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## Megatrends of the Xi Decade

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When Xi Jinping took over the stewardship of China in late 2012, the Communist Party had already delivered a longer period of sustained fast growth than any government had achieved anywhere in human history. The approach the Party had adopted hitherto was essentially a kind of pragmatic experimentalism that Deng Xiaoping introduced after the end of the Mao Zedong era in the late 1970s. As the 21st century unfolded questions were raised as to whether the same model would still be suitable. But they were not addressed head on immediately. Since the established

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way had delivered spectacular results for several decades, the power of inertia was entrenched. Indeed, under Xi's predecessor, Hu Jintao, the Party largely stayed the course and focused on maintaining stability and a fast rate of growth. While the Party under Hu was officially committed to deepening reform, its 'instinct' was to avoid risk, which dampened the scope and scale of reform.

Xi is much more ambitious than his predecessor. Staying the course and making small incremental improvements is not an option that he considers appropriate. He seeks to steer China through an 'exciting' or eventful decade that will transform the goals and rhetoric of the 'China Dream' into reality. Xi has not yet outlined a detailed plan for reform and how he proposes to deliver it, but the goals for his decade-long tenure have been articulated. He aims to deliver national rejuvenation, which will involve the Communist Party being sufficiently revitalized to function efficiently and effectively in implementing the reforms and other wishes of the top leadership, as well as commanding the appropriate level of respect and admiration from the international community for a more assertive China. The range of policy issues that he will take on is wide. So far he has demonstrated the confidence, courage, and commitment to push for significant changes. The directions and depth of changes Xi seeks to deliver essentially define the megatrends that will distinguish his tenure from that of his two most recent predecessors. Xi has embarked on a quest to move China forward and change it on a scale that can be compared to what happened under Deng Xiaoping.<sup>1</sup>

## Reinforcing the Consultative Leninist System

While the instigation and conclusion of formal proceedings against former Politburo Standing Committee member Zhou Yongkang shows Xi's commitment to the anti-corruption cause and his preparedness to let this reach the very top layer of the retired leaders, it does not imply that

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<sup>1</sup> During the commemoration of Deng's 110th birthday, the Chinese authorities under Xi describes him as a torchbearer of Deng as a reformer. The implication is clear. *Xinhuanet*, "Xi carries Deng's torch."

he plans on changing the basic political system. As Tsang highlights in Chap. 2, Xi remains fully committed to making the existing consultative Leninist political system work better. This will require considerable governance reform and a rectification of the Party, but such efforts are directed to making the system work effectively and efficiently to its full potential, not to replace it. Like Deng Xiaoping, Xi sees a need to overhaul the system in place in China but fundamentally rejects North American or European constitutionalism or democracy or any other liberal democratic system as appropriate for China.<sup>2</sup> Xi also shares Deng's confidence that the Communist Party is fit for purpose provided certain reforms are implemented. Curbing corruption is essential for this purpose. The anti-corruption theme is therefore not going to be just a political campaign, which always ends after a period of time. It will remain as the first megatrend of the Xi decade, by which corruption is meant to be tamed and contained on a sustained basis.

The continuation of the anti-corruption campaign should not, however, be seen as an attempt to eradicate corruption with Zhou Yongkang being the first of many other former or current top level leaders to be publicly humiliated and punished. No state where systemic corruption has existed for a significant period can afford a vindictive approach to punishing corrupt officials to the last man, as such an approach will, at least in the short to medium term, delegitimize the regime, gravely undermine its stability and capacity to govern effectively for some time, and overload the judicial system to beyond breaking point. It may also provoke a collective fight back by those feeling vulnerable in the establishment. This goes against the most basic requirement of the consultative Leninist system, which is to ensure the stability and endurance of the system, and Xi will therefore try to avoid this in China. Successful anti-corruption efforts in a state that has suffered from systemic corruption generally require some form of a partial amnesty, be it proclaimed formally or not.<sup>3</sup> For Xi to secure the support or at least the passive acceptance of his colleagues at the Politburo and the rest of the establishment to embrace his anti-corruption

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<sup>2</sup> Zhongguo Xinwenwang, "Xi tichu 'diwuge xiandaihua.'"

<sup>3</sup> Hong Kong went through this in the 1970s; see Tsang, *Documentary History Hong Kong*, 191, 175–94.

commitment, he cannot but reach an understanding with them on the scope and extent of this commitment. This is likely to imply criteria for not instigating investigations against certain acts beyond a certain point in time in the past or certain individuals, with little or no tolerance for offences or new offenders outside of the agreed perimeter—a de facto partial amnesty. In return, Xi will use this to leverage against some Party elders to secure his objective of greater political institutionalization.

