: Well, I'm just curious what you think, who will be involved in the, in the decision about Taiwan.

Is this solely a Xi Jinping? Is this something where you know, province, provincial leaders who, who have pretty big economic interests at stake if there's a disruption of trade?

Where do you think that decision lies, and who all will be involved in making it?

I'll give that to any of you.

DR. MULVENON: Well, Commissioner Bartholomew, I would begin by pointing out, and I think this is always important for framing this issue, that China has always and will always, consider the decision to, you know, that their Taiwan policy is a political strategy that has a military component.

Not a military strategy that has a political component.

So, ultimately, it's a political decision, and then it becomes a question of whether the politicians, the ideological leadership, are writing a check that the PLA can or cannot cash, okay?

So, ultimately the political decision about the future of Taiwan and China's strategy, there will be input from the organizations that Joel and other people suggested.

But there isn't going to be a lot of expertise at the Politburo or the Standing Committee level, on operational issues.

But there is going to be a lot of discussion about political timing, and the current, the assessment of the current environment, and things along those lines.

So, ultimately though, it is a legacy issue for Xi Jinping. And, this is my concern, and this is why I think we're spending so much time talking about 2027. And, whether that is a date of some significance.

I do believe it is for a variety of reasons. One, it's at the end of Xi's third term, so it becomes a legacy issue. And, he does seem very focused on legacy issues.

And, also the end of five year segments like that are also the culmination of PLA training exercises, and training rotations.

So, it is a time when the PLA feels that it is peaking, if you will, in terms of its ability.

I guess my concern is that the swagger and the confidence, and the sort of vibe that we're getting out of Beijing over the last couple of years, I worry very much that Xi Jinping is eating his own dog food.

And, that he believes that he is now at the head of a world class military.

And, there's a greater risk acceptance, and a greater assumption that they will prevail in these scenarios.

There's a greater confidence in the decline of others. You know, the U.S. free press gives them plenty of ammunition to believe that we have a hollow military strategy in the Western Pacific. That it is underfunded and under gunned, and under manned, and under munitioned.

And, all of those things, then it becomes a timing issue. And, I think that whereas five years ago I would have talked about how they needed a *causus belli*, they needed a legitimate sort of Taiwan action to be able to move quickly.

I'm less and less convinced that there has to be that kind of a trigger, that it is a question of blaming Taiwan for having done something, more driven by a logic and a dynamic in Beijing that is very legacy focused, and really believes that Xi Jinping does not want to leave the unification of Taiwan left hanging at the end of his, at the end of his terms as General Secretary.

And, so I worry about that. And I worry that there's not countervailing perspectives that can, that will talk to the issues. Because it is very difficult to caution against reunification as

soon as possible, because it becomes an issue of political loyalty. And, understanding what China's destiny is, and the China Dream.

And, so it's a politically dangerous thing to do to be the person who's saying no, I think we need to slow down and we can't do that right now.

Because it leads to questions of well, what the hell have you been spending all this money on, and what have we been training, and what have you been telling me for the last 20 years about the culmination of PLA capability.

COMMISSIONER FIEDLER: Anybody else have any thoughts on that?

MS. SUN: If I may. I'll just say what, first we all talk about the legacy issue of Xi, but on the other hand, Xi definitely does not want to leave a legacy where Taiwan goes independence and, China fails in the war that's going to determine Taiwan's future.

So in that sense, I think the most important factor for Xi's decision-making is the level of U.S. involvement, which is why China is observing the Ukraine crisis very closely today.

Because they see it as a indicator of the U.S. determination, or the perseverance to get involved in a Taiwan scenario.

But for a decision like this, Xi will not want to carry the responsibility to have lost the Taiwan in the future, if Taiwan, if China does stand to fail.

So, this is the decision that will have to be at least decided by the Politburo among the 25 members, if not broader.

Thank you.

COMMISSIONER FIEDLER: Very interesting. Do we have any other questions from Commissioners?

VICE CHAIRMAN CLEVELAND: Could I just ask Joel to elaborate on this shift on PAP, and what it means in terms of internal crisis response?

Does putting it in under the CMC improve the likelihood of looking at sort of public reaction to, to earthquakes, and quality of response, and feelings about Beijing?

But can you talk a little bit about the PAP?

DR. WUTHNOW: Well, I think part of the issue here is who has the authority to deploy the PAP. And, in the past, it was really, the authority was really delegated down to the local levels.

And, so if you had in a village or a township a protest start to break out, the village chief or the township Party Secretary could summon them.

And, you had incidents in which there were use of force shootings that made international headlines. It was very embarrassing to have this.

And, so that was one of the reasons I think, why they continue to centralize under Xi, a centralized authority over the PAP.

But in terms of you know, if there's a future crisis, natural disaster, but more importantly some form of internal unrest, you know, I think what you're going to see potentially, is hesitation because local officials have been taken out of the chain-of-command.

They have the ability to ask for help, but if you have an emerging crisis and your first move is to ask Party Central for help, that makes you look like a failure as a leader. And, so will there be hesitation? We have a system where you may not even know what the chain-of-command is because it's been, become so blurred and ambiguous.

And, so my view is that in some of these local cases, you know, you may actually have slower and less effective crisis response, due to the centralization of the system. One thing that, however, would sort of balance against that though, is that local first responders, local police, local, other local agencies now, are much more professional and

competent than they used to be.

And, so if something does start to break out, then you as the village chief or the township Party Secretary, would you know, call out the local police who now are armed and have certain more advanced capabilities.

And, so the PAP really wouldn't necessarily be your first line of defense.

And, so you kind of have to weigh both of those things, and ultimately I think it depends on the scope, the size, and the --

(Simultaneous speaking.)

COMMISSIONER FIEDLER: The scale issue.

DR. WUTHNOW: -- scale, scale of the crisis to determine how big of a problem centralization is going to be.

COMMISSIONER FIEDLER: Anyone else?

I can't see everybody, so if not --

(Simultaneous speaking.)

VICE CHAIRMAN CLEVELAND: I will comment that we have a contracted research piece out on the very, among much of the issues that we've just talked about in terms of the demographics of the PLA.

Sort of what the quality of the PLA is, and recruits, and compensation, and promotion/retention.

So, anybody who's watching and interested, we have this contracted research out for proposals.

COMMISSIONER FIEDLER: I want to thank all of the witnesses, and especially the staff. Kaj Malden, Sierra Janik, Charles Horne, and Ben Frohman.

And, also thank Ben for his service with the Commission. This is his last day, and his last hearing.

And, in addition to having a couple of new Commissioners, we now have a new Director of Foreign Policy and Security, Foreign Affairs and Security, or Security and Foreign Affairs, in Jonathan Ray.

And again, I will remind folks that the Commission will have its second hearing on February 17, on China's cyber capabilities.

Thank you very much. We will adjourn.

(Whereupon, the above-entitled matter went off the record at 3:18 p.m.)

STATEMENT FOR THE RECORD

**ALEX HE, RESEARCH FELLOW, CENTRE FOR INTERNATIONAL
GOVERNANCE INNOVATION (CIOI)**

Statement for the Record Before the US-China Economic and Security Review Commission

Hearing on “CCP Decision-Making and the 20th Party Congress”

January 27th, 2022

Alex He

Research Fellow, Centre for International Governance Innovation (CIGI)

Introduction

Since democratic political reform disappeared from the agenda of the Chinese government after the 1989 Tiananmen event, the most important task for a paramount leader in China is to maintain sustainable economic growth and, subsequently, social and regime stability, which will conversely help the top leader reinforce his control over the party and the country.

China's economic policy-making process has shown some new features since Xi Jinping became the president in 2013. Presenting China's reform as a holistic system consisting of economic, political, cultural, social, and ecological subsystems, President Xi introduced a top-level design as the theoretical foundation for his overall control of the reform agenda and economic policy-making process. Sticking to the party's tendency to be extremely risk averse, Xi's top-level design embraces stability as the top principle while seeking the primary goal of sustainable economic growth.

This statement will focus on the following questions (topics) to explain China's economic policy decision-making.

Economic policy decision-making: apparatus, information, and process

The party-state dual model of governance is the basic institutional framework to understand the decision-making process in China.

Apparatus

Within the Chinese Communist Party (CCP)'s central authorities are the de facto highest organs in the power structure, the Politburo and its standing committee (PBSC), both of which are at the centre of China's decision-making process. In general, the Politburo and PBSC make decisions on significant issues concerning China's political economy with final approval by the CCP's Central Committee. Specifically, the most significant policies, such as the five-year-plan, guiding principles, other strategic policies, and the direction of China's economic and social development, are drafted by ad hoc groups under the direct leadership of the Politburo and the PBSC. These drafts are then discussed and reviewed by the Politburo and the PBSC in parallel before being submitted to the CCP's Central Committee for final approval.

