

The Chinese Dream: a Vision for China’s Future or a Decade-Long Fantasy?

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While the Chinese government concluded the 12th National People’s Congress (NPC) in March and Hu Jintao fully retired, Xi took the helm of China with both top state and party posts, the Chinese President, the General Secretary of Communist Party of China (CCP), and the Chairman of the Central Military Commission. China’s once-a-decade power transition was accomplished peacefully. When Xi was elected as the head of Party last November, his inauguration speech conveyed his style of leadership and identifies five major points. First, he did not mentioning theories¹ but instead emphasizing “socialism with Chinese characteristics.” Second, he used the term “people” for 19 times but “reform” only once. Third, he admitted that there are many tough and urgent problems within the CCP, such as corruption and formalism. Fourth, he hardly addressed international affairs and simply saying that China and the world need to learn more about each other.² Fifth, he adopted a plain, colloquial tone without stilted rhetoric which is easier to be understood by the masses. In short, Xi set up the goal of improving people’s lives and rectifying the party’s style of work. Meanwhile, he showed no promise or intention of

¹ The theories include CCP ideologies such as Marxism, Leninism, Mao Zedong Thought, Deng Xiaoping Theory, Jiang Zemin’s Three Representatives, and Hu Jintao’s Scientific Development.

² It is very different from his speech in Mexico in 2009, in which he carried a very nationalistic tone and defended China against criticism from abroad.

political reforms due to the absence of terms such as law, rule of law, constitution, democracy, and freedom in his speech.³

On March 17, Xi made his inauguration speech as the Chinese President. In this short talk (about two and half minutes, 3,100 words), he mentioned the term “socialism” for 11 times, “the Chinese nation” and “the Chinese Dream” for nine times each. He built up a dream and stressed that the legitimacy of CCP. Only following the “socialism with Chinese characteristics” and enhancing the Chinese nationalism will the dream come true. Xi officially presented his ideas about the Chinese Dream with confidence and emphasized the importance of CCP leadership.

As a princeling with indisputable revolutionary heritage and working experience in the military (personal secretary to former Minister of Defense Geng Biao), Xi has approached his jobs without question and consolidated his power base at the beginning of a decade-long journey. He is leading the leadership team which will guide China in the coming ten years and overcome the challenges, unfortunately, left by his predecessors.⁴ That is to say, Xi is facing increasing and deteriorating economic and social problems that the Chinese government failed to solve in Hu Jintao’s tenure. Different from Jiang Zemin and Hu Jintao who presented their own slogans/ideologies in their second term, Xi adopted a new inspirational slogan “the Chinese Dream” even before he formally taken power. Xi first time delivered this idea in his visit to the National Museum’s Road to Revival exhibition on November 29, 2012, two weeks after he was “elected” as the General Secretary of CCP. In the editorial of People’s Daily, the official mouthpiece of CCP,⁵ it says that Xi’s ruling strategies are: the Chinese Dream (the new ideology of managing domestic affairs) and the World Dream (innovative thoughts on dealing with

³ The full text is available at <http://www.bbc.co.uk/news/world-asia-china-20338586>.

⁴ Only Xi and Li Keqiang will stay in the Standing Committee of Politburo and the other five members will be replaced in 2017.

⁵ http://big5.ifeng.com/gate/big5/news.ifeng.com/mainland/detail_2013_04/05/23884692_0.shtml

foreign affairs). These two ideas are supplementary to each other. Nonetheless, the Chinese Dream is not like Jiang's "Three Represents" and Hu's "scientific development and the harmonious society" which was coined by the Policy Research Office of CCP headed by Wang Huning. It is a grand project assigned by Li Yuanchao, then Head of Organization Department of CCP, to the Chinese Academy of Social Sciences (CASS). Former vice-president of CASS, Li Shenming, led a research team, composed of current vice-president Li Peilin, Huang Ping of the Institute of American Studies, Zhao Tingyang of Institute of Philosophy, Zhou Hong of the Institute of European Studies, and etc, and spent ten months developing more comprehensive and systematic concepts.⁶ Interestingly, Li was inspired by a report which mentions that a Chinese political scientist in Britain proposes to advance the concept of Chinese Dream to encourage overseas Chinese to work hard for better life. He has promoted the concept in many public occasions. The meaning of China Dream is to rejuvenate the Chinese nation but the real meaning is far from clear. The concrete goals are to achieve a "well-off" society (*xiaokang shehui*) with doubling the GDP and per capita annual household income of 2010 by 2020 and build up a modern socialist state by 2049. However, how to implement is very ambiguous. Although many activities have been launched at various levels all over China, it remains a question that to what extent the Chinese people really understand this slogan.