Indeed, to maximize the capacity and effectiveness of the consultative Leninist political system, Xi needs to press on with greater institutionalization. His ambition to deliver changes or progress comparable to what Deng managed can often lead to observers suggesting that Xi is trying to take on the mantle of a strongman, the last of whom in the People's Republic of China (PRC) was Deng Xiaoping.<sup>4</sup> As Tsang has demonstrated in Chap. 2, Xi has created new institutions at the top level of policy making, such as the State Security Council and the Leading Small Group for Deepening Reform, to enhance the effectiveness of the consultative Leninist system, not to assert himself as a strongman. Whatever understanding Xi may reach with the establishment in arranging for a de facto partial amnesty in the anti-corruption efforts, it will almost certainly involve requiring most if not all retired elders to fade out of key decision making or the personnel change process after a face saving interregnum. This should mark a major step forward in political institutionalization, as it should significantly reduce the clout of retired top leaders asserting themselves behind a bamboo curtain. Hence, the second notable direction of change is the deepening of institutionalization and the fading away of the dominant influence of the Party elders.

A corollary to such governance changes is a commitment to enhancing credibility and transparency through judicial reforms. As Wang has argued powerfully in Chap. 3, the commitment of the Chinese government under Xi is real but it needs to be understood in the context of the Chinese political environment. The greater importance being put on the judicial system and process was reflected in the trial of former Politburo member Bo Xilai. Although the Bo case came up before Xi took over the leadership of the Party and of the country, he and his

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<sup>4</sup>Tsang, *China after Deng Xiaoping*, 78.

colleagues at the Politburo Standing Committee ultimately decided on how the Bo case should be handled. They chose to put it through a relatively open judicial process rather than the Party disciplinary route or a secret trial. Xi's commitment to enhancing credibility and transparency through judicial improvements is, nonetheless, balanced by a desire to keep important matters under control. His use of the court proceeding to show defiance meant he and his colleagues preferred to avoid the possibility of something similar happening in the Zhou Yongkang case, the trial of whom was kept under tight control. Xi's commitment to enhancing credibility and transparency of the judicial system should not be taken to imply a commitment to judicial independence as it is understood and practised in countries like the UK or the USA. The judicial reforms under Xi are not meant to benefit dissidents but to improve the administration of justice and minimize abuse of the system for ordinary people in China.

As Wang explains, judicial reforms will be introduced and implemented under the leadership of the Party. The objective is not to transform the judiciary into a branch of government independent of the executive (or, for that matter, the legislative) branch. The curbing of corruption and improved management of the judiciary are the key instruments for such a purpose. What is being put forth under Xi are efforts to deliver higher quality judgements and sentencing through a greater monitoring of the process, in order to secure results that the Party deems appropriate and the general public embraces as credible.

Carefully recalibrating the relationship between the government and the people is another key feature that will help to define the Xi decade. 'The people' in the PRC is a complex concept. At one level it incorporates all ethnic groups that make up the Chinese people. At a different level it distinguishes between the Han and those ethnic minorities who have embraced Sinification and the Party's brand of patriotism on the one hand and those who refuse to accept Sinification or others who are simply deemed unpatriotic on the other hand. Both elements need to be carefully managed, and the overwhelming majority, whose loyalty is not in doubt, requires only routine social management. The restless minorities who are seen to challenge the unity and territorial integrity of China will face special measures beyond the standard social management approach.

This approach, adopted since Hu Jintao's time, is likely to be modified and improved by a greater focus on social governance. The main difference here rests in a more top-down approach inherent in social management, against the social governance approach which aims to engage with the general public more. For simplicity we have generally used the term 'social management' in this book. In Chap. 4 Fulda has shown that such a general approach is not in fact unique to China. Something similar had previously been tried in the newly united Germany under Otto Von Bismarck towards the end of the 19th century, where rapid transformation created social conditions and challenges not incomparable to those in China today. Fulda reminds us that in both cases the two governments that adopted variations of the social management approach have delivered impressive results in the short term. But if there is a particularly poignant lesson to be drawn from the German case it is that the changes unleashed by the tremendous progress made following rapid industrialization often require a much more collaborative relationship being forged between the government and the people. In the context of the 21st century it means a government needs to work well with civil society or the non-governmental sector. The shift in emphasis from social management to social governance under Xi suggests that he and his advisers are aware of this requirement, though whether what is needed will be implemented successfully or not only time will tell.

All the difficulties and complications inherent in managing the relationship between the government and the people in 'China proper' exist in the western parts of the country, homeland to some of the most important visible minorities. As has been revealed in Zhao's incisive study in Chap. 5, the Chinese authorities are acutely aware of the scale of the challenges and have examined the experience of other countries, big or small. The approach that Zhao sees as particularly appropriate for China in the present circumstances is to promote ethnic integration, for example by promoting intermarriages, not assimilation or Sinification. This implies the treating of the minority groups as partners in the Chinese nation, where their cultural heritage is better respected and their special advantages or discrimination are removed. What Zhao advocates is important. But the ultimate test rests in making the minorities want to be proud of being constituent parts of the Chinese nation. Notwithstanding Zhao's advocacy and the Xi Administration's apparent

disposition in principle to move towards adopting a policy of integration, the odds are that this will not emerge as a dominant trend that will define the Xi decade.