As one of the results of the achievements on the so-called “democratic and scientific decision making” since the beginning of the twenty-first century, these most significant policies needed to be decided collectively, either by the PBSC, the Politburo meetings, the Central Economic Work Conference (CEWC), the plenary meeting of the Central Committee of the CCP, or the National Congress of the CCP, depending on the significance of these policy issues. However, the final approval of the plenary meeting of the Central Committee or the national congress is usually rubber stamped as the decisions have already been made by the most powerful members of the Politburo and the PBSC.

As the highest organ of administration of state power, as well as the highest executive organ, the State Council (China's central government) enjoys the highest authority in managing economic and other affairs across China, making and implementing policies on a daily basis. The State Council and local governments at all levels are responsible for implementing the most significant policies, strategies, and guidelines made and approved by the Party Central (the PBSC, the Politburo, and the Central Committee). The ministries and commissions under the State Council oversee decision making and implementation within their own special fields and shoulder the duties to implement the policies made by the State Council.

The central leading groups under the CCP's Central Committee, in their respective special fields, play the important role of policy coordination and consultation, among the Politburo, the PBSC, the State Council, and relevant ministries and commissions under the State Council. Among these leading groups, the Central Leading Group for Financial Economic Affairs (CLGFEA) is the highest body for coordination of economic policy decision making. The office of the CLGFEA has become more significant as its main duty is to draft annual economic guidelines for China's development at the annual CEWC. What the CEWC did was formally announce and explain in detail the policies made by the CLGFEA to the key senior officials in every sector of Chinese society.

Since 2013, Xi has notably strengthened the role of leading groups at the expense of both the PBSC and the State Council, which indicated a significant institutional change that would reshuffle the policymaking and enforcement system in China. By establishing, reshaping, and upgrading leading groups in key sectors to the status of commissions, Xi has amassed a concentration of power unseen since Mao. Since June 2014, President Xi quietly and carefully put himself in the leading position in the CLGFEA, breaking the tradition of the premier of the State Council assuming the role of director of the CLGFEA as the top policy maker for economic affairs began in the 1980s. Holding the post of director of the CLGFEA means grasping the decision-making power of economic issues in a way that is institutionally and perfectly justifiable. The CLGFEA was upgraded to the Central Financial and Economic Affairs Commission (CFEAC) in the significant reshuffle of the party and government institutions in March 2018. (See Figure 1 in the Appendix for a visualization of policy-making institutions and process in China)

Information input and decision-making process

Information that the highest political leadership uses in economic policy decision-making is provided by the State Council and local governments. During the information input process, the CFEAC and the National Development and Reform Commission (NDRC) under the State Council play crucial roles in coordinating, providing key information, and drafting proposals for economic policy decision making. The CFEAC and the NDRC have similar duties in conducting field investigation, collecting information, doing research, and making important economic plans, but the former owns higher authorities in coordinating among government agencies, ministries, commissions, and higher-level party organs for economic policy making.

Specifically, the Office of CFEAC is responsible for information collection and drafting proposals and outlines for the most important economic policies including the five-year-plan, annual economic plan, and the quarterly Politburo meetings. As the party's highest body for coordination of economic policy decision making, the CFEAC's Office coordinates and gets information from the most important ministries concerning economic policy and drafts China's economic plans and outlines. These ministries or ministerial-level government agencies include the NDRC, the Ministry of Commerce, the Ministry of

Finance, the People's Bank of China (PBoC), the State-owned Assets Supervision and Administration Commission, the Ministry of Industry and Information Technology (MIIT), China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission (CSRC), etc.

Although it has lower authorities than the CFEAC, the NDRC, as the powerful leading government agency in macroeconomic planning, has its advantages in economic policy making. With its main duty of making the economic development plan and a nationwide local-level system, the NDRC plays an indispensable role in China's long-term and annual economic plans.

Take the example of the five-year-plan: the NDRC is responsible for organizing the mid-term assessment of the previous five-year plan undertaken by all ministries and agencies in the central government and local governments as the very first step of the making of the five-year plan. The NDRC then is entrusted by the party's Central Committee and the State Council to lead the work for the preliminary research for the five-year-plan, which incorporates extensive, nationwide field investigation, information collection and research, as well as the recommendations and suggestions by all ministries in the State Council and local governments. After that, the NDRC drafts "the basic thought" of the five-year plan on the grounds of this preliminary research and then submits it to the Central Committee and the State Council.

The CFEAC takes over from here. Based on "the basic thought" drafted by the NDRC, the CFEAC leads and coordinates the establishment of a high-level, usually premier-led ad hoc drafting group under the supervision of the PBSC and Politburo and organizes the members of draft groups to conduct extensive field investigations and draft the five-year-plan proposal. After submission to the Politburo and PBSC, the draft would be circulated to all departments in the party, the central and local governments and the military, as well as retired senior party leaders, democratic parties¹, business, public figures, and economic experts for suggestions. The drafting groups revise the draft multiple times based on the collected suggestions and further opinions from the members of the PBSC before the draft can be submitted to the plenary meeting of the party congress for final approval.

Judged by the process of assessment, field investigation, discussion, research, and recommendations and suggestions by a variety of entities and institutions within and outside the party central and the central government, the information for economic policy decision-making is basically reliable.

Key individual players and President Xi's role

Liu He, the current director of the CFEAC Office, and a vice premier of the State Council, is the key individual player in formulating economic policy in China's political leadership.

As stated earlier, President Xi introduced a top-level design as the theoretical foundation for his overall control of the reform agenda and economic policy-making process. Liu He, who was regarded by a variety of sources as the top economic advisor to President Xi, even before the latter's ascent to the highest authority, is believed to have provided the origin of the top-level design based on his background in information science².

¹ It refers to the eight subservient political parties that exist within the CCP's United Front in China's one-party political system controlled by the CCP.

² Forsythe, Michael and Dune Lawrence. 2009. "Liu He as China's Larry Summers Makes Politburo Appreciate U.S." *Bloomberg News*, September 24. www.bloomberg.com/apps/news?pid=newsarchive&sid=aKp9wybwC4HM.

Liu He is a veteran in China's economic policy making who participated in the development of the CCP's and China's most authoritative guiding documents, the five-year plan, since the 8th Five-Year Plan in 1990 up to the latest 14th Five-Year Plan in 2020. He is also one of the major scriptwriters of the most important annual economic conference in China's policy making, the CEWC, and has participated in drafting economic speeches for the three top leaders since Jiang Zemin.

Liu He's promotion to vice premier in 2018 indicated that he had become a significant supervisor on policy implementation as well, with substantive authority over the state bureaucracy, in addition to his existing role as Xi's top economic advisor and the senior policy maker in China's economic and financial policy. Liu's dual senior positions in both the party and state bureaucracy and in both policy making circles and policy implementation would help further smooth the interlinkages between policy making and policy execution. Seen from this perspective, Liu He has emerged as the new economic czar, as Premier Zhu Rongji did in the late 1990s.

Control of both people and process (institutions) matters in economic policy decision-making. President Xi's role in deliberating economic policy is to make sure that the people he trusts stay in control of key institutions and decision-making process. Through publicly announcing himself as the head of the CFEAC, and promoting Liu He as both the director of the CFEAC Office and the vice premier to take charge of the financial, industrial, and technological sectors in the State Council, President Xi secured control of highest authorities on economic policy decision-making over the premier of the State Council.

Since coming to power in 2013, President Xi has quietly promoted his protégés to key positions in the party and government as the main way to fulfill his vision and plans. Except for Liu He, Xi's former subordinate and long-time ally **He Lifeng** was appointed as the head of the NDRC in 2017, which will help Xi's efforts to consolidate its control over the regulatory bodies in China's economic management. Three years younger than Liu He, He Lifeng as the director of the NDRC could be a candidate for Xi's next top economic advisor and the vice premier responsible for the finance, industry, and technology sectors.

Different strains of economic policy thinking

Major economic policy initiatives under President Xi include the supply-side structural reform to restructure and rebalance the economy since 2015, implementing the new development philosophy featuring innovative, coordinated, green, and inclusive growth since 2017, and fostering the new dual-circulation development paradigm since 2020.

Behind these major economic policy initiatives lie different strains of economic policy thinking:

1. The restructuring based on the supply-side economics

Supply-side structural reform is a revision of China's long-standing growth model driven by export and investment, which has created and exacerbated many problems associated with overcapacity. The idea of supply-side structural reform can be traced back to 2013, when the party central made an assessment of the entire economic situation and concluded that the Chinese economy had entered a so-called new normal of economic development in which it was necessary to simultaneously deal with a slowdown in economic growth, make difficult structural adjustments, and absorb the effects of previous economic stimulus policies.

Different from President Reagan's supply-side economics, which focused on tax cuts and deregulation from excessive government intervention, Xi's supply-side structural reform focuses on the structural changes in the supply side to try to transform and upgrade China's economy and lead the economic development in a sustainable way. Specifically, it includes five tasks in slashing excessive capacity in sectors such as coal and steel, reducing excess housing market inventory, de-leveraging (cutting debt) to avoid financial risk, lowering costs of enterprises, and shoring up weak areas in the economy.