The New Leadership and Division of Labor

Although the decision of the 18th Standing Committee of Politburo was unprecedentedly radical and its composition seems to be quite compromised, the new leadership has cooperated quite

⁶ <http://news.takungpao.com.hk/opinion/highlights/2013-08/1814659.html>

well and formed a good division of labor so far. No matter how the power struggles were fierce between the so-called “gang of princelings” the Communist Youth League (CYL) faction⁷ or between former top leaders Jiang Zemin and Hu Jintao, the new leadership has not (yet?) shown any deep cleavages or internal conflicts. Xi has launched a mass-line Party Rectification Movement⁸ since June and the major points are eliminating four harmful work styles: formalism, bureaucracy, hedonism, and extravagance. He made a very plain point - look in the mirror for the tidiness and take a shower for health (*zhao jingzi, zheng yiguan, xixizao, zhizhibing*). Recently, Xi further promotes “criticism and self-criticism” campaign, which is very reminiscent of the old-style mass movement under Mao Zedong.⁹ On China’s foreign policy, Xi reclaimed China’s place of prominence in the world in his three state trips abroad, including Russia, United States, African countries, and central Asia. Li Keqiang was once regarded as Xi’s main rival for the position of CCP top leader in 2007, the Xi-Li regime operates smoothly now and Xi leaves Li plenty of room in managing the economic affairs. Beyond his routine work as the Chairman of Standing Committee of National People’s Congress, Zhang Dejiang is also in charge of Hong Kong affairs, especially on the issue of the Chief Executive election in 2017. Yu Zhengsheng, the Chairman of the Chinese People’s Political Consultative Conference (a position associated with United Front work) focuses on Xinjiang, Tibet, and overseas Chinese. Liu Yunshan was notorious for his draconic control over media and public opinion during his tenure as the head of the Party’s Propaganda Department, and he is now responsible for propaganda, ideology, and education. We expect to see him being devoted to enhancing control over the media and society. Wang Qishan is regarded on the most capable leaders and plays a major role in anti-corruption

⁷ The members of the gang of princelings, sons and daughters of former top party cadres, are regarded as more loyal to the party and defensive of the party’s interests, but they are not necessarily close to each other or form a coherent group.

⁸ <http://www.xinhuanet.com/politics/qzlx>; <http://qzlx.people.com.cn>.

⁹ <http://www.scmp.com/news/china/article/1317934/xi-jinping-oversees-self-criticism-sessions-hebei>.

campaign. The Vice Premier (ranked 1st) Zhang Gaoli assists Li to resolve economic difficulties with his rich experience. Beyond PSCM, Li Yuanchao, who was one of the most possible candidates but failed to be promoted to the Standing Committee of Politburo last year, is now PRC's Vice-President and a strong proponent of Xi's "Chinese Dream."

In short, Xi has not confronted the challenges posed by former top leaders as Jiang and Hu was forced to do in the past and presided over a harmonious leadership team – no more factional politics at the top or at least much less. He has successfully formed an oligarchic leadership around him and maintained collective solidarity. Moreover, neither Xi nor other PSCM have shown a clear pro-reform orientation so that prospects for political reform remain dim in the coming five years.

Economic slowdown

Due to deteriorating global economic conditions, declining exports, tightened macroeconomic policies, and weak domestic demand, China's GDP growth is 7.8 percent in 2012, compared to 9.2 percent in 2011. It is the first time China's growth rate under 8 percent after 2000. China's growth rate has slackened quarter by quarter, from 9.7 percent in the first quarter of 2011 to 7.4 percent in the third quarter of 2012, the lowest in the past 14 quarters. It has accelerated in the fourth quarter of 2012 with 7.9 percent but slowed down again in the first and second quarters of 2013 with 7.7 percent and 7.5 percent respectively. The trend seems likely to continue.

While facing the economic predicament, Li focuses on stabilizing economic growth by avoiding government stimuli and lower credit, initializing significant structural reforms, and

promoting reform (*wen zengzhang, tiao jiegou, cu gaige*), so-called “Likonomics.”¹⁰ Li wants to stand for short-term pain leading to long-term gain. Nonetheless, the critical question is what the root of China’s economic problem is. There are two perspectives on China’s economic recession: on the one hand, some scholars argue that long-term deep-rooted economic contradictions and structural imbalances within industries are responsible for its economic slowdown. Decreasing demographic dividend contributes to the increase of labor cost and then hurts export competitiveness. They warn the government not to adopt industrial policies that promote production. If they do, it will result in greater excess capacity. The central state should work on the structural adjustment of the industrial sector.

On the other hand, some scholars propose that the business cycle is the major cause and China is now going through the recessionary phase. They recommend that the government implement more aggressive stabilization policies to drive the national economy into recovery and expansion. That is to say, the policy debate involves issues of long-term versus short-term and restructuring versus stabilizing. Li has not resolve the problem from choosing between either one of the perspectives but considered both are important. That is to say, he is presenting a reform plan focusing on liberalization to attract short-term investment from the private sector and on reshuffling the state sector to benefit economic restructuring in the long run. Ironically, while Li tries to avoid stimulus programs as Wen did in 2008, he has considered to follow, though in a different style, in order to boost sluggish economy.¹¹ It is hard to confirm whether the Chinese economy has reached a trough, but macroeconomic policies, such as fiscal, monetary, and industrial policies, have shown a very clear stability-reformist orientation.

¹⁰ The word was coined by three Barclays Capital economists.