Facing a mixed picture of limited successes and the highly negative impacts it brought to China's economy, the main attention of supply-side structural reform turned to its fifth task, bolstering areas of weakness. Starting from 2017, supply-side structural reform expanded into almost the entire scope of industries³ and incorporated many areas of advanced manufacturing, such as robotics, semiconductors, next generation information technology, aviation, and new materials. Until today, supply-side structural reform has spread into improving the quality of the supply side in general, including manufacturing, finance, innovation, technology, and the digital economy, and Liu He has called to combine it with demand side management and expanding domestic demand.⁴

The Liu He-headed CFEAC Office was behind the design of supply-side structural reform. A group of renowned economists since 2013 have advocated China's new supply-side economics but there is little evidence to prove its connection with President Xi's and Liu He's supply-side structural reform.

2. Embracing the market economy while strengthening the party and government's control over economy

The seemingly self-contradictory and confusing statement demonstrates Liu He's idea in finding "the existing grey area" between market economy and government control, in which China made a detour with Chinese characteristics and took a pragmatic approach in the path to marketization.⁵ This idea was presented in the decision passed at the Third Plenary Session of the 18th CPC Central Congress. Although Xi advocated "allowing the market to play a decisive role in allocating resources" in the authoritative document, his statement included another crucial part, "improving the government's role."⁶

Following this paramount principle, we saw China continue its support for making its state-owned enterprises (SOE) and state assets stronger, better, and bigger while encouraging, supporting, and guiding the growth of private sector; strengthening the government's control over big private companies through intensified market regulation and anti-monopoly measures while encouraging the innovation and development of big tech and platform enterprises; seeking market-oriented economic development while emphasizing the strengthening of national economic security and improving SOEs' role to provide strategic support for the economy and carry out strategies for safeguarding food, energy, and finance security and secure and controllable development in priority industries, infrastructure, strategic resources, and core technologies.

³ Barry Naughton. 2018. "Economic Policy in the Aftermath of the 19th Party Congress." *China Leadership Monitor Winter* (55), January 23. <https://www.hoover.org/sites/default/files/research/docs/clm55-bn-final.pdf>.

⁴ http://www.gov.cn/guowuyuan/2021-11/24/content_5652964.htm (In Chinese).

⁵ Liu He. 20008. "Future Trends and Three Long-term Issues in Chinese Economy." See <https://www.yicai.com/news/5129776.html> (In Chinese).

⁶ http://www.gov.cn/jrzq/2013-11/15/content_2528179.htm (In Chinese).

In addition to Liu He's thinking in dealing with the relations between market economy and government control, Justin Yifu Lin's idea on the new structural economics has provided a theoretical support for government control of economy in China. Lin's new structural economics argued that the government should play an active role in facilitating industrial upgrading and infrastructure improvements, in addition to an effective market mechanism.⁷

3. Seeking innovation and technology-based growth to overcome the middle-income trap

Liu He has long advocated that economic transformation and upgrading is the key to overcoming the middle-income trap.⁸ His latest article further clarified that the key lies in the transition from factor-driven to technological innovation-driven economic growth.⁹ Successful cases of South Korea, Singapore, and Israel in overcoming the middle-income trap show that China needs to follow suit in taking key positions in global innovation and supply chains.

China's extraordinary emphasis on homegrown technological innovation is not just about overcoming the middle-income trap. Liu He's latest article has specified that technological innovation is not only a matter of development but also a matter of survival for China as "the profound change" has happened. This wording echoed the unprecedented emphasis President Xi placed on "core technologies" and "key technologies" immediately after the ZTE ban in April 2018¹⁰. The ZTE incident and Huawei ban by the U.S. government became China's sputnik moment, in which many Chinese elites and policy makers realized that the prosperity boosted by China's tech boom since 2015 is something built on sand and was very vulnerable.¹¹ The Chinese top leader's emphasis on grasping core technologies was not something new, but Xi's focus on the immediate urgency for owning core technologies was unparalleled. Facing technology "decoupling", China has already doubled down on relying on indigenous technology and innovation to seek breakthroughs in core technologies in the semiconductor industry and other advanced manufacturing since 2018.

4. Upholding the consistent reform and opening-up policy as the party's "new orthodox"

Four decades after Deng Xiaoping first initiated the reform and opening-up policy, the rapid economic growth and great economic achievements China has accomplished have made the policy as one of the party's fundamental ideas, along with other ideas such as the "socialist market economy" and "the CCP's one-party rule" in today's China. Top leaders and policy makers in China have consistently promised and practiced the economic opening-up policy since then. Ideas of deepening opening-up to the world include transition from the opening-up based on flow of goods and factors to the one based on rules and institutions and establishment of domestic institutional arrangements and regulatory models to link up and adapt to international rules, etc. This explained China's motives and moves to join the WTO, most recently to join the RCEP, submitting to join the CPTPP, participation in global economic governance systems such as the G20, and promotion of its Belt and Road Initiative (BRI).

⁷ <https://openknowledge.worldbank.org/bitstream/handle/10986/19919/WPS5197.pdf?sequence=1&isAllowed=y>

⁸ <https://www.cdrf.org.cn/jjh/pdf/j101.pdf> (In Chinese).

⁹ http://www.gov.cn/guowuyuan/2021-11/24/content_5652964.htm (In Chinese).

¹⁰ http://www.xinhuanet.com/politics/2018-05/28/c_1122901308.htm (In Chinese).

¹¹ See the founder of Tencent, Pony Ma's address at a science forum in Shenzhen in May 2018. Available at: <https://www.youtube.com/watch?v=qWzVZ3vMLrY> (In Chinese).

Although the dual-circulation new development pattern¹² emphasizes the domestic circulation, the opening-up policy still constitutes the other essential part to sustain China's economic growth.

5. Common prosperity (inclusive development) and green development to placate domestic resentment and increasing legitimacy for the party's rule

Economics is not just pure economics, it is always about the political economy and political stability, as Liu He wrote.¹³ Sustained economic growth via market-oriented reform has evolved into the fundamental source of legitimacy for the CCP's rule in China since 1989, as democratic political reform, freedom of the press, pluralism, and other universal values have not been appreciated in Chinese society under the CCP rule. Accordingly, dissatisfaction accompanied by economic development in Chinese society constituted severe challenges to the CCP's rule in China.

Among them, the great gap between rich and poor and the degrading environment are long overdue and the most outstanding problems that Chinese people complained about, along with other issues concerning inequality in education, job opportunity, health care, housing, and food safety. President Xi's new development philosophy contains the two prominent fronts, trying to push for common prosperity by encouraging public-welfare and charity and rural revitalization, and to achieve the goal of green and low-carbon development through imposing a strict ecological environment protection system, setting the goal of carbon neutrality, and reducing air pollution.

Policy priorities in the wake of the 20th Party Congress

Stability is the word being emphasized repeatedly in the 2021 annual CEWC, which outlined the main goals and policy priorities for economic development in 2022. Facing slowing growth along with severe downward pressure caused by shrinking demand and the supply shock from the negative impact of the global pandemic, the annual conference called for all local and central governments to take responsibility to introduce policy to stabilize the economy.

As stated earlier, Chinese leaders have evolved an extreme risk-averse tendency and have become stability-obsessed since 1989. Under President Xi's top-level design for overall control of the reform agenda and economic policy making, and maintaining stability, is the de facto top priority. Economic work will be of crucial importance in the wake of 20th Party Congress in 2022 and the top priority is ensuring stability, as explained by **Han Wenxiu**, deputy director in charge of routine work at the CFEAC Office.

The biggest challenge of governing the Chinese economy for the party's top leaders has been how to maintain the fine balance between economic restructuring and keeping stable growth since 2008. In the wake of 20th Party Congress, Chinese leaders are unlikely to tolerate any severe economic volatility, and policy choices are likely to tilt to maintaining economic and social stability. Relevant priority policies announced at the 2021 CEWC include active fiscal policies and prudent but flexible monetary policies to

¹² It refers to President Xi's domestic-international dual circulation, a strategy that advocates China prioritize domestic demand and innovation as the main drivers of the economy while remaining open to the outside world for foreign trade and investment. See: <https://www.nytimes.com/2020/09/07/business/china-xi-economy.html>.

¹³ Liu He. 2008. "Future Trends and Three Long-term Issues in Chinese Economy." See <https://www.yicai.com/news/5129776.html> (In Chinese).

maintain liquidity at a reasonable and ample level, tax breaks and fee cutting policies for businesses, while shoring up infrastructure investment in areas of low-carbon development, new energy, and new technology, etc.

Long-term structural issues such as the energy transition for carbon neutrality, curbing debt, deflating the property bubble, strengthening regulation on private big tech companies, and capital market development remain unchanged, but some temporary easing policies might be introduced. Policies that would help maintain economic and social stability such as guaranteeing food, energy, and resources supply, promoting even wealth distribution in society, and increasing job opportunities will be set as priorities.

Since the 2008 global financial crisis, Chinese leaders have always under pressure to make choices between maintaining short-term growth to contribute to social stability (but with key reform measures suspended) and pursuing long-term reform goals (but with decreased economic growth). Still, President Xi and his senior economic advisors' vision for China's economic future after the Party Congress in 2022 relies on the result of pushing forward these long overdue and difficult structural issues.

The division of labor between Party organs and government ministries in economic policy decision-making

The relations between the party and the government in China's decision-making process is similar to that between the board of directors and the executive team in a company. The seven-member PBSC is similar to a board of directors, and the general secretary in the PBSC is akin to its chairperson. The huge hierarchy of the State Council is similar to a gigantic executive team consisting of different departments. The premier of the State Council is similar to a general manager and invariably ranks second in the PBSC (board of directors).

The CFEAC acts as the highest Party organ for coordination in economic policy decision making, providing economic advice to the Party Central. To better understand the position of the CFEAC in China's governing structure, it can be analogized to the National Economic Council of the White House in the United States, which play a similar crucial advisory role in policy making. Headed by President Xi, the members of the CFEAC include three other members of the PBSC: Premier Li Keqiang, Han Zheng, and Wang Huning. Before the 2018 government and party organization reshuffle, its members also included heads of ministries in charge of economic issues in the State Council. Liu He heads the CFEAC Office, which is the key organ for making the party's significant economic policies such as five-year-plan and annual economic plan. The CFEAC Office as a ministerial-level agency coordinates economic policies among major ministries and commissions in the State Council.

Ministries and commissions in the State Council that manage economic affairs play a key role in economic decision making concerning their respective areas. They are usually the source of many policy initiatives. The way that policies are initiated by ministries and commissions can be defined as a bottom-up approach, as they may originate from the officials at the bureau-chief level or lower-division-chief level. If a policy proposal by ministry decision is made at a sensitive time and deemed to affect the direction of China's economic growth and stability, it has the chance to be submitted to the State Council and the CFEAC or the PBSC for final discussion and approval.

Another common way of decision making by ministries and commissions is the second-time decision making or specific decisions to materialize the instructions given by the State Council or the Party

Central. China's decisions are always forwarded with written instructions and comments from more senior policy makers. Typically, these instructions only give a general idea on the direction, tasks and goals of the policy, not detailed information or plans. What the ministries and commissions normally do is make the second decision and this occurs on a daily basis. This decision-making model fully embodies, and even exemplifies, in many cases, the roles of the ministries and commissions in the policy-making process.

Policy coordinating bodies beneath the State Council such as the Leading Group for Building Manufacturing Power and the Financial Stability and Development Committee, both headed by Liu He, are established to coordinate economic policy making in certain areas such as manufacturing and financial stability in the State Council system. Compared to the CFEAC and its office, these policy-coordinating bodies within the State Council are lower-level and sector-centered specific policy coordinating agencies among relevant ministries. Depending on who heads these bodies, they can also play important roles of policymaking and policy regulation and implementation in the area they supervise. The two bodies headed by Liu He play important roles in coordinating manufacturing and industrial policy and financial supervision and preventing financial risks respectively.

Roles of think-tanks and research institutions in shaping economic decision-making

China's think-tanks and policy institutions can be roughly divided into two categories: The inner-circle ones refer to policy research institutions within the Party Central and the State Council, including the high-level Policy Research Office of the CCP Central Committee, State Council Research Office, the Development Research Center (DRC) of the State Council, the CFEAC Office (as the core economic policy making and coordination body, it conducts policy research as well). The outer-circle ones include the Central Party School, the Chinese Academy of Sciences, the Chinese Academy of Social Sciences (CASS), Chinese Academy of Governance (merged to the Central Party School in March 2018), research institutions and think-tanks within universities, the military, as well as non-governmental social think-tanks and institutions.

Among all the think-tanks and research institutions within and outside the party and state system, the DRC and CASS are two significant ones in shaping economic policy making. Although both are affiliated with the State Council, the DRC is more relevant as it is an inner body, closer to the center of economic policy making. It plays important roles in conducting advanced study in issues concerning China's economic development and providing policy proposals and recommendations in economic decisions. The CASS is a more academic institution with more capacity and talent in research but has less access to internal government information than the DRC, although it has its channels as well to provide policy proposals and recommendations to the Office of the CCP Central Committee and the Office of the State Council.

One key factor determining the influence of think-tanks and research institutions is their connection to core Chinese economic policy makers. Depending on the research quality, media influence, and connection with policymakers at government ministries or party organs, some renowned economists from prestigious universities such as Peking University, Tsinghua University, and the CASS may have influence on economic policy decision making. In this sense, the Economists 50 Forum is a loosely organized think-tank but has a significant policy influence in China's economic decision-making process.

Founded by Liu He and Fan Gang in 1998, the Economists 50 Forum gathered the 50 most prestigious economists who have reputations in academic circles, media, and policy community.¹⁴ It holds internal seminars and annual conference to provide recommendations and policy proposals to senior policymakers on significant economic issues. Since its founding, some of its member economists have been promoted as senior government officials in charge of economic policy. With its strong connection with top economic policymakers at the crucial institutions including the CFEAC Office and top leaders at the Party Central and the State Council, the Economists 50 Forum plays a role of a top-level think-tank advising on significant economic issues for China's top economic policy decision-makers.

A small part of its members are replaced with new economists and officials every five years but its members in general cover three categories: Distinguished economists from the DRC, the CASS, Peking University and Tsinghua University, etc.; Incumbent senior government economic officials with strong academic backgrounds, including Liu He, vice premier of the State Council and the director of CFEAC Office, Yi Gang, Governor of the PBoC, and a few ministers, vice ministers, deputy directors from the CFEAC Office, the CERC, the CBIRC, etc.; Former senior government officials, including former governor of the PBoC Zhou Xiaochuan, a few former deputy directors from the CFEAC Office, the PBoC, State Taxation Administration, and a former minister of the MOF.¹⁵

Problems of President Xi's "top-level design" in economic decision making

Xi's style of highly concentrated power and full control over policy making has achieved a mixed result. It may have pushed through some difficult economic structural reforms, but it has created a variety of new problems and exacerbated the existing bureaucratic problems in China's political economy.

First, policy implementation has been the biggest problem in China's complex party-state dual governance system and policy-making process. The existing bureaucratic problems in policymaking and implementation have been further intensified under the idea of top-level design. Xi's heavy-handed approach to ruling in the party-state and determined anti-corruption campaign created a highly intense and mutually suspicious atmosphere among officials, which, ironically, led to widespread indolence among officials in performing duties, contrary to Xi's expectation. Bureaucratic methods such as "slow-walking" orders or keeping information from superiors were created to avoid the suspicion of corruption or violation of party discipline.

When facing greater pressure from superiors, officials typically either choose to pretend that they are busy performing their duties to avoid being suspected of inaction or become inflexible and over-eager in enforcing policies to keep their jobs. As a result, policy implementation is either halted by officials in many innovative and delicate ways to give the impression they are working hard or executed in a rigid but ardent way. One recent example of the latter was the lockdown of many cities in China such as Tonghua, Ruili, Shijiazhuang, Yuzhou, Anyang, Xi'an, or the requirement of all residents of a city to get PCR tests since the pandemic, with only hundreds, dozens, or even single-digit Covid cases being reported.¹⁶ For local officials, the rigid one-size-fits-all lockdown or mass Covid tests are the safest and

¹⁴ <https://m.21jingji.com/article/20190217/herald/bc0f9b172a88c41ba3868aff5ba1d0e5.html> (In Chinese); <https://www.jiemian.com/article/1955799.html> (In Chinese).

¹⁵ See the full list of the current members of Economists 50 Forum at its home page: <http://www.50forum.org.cn/home/english/index.html>.

¹⁶ <https://www.npr.org/2022/01/05/1070472805/xian-reacts-to-covid-lockdowns-with-outrage-and-humor>.

simplest way to execute the required zero-Covid policy from the top to keep their jobs, or even get promoted.

Second, these problems can have catastrophic consequences when emergency situations arise, such as a public health crisis, as the novel coronavirus epidemic beginning in January 2020 demonstrated. The stability-obsessed ruling style under President Xi's top-level design and the unprecedented pressure it brought on state and local bureaucrats are, unexpectedly, unable to react swiftly when facing a crisis. The existing notorious bureaucratic problems, including a tightly controlled flow of information, and local officials' inclination of not reporting and releasing bad news while dodging responsibilities by only taking actions following a superior's orders, have been amplified under President Xi's top-level governance style and eventually played a large part in making the coronavirus outbreak worse once it began in January 2020.