¹¹ <http://www.ft.com/intl/cms/s/0/549e0008-f46d-11e2-a62e-00144feabdc0.html#axzz2gFB418wD>

Although Li has been working closely with Wen Jiabao and has been involved in the economic policy-making process for five years, to what extent he shall be responsible for the current economic predicament is questionable. With a doctoral degree in economics, Li seems to prove his ability quite well up to date. How smoothly Li can work with Jiang's loyal protégé Zhang Gaoli will be the deciding factor for China's economic future.

Table 1: Comparison of the Economic Reform Plans between Li Keqiang and Wen Jiabao

Li Keqing	Wen Jiabao
Stabilizing economic growth	Maintaining economic growth
Banks do not need not to cooperate.	Banks were required to support.
Being cautious with the investment objects	Encouraging to invest in various industries
Market-oriented liberalization	State-led projects
Moderate monetary policy	Loose monetary policy

Anti-Corruption Campaign

Corruption in China is rampant and takes various forms.¹² Wang Qishan's election to be secretary of the Central Commission for Discipline Inspection (CCDI) entails the center's determination to fight against corruption.¹³ Wang has adopted several new measures to crack down the corruption, such as dispatching 10 central inspection teams to oversee the officials in provinces, ministries, state-owned enterprises, and universities; assigning heads of central inspection teams based on missions instead of tenures, launching a new website providing a

¹² Including bribery, embezzlement, misuse of public funds, abuse of power, negligence of duty, practicing favoritism, infringement upon citizens' rights, and more.

¹³ Another reason is that this arrangement avoids potential conflicts between Wang and the Premier-to-be Li Keqiang over economic issues, if Wang is eventually appointed Executive Vice Premier.

platform for netizens to report. After last November, nine senior officials (vice-provincial or above) have been investigated (See table 2). Wang has successfully overcome the problems of China's fragmented monitoring systems by strengthening the authority of CCDI and made comprehensive investigation on various levels of officials and both state enterprises and multinational companies. He encourages the people to report information about corruption cases, but ironically a crackdown against Chinese netizens is enhancing in order to limit online rumors. It is contradictory that the state welcomes the masses to report online while restricting freedom of expression online.¹⁴

Table 2: The Corruption Cases of Senior Officials after the 18th National Party Congress

Name	Original Position
Li Chuncheng	deputy party secretary of Sichuan
Zhou Zhenghong	head of the United Front Work Department of Guangdong
Liu Tienan	deputy director of the National Development and Reform Commission
Ni Fake	vice governor of Anhui
GuoYongxiang	vice governor of Sichuan
Wang Suyi	head of the United Front Work Department of Inner Mongolia
Li Daqiu	chairman of CPPCC of Guangxi
Wang Yongchun	deputy general manager of China National Petroleum Corporation
Jiang Jiemin	director of the State-owned Assets Supervision and Administration Commission

¹⁴ Some popular bloggers have suffered such as venture capitalist Wang Gongquan and Chinese –American investor Charles Xue.

Moreover, Wang belongs to the gang of princelings, which is believed to be involved in comprehensive corruption in Chinese business. How much he can (or is willing to) challenge his comrades in the same faction or *hongerdai* (red second generation, children of top party leaders)¹⁵ and achieve in the anti-corruption campaign remains questionable. None of the abovementioned nine senior officials has any strong family background. All of them started their career from the bottom rung of the ladder. The case of Bo Xilai is important but shows more political struggles than legal wrongdoing. With the purge of “oil gang,” former PSCM Zhou Yongkang’s future is another noteworthy event.¹⁶ The problematic institutional designs remain and comprehensive favoritism, cronyism, and nepotism lasts, if not worsens. It is hard to believe that Wang can change everything overnight.

Concluding Remarks

The power transition was completed smoothly in March and Xi-Li regime was formed. There is a division of labor not between Xi and Li but also among other top leaders. The new leadership has ruled China for a half year and performed quite different from their predecessors. Xi reiterates the slogan of “the Chinese Dream” in many occasions and promises Chinese people a prosperous and glorious China in the future. By launching large-scale party building movement, Xi stresses the CCP’s responsibility to lead the nation. All in all, Xi’s leftist orientation is getting clearer. Li is responsible for the economic affairs but how “reformist” he is needs time and economic performance to prove. In addition, Wang (or the top leadership) may not be able to avoid dealing with the case of Zhou Yongkang when the anti-corruption campaign moves further. All in all,

¹⁵ For example, Jiang Mianheng, son of Jiang Zemin, and Wen Yunsong, son of Wen Jiabao.

¹⁶ Five former high-level managers of China National Petroleum Corporation were under investigation, including Jiang Jiemin and Wang Yongchun.

China now has new leadership but faces problems that were not solved by their predecessor. Party rectification movement and anti-corruption campaign are critical but may lead to more political struggles if things move toward wrong direction. Major hard-core economic challenges make China stumble at the beginning of a decade-long journey. When the Chinese top leader describe the Chinese Dream as “national rejuvenation, improvement of people’s livelihoods, prosperity, construction of a better society and military strengthening,” the reality has ironically demonstrated the disparities between the state and the society. The Chinese Dream might not be a vision for China’s future but a fantasy for the coming decade.