Third, sticking to the party's extreme risk-averse tendency, Xi's top-level design approach continues the party's top priority of maintaining stability, which oppresses different voices in policymaking concerning economic and other affairs resulting in negative consequences. The nationwide strict zero-Covid policy during the pandemic is a key measure to maintain social stability. If the zero-Covid policy is abandoned, the potential overwhelmed situation in hospitals and subsequent healthcare system crisis would create a great deal of chaos in the society. Under the circumstances, public discussion and voices suggest society live with the coronavirus are neglected or suppressed. This comes at a high cost: Repeated lockdowns of cities and the nationwide harsh quarantine measures have a negative impact on the main driving forces of economic growth, including trade, manufacturing, and consumption, thus damaging China's capacity for stewarding the economy and efforts to counter decoupling attempts in supply chains and technology by the West.

Fourth, problems of the top-level design might counteract Xi's goals of pursuing breakthroughs in core technologies and innovation-driven growth. Problems in China's state-controlled science and technology (S&T) research system and a campaign-style¹⁷ approach for quick success in techno-industrial development that rewards bureaucrats on short-term goals are to blame for the longstanding backwardness in core technologies and related advanced manufacturing. Facing the situation of being "choked" in core technologies, President Xi's prescription under the top-level design approach is nothing new but to strengthen the existing state-centric S&T research system and correlated government-dominated campaign-style catch-up strategy to encourage indigenous innovation. Under the 14th Five-Year Plan starting from 2021, a new system concentrating nationwide effort and resources to support S&T and innovation under the socialist market economy has been pursued.

The decades-long development of China's semiconductor industry has illustrated that the state-dominated approach did not greatly help the promotion of the desperately needed long-term innovation for China to develop into a real technological powerhouse in the semiconductor industry.¹⁸ The fact is that the real breakthroughs in China's semiconductor sector were achieved by private companies such as HiSilicon, and China's rapid advancement in frontier technologies —artificial

¹⁷ Campaign-style here refers to a way of doing things in China by concentrating money, manpower and other resources in an organized way to achieve set goals in a short period of time. It applies in particular to government-organized activities such as campaign-style law enforcement, campaign-style anti-corruption and campaign-style governance improvement.

¹⁸ <https://www.cigionline.org/publications/chinas-techno-industrial-development-case-study-semiconductor-industry/>.

intelligence, 5G wireless communication network technology, big data, and the Internet of Things— was attributed to private companies such as Huawei, Tencent, Alibaba and Baidu. However, the new system under the 14th Five-Year Plan still emphasizes the state-centered concentration of nationwide effort and resources instead of relying on the strength of market-driven innovation and the private sector to make breakthroughs in core technologies. In the years to come, whether the Chinese government can continue to provide an encouraging environment for private big tech’s further development in the digital economy is a key issue that deserves attention.

Future of President Xi’s “top-level design” approach in economic decision making

The top-level design laid the theoretical foundation for Xi’s overall control of the reform agenda and economic policy-making process. But it took five years for Xi Jinping to complete building both institutions and personnel foundations for the “top-level design” approach.

The “top-level design” approach uses renewed central leading groups’ control to establish the institutional framework for promoting the reform and dominating the policy-making process. It started from 2013, the year Xi Jinping became the president, when Liu He was promoted to the director of the CLGFEA Office, deputy director of the NDRC, and was publicly recognized as Xi’s top economic adviser.¹⁹ When Xi publicly announced that he assumed the director of the CLGFEA in June 2014, Xi finished the institutional control of the economic policy-making process inside the party central system.

The top-level design also emphasizes building the party’s full control of economic work in the whole state bureaucracy. The “top-level design” approach in economic policy making finished in March 2018, when Liu He was promoted to the position of vice Premier of the State Council in charge of finance, industry, and technology sectors, and Xi reshuffled and upgraded the CLGFEA to the CFEAC and further tightened control of economic affairs within the party central system.

Judged by the long process of building the top-level design approach, Xi would maintain the institutions for the approach in the economic decision-making process following the 20th Party Congress. Changes might happen to the personnel arrangement, depending on how the Party’s succession politics would unfold at the 20th Party Congress. Xi might have to choose new top economic advisors he trusts in both the party central and the State Council. A key issue to observe would be whether Liu He could remain the position of director of the CFEAC Office and vice premier of the State Council after the 20th Party Congress.

Recommendations

- Fund initiatives to deepen the understanding of China’s policymaking in the Chinese policy community in the United States: (1) Build a China policymaking network that consists of participants in the Chinese policy community in the United States including researchers at think-tanks, Congressional committee staffers, and federal government employees who closely engage with China’s policy making; researchers and scholars on China’s policymaking among U.S. ally countries; former insiders of China’s policymaking who reside in the West. (2) Forge policy consensus and make policy recommendations for U.S.-China

¹⁹ Xi introduced Liu He to the U.S. national security advisor at the time, Tom Donilon, who was visiting Beijing in 2013. See Bob Davis and Lingling Wei, “Meet Liu He, Xi Jinping’s Choice to Fix a Faltering Chinese Economy.” *The Wall Street Journal*, Oct.6, 2013.

policy based on the deepened understanding of China's policymaking through the network. (3) Train or encourage the participants in the Chinese policy community in the United States to pursue proficiency in the Chinese language.

Compared to the United States, China's policymaking process is relatively closed, and leaders or key policymakers' speeches or authoritative documents are always full of highly polished but confusing political parlances. To make it worse, the English version of these key speeches or documents are usually either not available or with poor quality. Relying on media reports in English or other second-hand information might miss the key information conveyed in Chinese policies. All these factors contribute to a bad communication of China's major policies to the outside world. These programs and initiatives are proposed to strengthen the understanding of China's policymaking institutions and process among key participants of the China policy community in the United States.

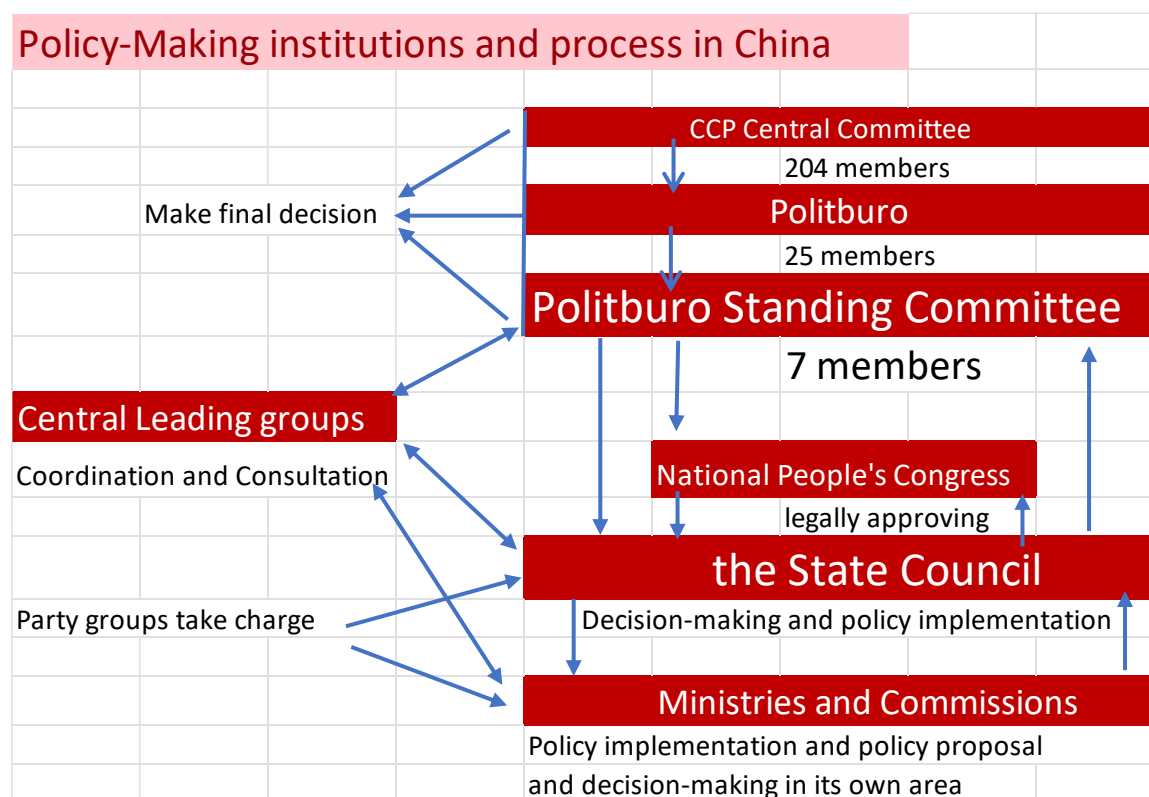
- Encourage the increased exchange between equivalent agencies and institutions in economic policymaking in the United States and China. Exchange between proper counterpart agencies on key economic policies would increase policy communication between the two countries. Potential equivalent exchanges include the one between exchange the National Economic Council of the White House and the CFEAC Office at the CCP's Central Committee, between key government agencies such as the Federal Reserve and the People's Bank of China, the United States Department of Commerce and China's Ministry of Commerce and the NDRC, or between prestigious think-tanks and institutions in the two countries.
- Encourage exchange with lower-level policy makers in key government agencies in economic policymaking such as the NDRC, the PBoC, the Ministry of Commerce, the Ministry of Finance, and the MIIT in China. These officials at the bureau-chief or lower division-chief level are sometimes an important source of economic policy initiatives, and eventually, they are also key officials responsible for the supervision of policy implementation at the central level. Exchange with these officials from counterparts in the United States government would benefit in dealing with trade and economic relations between the two countries.
- Examine U.S.-China cooperation on climate change and encourage cooperation on specific topics such as clean coal technology and the clean energy transition, CCUS (carbon capture, usage, and storage) technology, increasing uses of renewable energy, etc. As the largest emitter of carbon dioxide, one of biggest challenges for China is the significant share of coal in its total energy consumption. These areas that relate to coal and renewable energy are the ones that have more potential to achieve substantive results, considering the close attention that Chinese leaders have paid on climate change-related issues due to increasing domestic concerns and dissatisfaction on a degraded ecological environment and severe air pollution. Substantive results of cooperation in these areas between the two countries will benefit the global effort to address climate change.
- Encourage the Biden Administration to rejoin the CPTPP or initiate a similar high-standard trade agreement with its main allies. The original TPP or a CPTPP with the United States still stands as one of the best sources of leverage the United States could have to make China abide by rules-based international order. Further economic liberation and opening-up is highly significant for China to sustain its economic growth and maintain the legitimacy for the CCP's rule in China. Joining high-standard trade agreements such as the CPTPP is one of Chinese leaders' valued policy choices to push for difficult

economic reform and further economic liberation and opening-up, which can largely explain China's recent submission to join the CPTPP.

- Pass legislation to encourage the Biden Administration to respond China's BRI through international organizations under the UN framework, such as the World Bank, the IMF, and other organizations such as the OECD and G20. China, for its part, has cooperated with the World Bank and the IMF on the debt sustainability of low-income economies and released the Debt Sustainability Framework for Participating Countries of the BRI in 2019. China also jointly established the BRI International Green Development Coalition with the United Nations Environmental Programme in 2019. With its influence in these multilateral organizations, the United States is well positioned to exert pressure to encourage and monitor China to follow transparency, debt sustainability, and other international rules, as well as green Belt and Road ideas China has promised to practice.

Appendix

Figure 1: Policy-making institutions and process in China



Source: Author

STATEMENT FOR THE RECORD

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Hearing on “CCP Decision-Making and the 20th Party Congress”

Thursday, January 27, Dirksen Senate Office Building 419

“Testimony before the U.S.-China Economic and Security Review Commission”

Panel III: Foreign Policy and National Security Decision-Making

Statement for the Record

Jean-Pierre Cabestan, Senior Researcher, French National Center for Scientific Research, Paris, France; Research Professor of Political Science, Hong Kong Baptist University.

1. Please describe the foreign policy decision-making apparatus in China. Which institutions and policy bodies are most important in formulating, debating, and communicating foreign policy?

In the People’s Republic of China (PRC), the Chinese Communist Party (CCP) leads the state. Thus, the most powerful decision-making institutions and bodies regarding all issues, including foreign policy matters, are not located in the state but in the Party. At the top of the CCP hierarchy, the most important body formulating and debating foreign policy is the Central Committee Foreign Affairs Commission (*Zhongyang Waishi Gongzuo Weiyuanhui*, hereafter FAC), chaired by Xi Jinping. Under Xi, the Commission’s most powerful official is Yang Jiechi, who heads its Office (*Bangongshi*), its most powerful decision-making locus. Former State Councilor and Foreign Minister, Yang was elevated at the 19th CCP Congress in 2017 to the position of Politburo (PB) member, enhancing his status and political influence.

The size of the FAC Office is unknown. Since September 2018, its Deputy Director is Liu Jianchao, former Foreign Ministry Spokesperson and former ambassador to the Philippines and Indonesia. He succeeded to Le Yucheng, now Deputy Foreign Minister and a rising star in the Foreign Ministry.

These appointments underscore the close relationship between the FAC and the Foreign Ministry which has remained the main institution communicating on foreign policy. The full membership of the FAC is unknown. However, the name of two of its key members has been made public: these are Prime Minister Li Keqiang, who is the FAC Vice-President, and Vice-President of the Republic Wang Qishan. Two other top officials, both Politburo Standing Committee members (PBSC), the CCP seven-member top leadership body, took part in its first meeting in May 2018: Wang Huning, head of the CCP Central Secretariat, and Han Zheng, Vice-Premier in charge of the Belt and Road Initiative (BRI) and the Leading Small Group on Hong Kong and Macau.¹

¹ <http://cpc.people.com.cn/BIG5/n1/2018/0515/c64094-29992327.html> (consulted on January 20, 2022).

The FAC probably includes another ten ex-officio members, leading and representing their own bureaucracy.² Among them, Foreign Minister Wang Yi, CCP Propaganda Department Director Huang Kunming, CCP International Liaison Department Director Song Tao, Commerce Minister Wang Wentao, Defense Minister Wei Fenghe and State Security Minister Chen Wenqing can be mentioned. It is also almost certain that the heads of the Taiwan Affairs Office, Hong Kong and Macau Affairs Office, State Council Information Office and Overseas Chinese Office also sit in the FAC.

It is difficult to evaluate the respective influence of these officials in the FAC. While Li Keqiang, in spite of his status, does not appear to be influential, we can think that Wang Qishan, although semi-retired, has more say on foreign policy matters. It should be also noted that while not a formal member of the PBSC or the PB, Wang attends its meetings and is ranked in the eighth position in any official Party-state leader listing, in other words above PB members.

Yet, while debating about foreign policy, PBSC meetings probably just endorse decisions in this area prepared by the Foreign Ministry and finalized by the FAC Office. This is even more the case of the PB (25 members) which is from time to time invited to hear foreign policy experts presenting major foreign policy issues. PB meetings' published agenda rarely include foreign policy items.

The FAC itself does not apparently meet frequently. Since the FAC's first plenary meeting in May 2018, there has not been any public announcement of subsequent meetings. Even if we cannot exclude that it meets secretly, the FAC seems to delegate to its Office many of its responsibilities. Besides, from a practical viewpoint, assembling a dozen top CCP and state officials is rather uneasy, all the more since the eruption of the COVID-19 pandemic.

Since the 19th CCP Congress, Yang Jiechi and, behind him, Wang Yi—even if Wang seems often more active, aggressive and agitated than Yang—have been China's main foreign policy actors. Nonetheless, another top official, very close to Xi—he worked with him in Shanghai in 2006-2007—has become more influential on foreign policy matters: this is Ding Xuexiang, Central Committee General Office Director. While in charge of the CCP apparatus and mainly busy with domestic affairs and the circulation of official documents in the Party-state structure, Ding attends all the meetings or, since the beginning of the pandemic, the videoconferences between the Chinese President and foreign head of state or prime ministers. Prior to 2017, Wang Huning played that role. As a result, it can be assumed that Ding has also some say on foreign policy.

2. What are the major changes that Xi Jinping has made to the foreign policy decision-making process, as compared to Hu Jintao and Jiang Zemin?

The major change related to foreign policy as such has to do with the elevation in March 2018 of the CCP Foreign Affairs Leading Small Group (*Zhonggong Zhongyang Waishi Lingdao Xiaozu*, LSG hereafter) to the status of Committee (*Weiyuanhui*). This has been part of a reform aimed at strengthening the role of the CCP central leading bodies

² For a moderately reliable source, <https://zh.wikipedia.org/wiki/%E4%B8%AD%E5%A4%AE%E5%A4%96%E4%BA%8B%E5%B7%A5%E4%BD%9C%E5%A7%94%E5%91%98%E4%BC%9A> (consulted on January 24, 2022).

as opposed to the state structure, formally headed by the State Council and Prime Minister Li Keqiang.³ Then, another three LSGs, all chaired by Xi, were turned into commissions: the long-existing Finance and Economy LSG (hereafter FEC), the Comprehensively Deepening Reforms LSG (hereafter CDRC) and the Cybersecurity and Informatization LSG (hereafter CIC). The decision to create the two latter LSGs was made at the 3rd Plenum of the 18th Central Committee in November 2013. Obviously, there has also been a clear political dimension in this effort to centralize even more power in the hands of the Party center, and Xi himself.

This reform followed a more profound and consequential decision made at the same November 2013 3rd Plenum, the establishment of a National Security Commission (*Guojia Anquan Weiyuanhui*), also chaired by Xi. While the NSC mainly deals with domestic security, it is also responsible of transnational security issues, as terrorism or crisis management, and reports suggest that it spends part of its time managing foreign policy matters. The NSC's two Vice-Chairmen are Li Keqiang and Li Zhanshu, National People's Congress Chairman and No. 3 of the CCP hierarchy. But its most important member is probably Ding Xuexiang who heads its Office, in other words its permanent structure. The Office includes two deputy heads: Liu Haixing, since March 2018, and Chen Wenqing, since May 2018. Liu is a former assistant foreign minister (*buzhang zhuli*), a position just under vice-minister rank. And as we have seen, Chen is Minister of State Security, the bureaucracy in charge of espionage and counterespionage.

The real issue is the lack of available information on the NSC, its exact role, the frequency of its meetings and, as a result, the division of labor that has taken shape between the NSC and the FAC. Since the 19th Party Congress, the NSC has formally and publicly met only once, in April 2018.⁴ Since then, no other NSC meeting has been reported; and its full membership has not been made public either.⁵

While all major issues including a national security dimension are probably formulated and debated by the NSC, and implemented by agencies that are represented in the NSC (PLA, Ministry of Public Security, People's Armed Police, etc.), coordination with the FAC, and the Foreign Ministry, is crucial. Although, as we have seen, Xi chairs both bodies, a proper division of labor and coordination between them depends very much upon the relationship between Yang Jiechi and Ding Xuexiang. It can be added that, under Xi, China has adopted a much more holistic approach to national security, giving naturally more say to the NSC than to the FAC, on a large number of international issues.

³ On the changes in foreign policy decision-making since Xi Jinping came to power, cf. my articles: "China's foreign and security policy institutions and decision-making under Xi Jinping", *The British Journal of Politics and International Relations*, 2021, Vol. 23, No. 2, pp. 319–336, DOI: 10.1177/1369148120974881; "China's Institutional Changes in the Foreign and Security Policy Realm Under Xi Jinping: Power Concentration vs. Fragmentation Without Institutionalization", *East Asia*, Vol 34 (2017), pp. 113-131. DOI: 10.1007/s12140-017-9271-4. Published on line on 24 May 2017, <http://rdcu.be/tdZu>

⁴ http://www.gov.cn/xinwen/2018-04/17/content_5283445.htm (accessed on January 21, 2022).

⁵ The most comprehensive NSC membership lineup was made public on the occasion of the February 2017 NSC meeting, *Sohu*, February 17, 2017, <http://news.sohu.com/20170217/n481030722.shtml> (accessed on January 24, 2022). This was the source of the moderately reliable membership list published by Wikipedia in Chinese, <https://zh.wikipedia.org/wiki/%E4%B8%AD%E5%A4%AE%E5%9B%BD%E5%AE%B6%E5%AE%89%E5%85%A8%E5%A7%94%E5%91%98%E4%BC%9A> (accessed on January 24, 2022).

The March 2018 reform has however strengthened the FAC in one respect: it absorbed the Maritime Rights and Interest Protection LSG (*Zhongyang Weihu Haiyang Quanyi Gongzuo Lingdao Xiaozu*), dismantled at the same time. This LSG had been chaired by Xi since its creation in mid-2012. This change has facilitated coordination between the diplomats and the security agencies involved in the securization of the maritime domain claimed by China. Yet, on this issue and more broadly on matters related to military security, the CCP Central Military Commission (*Zhongyang Junshi Weiyuanhui*, thereafter CMC), also chaired by Xi, has kept a key competence. For example, in the South China Sea or East China Sea, the CMC holds the power to lead and coordinate the actions of the PLA Navy, the Coast Guard and the Maritime Militia, the latter being often on the frontline to harass incoming foreign ships. As a result, the CMC continues to exert indirect influence on the country's foreign policy. And one can even speculate that the reduction of the CMC from 11 to 7 members decided in 2015, in concentrating to a larger degree power in the hands of the two CMC vice-chairmen (general Xu Qiliang and Zhang Youxia) and the Chief of the General Staff (generals Li Zuocheng), has enhanced this influence. The presence of PLA generals (and CMC members) in the FAC and the NSC is likely to facilitate coordination. Nonetheless, the existence of these three top power *loci* perpetuates the risks of foreign policy fragmentation.

The three other LSGs turned into commissions (Finance and Economics, Comprehensively Deepening Reform and Cybersecurity and Informatization) have competences that may overlap with foreign affairs. Here again, we know too little about their respective division of labor with the FAC. Actually, there are less risks of overlap with the two latter commissions than with the former. The agenda of the 23 meetings that the CDRC has held between the 19th Party Congress and December 2021 shows a clear inclination to concentrate, with a few exceptions, on domestic economic, financial, social, educational and cultural matters.⁶ And although the CIC is in charge of the Great Firewall and, more broadly, the consolidation of China's cyber-sovereignty, issues of interest to the FAC, its main focus is the control of domestic Internet. Regarding the FEC, while it mainly deals with domestic issues, more coordination with the FAC is probably required as far as international economic relations and trade negotiations are concerned. Although both commissions are chaired by Xi, at the working level, a smooth coordination between the FEC and the FAC today depends upon the relationship between Liu He, the FEC Office Director, and Yang Jiechi.

Finally, since 2012, two CCP central LSGs have not changed status: the one in charge of Taiwan and the one responsible for Hong Kong and Macau affairs. The former remains chaired by the Party General Secretary, in other words Xi, while the latter was transferred in 2017 from the NPC chair, or CCP PBSC No. 3 (then Zhang Dejiang), to the first Vice-Premier, Han Zheng, or CCP PBSC No. 7. Nonetheless, this downgrading in terms of status just reflects the two PRC Special Administrative Regions' decreasing importance in the eyes of the CCP leadership.

⁶ <https://zh.wikipedia.org/wiki/中央全面深化改革委员会> (accessed on January 22, 2022).

3. To what extent has Xi Jinping centralized the foreign policy process and consolidated his personal control over foreign policy decisions?

It must first be indicated that foreign policy process has always been concentrated in the hands of the CCP No. 1, and since Deng Xiaoping's retirement in 1994, its General Secretary.⁷ Since then, the CCP General Secretary has chaired not only the CMC (except between 2002 and 2004 when Jiang Zemin remained CMC chair) but also the two major LSGs dealing with external affairs, the Foreign Affairs LSG, today the FAC, and the Taiwan Affairs LSG.

The real question is whether the structural changes presented above has consolidated Xi's control over foreign policy decisions. On the one hand, today more commissions and LSGs and as a result top officials may have a say on foreign policy matters. On the other hand, since Xi chairs all these leading bodies, he can better lead and coordinate their action. Moreover, Xi's enhanced status in the Party—he is “commander-in-chief of the PLA joint battle command center”, his “thought” has been increasingly promoted—and his propension to neglect the collective leadership principle reintroduced by Deng Xiaoping at the beginning of the reform era are conducive to consolidating his control over foreign policy.

Xi's major problem may not be intra-Party opposition to these changes but the unintended consequences of this greater power centralization. A key consequence of this new institutional setting is the need for Xi to chair more CCP commissions and LSGs than his predecessors, even if some of these leading bodies apparently do not meet regularly. In any case, this power concentration has compelled him to delegate formulation and implementation to more trusted aides, in particular Yang Jiechi and Ding Xuexiang, and to a lesser extent, Wang Qishan and Wang Yi.

4. How would you characterize the division of labor between Party organs and state ministries in shaping foreign policy decision-making?

Party organs, especially the FAC, decide upon the general principles, orientations and priorities of China's foreign policy. They may also endorse foreign policy decisions prepared by the state ministries. But they do not have the workforce to manage every day's foreign relations and diplomatic interactions. Although the size of the personnel working in the FAC or the NSC offices is unknown (200 to 300 in the case of the FEC Office according to some estimates), it is rather small (perhaps 100 to 200). Consequently, to make decisions, the FAC and the NSC need to rely on state ministries' staff, expertise and daily management, particularly the ministries of Foreign Affairs, Commerce, Public Security and State Security; and for the Taiwan LSG and the Hong Kong and Macau LSG, the State Council Offices in charge of these issues. Actually, in the case of Taiwan affairs, both the CCP Central Committee and the State Council offices constitute only one administration with two slightly different names, underscoring the blurring line between the Party and state. We can go further: while the Party clearly leads the state, it has also penetrated the state since all state top officials

⁷ On this issue, please refer to my previous article: “China's Foreign- and Security-policy Decision-making Processes under Hu Jintao”, *Journal of Current Chinese Affairs*, Vol. 38, No. 3, March 2009, pp. 63-97.

are Party leading cadres and each ministry is led by an in-house Party Group (*danzu*) and Party Committee (*dangwei*).

5. What role do subnational interests and initiatives, such as at the provincial or municipal level, play in China's foreign policy? How has this role changed under Xi?

Since the beginning of the reform era, Chinese localities have been allowed to develop their own foreign relations, particularly in the economic, cultural and educational realms. This has particularly been the case of provincial-level entities and prefecture-level municipalities. Foreign Ministry' and Commerce Ministry's local branches help and supervise them in their task. For example, many municipalities have established sister-city relations with foreign cities, stimulating direct commercial, cultural or educational exchanges with them.

Since Xi came to power, Chinese localities' foreign policy role has witnessed two contradictory changes. On the one hand, Xi has reduced their autonomy, particularly in the area of foreign security. Every provincial and even sub-provincial government has been required to set up a local security commission. Sensitive regions' external relations, for example Xinjiang, Tibet and even Inner Mongolia, have been more strictly managed by the center. On the other hand, Xi has given more leeway to localities in their participation of the Belt and Road Initiative (BRI), this vast project launched in 2013 and aimed at enhancing connectivity between China and the rest of the world. All provinces have tried to take advantage of the BRI to get additional funding from Beijing and develop new economic partnerships with foreign countries. While border provinces as Guangxi and Yunnan have been in a privileged position to benefit from the BRI, many other localities have participated in it, promoting their shipping links, air links or rail links to the outside world.

6. What areas of friction exist within China's foreign policy apparatus? Has the proliferation of foreign policy-related institutions under Xi Jinping lessened or increased this friction?

I have already partly addressed this issue above. Broadly speaking, there are two types of frictions in China's foreign policy apparatus: disagreements about policies and inter-agencies' bureaucratic tensions.

The former type of frictions goes beyond the scope of this statement. As an illustration of these frictions, I will mention Xi's "Wolf Warrior Diplomacy". Some officials, as Wang Yi, have become zealous implementers of this new diplomatic style. Others, as Cui Yuankai, former Ambassador to the United States, recently (December 2021) have obliquely criticized the negative impact of Wolf Warrior Diplomacy on China's image and, as a result, interests.

The later type of frictions has been a constant feature of China's "fragmented authoritarianism", a concept coined by Kenneth Lieberthal in the early 1990s. Arguably, under Xi, power centralization and a better inter-agency coordination have contributed to decreasing such frictions. China's fragmented authoritarianism is more integrated than before, as Danish sinologist Kjeld Erik Brødsgaard has argued in 2017.

Nevertheless, these frictions have not totally disappear. I will give below a few examples:

a) *Frictions between the Foreign Ministry and the Ministry of Commerce, or between the diplomats and the merchants*: these frictions can be caused by a lack of common objectives or coordination about ongoing trade negotiations with other countries; they can also result from disagreements between both ministries about international assistance objectives and priorities.

The creation of the China International Development Cooperation Administration (*Zhongguo Guoji Fazhan Hezuo Shu*, hereafter CIDCA) in March 2018 was precisely aimed at alleviating the tensions between both ministries in this area in establishing a specialized agency in charge of development assistance. First headed by a former Vice-President of the National Development and Reform Commission (Wang Xiaotao), the CIDCA has been managed since April 2021 by Luo Zhaohui, a former Vice-Minister of Foreign Affairs. And among his three deputies, one is a diplomat (Deng Boqing) and another one comes from the Ministry of Commerce (Zhou Liujun). These leadership changes underscore an effort to give more say to the Foreign Ministry in this area. However, the CIDCA personnel has remained rather small (around 100) and does not have representatives in Chinese embassies overseas. Moreover, the Ministry of Commerce has kept control on the development assistance budget and it is its representatives in Chinese embassies (the trade section) who continue to manage it.

b) *Frictions between the FAC and the CMC, or between the diplomats and the soldiers*: on issues as the South China Sea or the East China Sea (Senkaku-Diaoyu), the division of labor between the two leading bodies is far from being always clear, leading to possible lack of coordination or synchronization. Besides, it is uncertain that the CMC is ready to share with the FAC all the intelligence or data about military capabilities and operations that the latter would need to make informed decisions.

Other sources of friction do probably exist but at this stage are more speculative. For example, if Xi relies mainly on the FAC to decide about foreign policy matters, the BPSC and even the PB may feel sidelined and put pressure on him to make sure that they remain the ultimate decision-making body on major foreign policy matters. However, we don't have any evidence of such frictions; and in view of Xi's power concentration and opposition to collective leadership, such a push-back is rather unlikely.

Likewise, the division of labor between the Foreign Ministry and the CCP International Liaison Department (ILD) is not always clear as the later, while focusing on developing party-to-party relations outside of China, is also sometimes in charge of delicate issues as relations with North Korea, Vietnam and Palestine. But no signs of tensions between the two administrations have been seen. It should be added that on several occasions the ILD has been headed by a former diplomat, Dai Bingguo before 2003 and Song Tao since 2015, facilitating communication and coordination with the Foreign Ministry.

7. Which individuals other than Xi Jinping have the most important role in the foreign policy decision-making process? What changes, if any, do you expect in this regard from the upcoming 20th Party Congress and following National People's Congress?

I have already answered this question above. Let me summarize here who in my view are the most influential individuals in terms of foreign policy decision-making. The first one is Yang Jiechi, the second one, Ding Xuexiang, and the third one probably Wang Yi. Nonetheless, other leaders as Wang Qishan, Xu Qiliang, and to a lesser extent Li Keqiang, Li Zhanshu, Wang Yang and Han Zheng have some say in this area, and on particular issues. For example, chairing China's People's Political Consultative Conference, the top united front assembly, Wang Yang, who is also vice-chair of the Taiwan LSG, is likely to have a meaningful say only on the relations across the Taiwan Strait. Likewise, Han Zheng is closely associated to decisions relative to the BRI but not to other questions. Finally, although less involved in foreign affairs since the 19th Party Congress, Wang Huning has continued, in his capacity of FAC member, to also exert some influence in this area.

8. What changes to China's posture abroad, if any, do you expect to see in the wake of the COVID-19 pandemic, as well as the 20th Party Congress and following National People's Congress?

Two major variables will impact on China's posture abroad in the wake of the COVID-19 pandemic and the 20th Party Congress: the domestic economic situation and the level of Xi Jinping's power consolidation. These two factors are somewhat linked to each other but need to be considered separately.

If the economy continues to slowdown and financial problems accumulate, the Chinese government may opt for a less assertive and more accommodating foreign policy. Already criticized within the Party, China's Wolf Warrior diplomacy may be toned down. But we should not expect major changes in Beijing's international posture.

It is very likely that Xi's stature in the Party will continue to consolidate after the 20th Party Congress due to take place in the fall of 2022. It is unknown and probably unlikely that Xi appoints a successor on this occasion. Yet, at least 11 of the 25 BP members and three of the seven BPSC members will retire and need to be replaced. The major choice to be made will be China's next Premier, who will be formally elected at the following NPC meeting in March 2023. Chongqing Party Secretary Chen Ming'er and Shanghai Party Secretary Li Qiang are among the possible candidates. Han Zheng, in view of his age (he was born in 1954), is a less likely candidate. In any event, Xi will probably promote officials who are ready to carry on his more assertive international posture.

As far as top foreign policy actors are concerned, both Yang Jiechi (born in 1950) and Wang Yi (1953) will step down in 2022-2023, leaving the stage to younger and not necessarily more flexible diplomats. Among the rising stars of the Foreign Ministry, I would cite again Vice-Minister and former FAC Office deputy director Le Yucheng (1963). Alternate Member of the CCP Central Committee since 2017, Le has

demonstrated in his public statements a clear willingness to stick to Wang Yi's aggressive diplomatic style.

9. The Commission is mandated to make policy recommendations to Congress based on its hearings and other research. What recommendations for legislative action would you make based on the topic of your testimony?
 - The U.S. Congress should ask the U.S. Government to reach out all the key actors of China's foreign policy, including the FAC Office and the NSC Office's key leaders (director and deputy directors), better understand their respective structure, staff and role, and report to the Congress about its findings.
 - The U.S. Congress should ask the U.S. Government to establish a direct channel of communication with the Director of the CCP General Office, whoever this individual is, as he (or who knows she) is one of the few officials who enjoy direct access to Xi Jinping, and report to Congress about these interactions.
 - The U.S. Congress should ask the U.S. Government to open, in one way or another, a channel of communication with the CCP International Liaison Office, today headed by Song Tao. Although this body concentrates on party-to-party relations, it has real expertise on many international issues, manages a number of delicate relations and also influences foreign policy decision-making (as we have seen, its director sits in the FAC), and to report to Congress about these interactions.
 - Finally, the U.S. Congress should ask the U.S. Government to intensify its effort to deepen its dialogue and establish crisis management mechanisms with the CMC, especially its top leaders, today Xu Qiliang, Zhang Youxia and Li Zuopeng, as the CMC is the leading body that would be on the forefront in case of incident or military crisis between the U.S. and China, and report to Congress about it.