Since Xi took the helm of state, long standing deep ethnic cleavages, the lack of trust between some ethnic groups and the government, particularly its security forces, in the western part of the country, have resulted in a spiral of escalating violence, particularly in Xinjiang. Knife attacks mounted by disaffected members of the Uighur community, mostly but not exclusively directed against the Chinese security forces, have resulted in the latter responding with overwhelming force. Whether the many knife attacks, which differ markedly from the al-Qaeda brand of indiscriminate suicide bombing, should be seen in terms of Islamist terrorism of the post 9-11 type is a matter open to interpretation and debate. But the reality is that the Chinese Government sees such attacks as inspired, if not organized, by Islamist terrorists aimed at splitting China. By the autumn of 2015 the spread of violence is at risk of becoming a vicious circle, which will eventually radicalize elements of the Uighur communities and transform some of them into Islamist terrorists. The risk here is heightened by the impending withdrawal of the North Atlantic Treaty Organization (NATO) forces from Afghanistan where the Taliban has so far avoided attacking the Chinese in order to focus on the Americans and Europeans. Once all NATO troops have left Afghanistan, the Taliban will have less incentive to avoid or minimize support for the radicalized elements of their 'Uighur brothers' in resisting the secular or 'infidel' government in control of Xinjiang.

This drift to a vicious circle cannot be stopped or reversed by the social management approach successfully adopted so far elsewhere in China. It only stands a chance of being stopped if the Chinese Government takes an approach fundamentally different from the one it has been following. What is needed is to eliminate the appeal of radical Islam to the Uighurs or other Muslims in the country.<sup>5</sup> However, the Chinese Government under Xi has shown no more inclination or ability to do this than the US Government, for example, has in preventing American Muslims from being attracted to join radical Islamist causes since the attacks on the World Trade Center in

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<sup>5</sup> For a critical assessment of what would be needed to tackle the al-Qaeda brand of transnational terrorism, see Tsang, *Intelligence and Human Rights*, Chaps. 1, 7, 8 and 11.

New York in 2001. Regrettably the Chinese Government and its security forces will maintain their current policy and persist in tackling this problem as an emerging terrorist threat that requires an escalating use of force as the challenge gets more entrenched. In response, elements of the Uighur communities will resort to greater violence. A spiral of such escalation, feeding on each other, is likely to constitute a feature of the Xi decade, though Chinese security forces will no doubt keep Xinjiang under control.

## **A More Balanced Approach to Deepening Reform**

Maintaining stability and order cannot be a security and social management issue alone. In the context of China it is about creating the conditions for sustaining or even deepening reform which, in turn, needs to take into account its implications for stability and order. They are therefore closely interwoven into other important strands of policies that will shape the Xi decade. The obvious ones that are domestic policy oriented concern the implications of demographic changes, urbanization, the search for a sustainable model of development, and calibrating the pace of economic growth. These are important subjects that have been examined in some detail by Han and Qi in Chap. 6, Zhang in Chap. 7, and Zhou in Chap. 8. They are in an important sense so closely intertwined that they need to be addressed together.

The success of China's reform in the last three decades was based in no small measure on its government making the most of the demographic dividend and a ruthless commitment to sustain a high rate of growth, even at the expense of the environment, knowing full well the time will come for cleaning it up. Such an approach cannot be sustained indefinitely. How to finesse the conflicting demands of poverty alleviation, improving living standards, and promoting rapid development and growth on the one hand, and environmental protection and sustainability of the developmental trajectory on the other hand, is a key challenge that the Xi Administration will have to tackle. Muddling through, as a policy option, is one that Xi clearly does not intend to adopt.

Han and Qi have demonstrated in Chap. 6 that the Chinese Government is very much aware of the conflicting demands and is seeking to strike the



right balance, as the end of the demographic dividend has already started and the need to make development sustainable can no longer be pushed back a lot longer. The Xi Administration's emphasis on a carefully calibrated approach to urbanization that focuses on incorporating agricultural workers into enlarging towns, and not building megacities, takes centre stage. Such a policy is meant to dovetail other complementary policies designed to confront the problems of China getting old before it gets wealthy and of the drift of manpower from farms to factories. It seeks to utilize the advantages of urbanization based on towns as the instrument to enable the ageing population to remain economically active for longer, in order to moderate the effect of demographic changes and population movements.

The crux of the matter for sustainable development is environmental protection, a requirement fully recognized by the Xi Administration. The Party under Xi reiterated its commitment 'to protect the ecological environment' at the Third Plenum in November 2013.<sup>6</sup> As Zhang's cogent analysis in Chap. 7 shows, this is of great importance, as the scale of environmental degradation in China in the last three decades has been extremely serious, despite considerable progress being made by the government to slow down the process. The reality remains that if the environmental costs are fully included in assessing the real rate of growth in recent decades, this would reduce it by as much as 4 % per annum. This underlines the significance of the issues that the Xi Administration must confront. Zhang's research also shows that three different sets of key factors are responsible for the environmental degradation. They are the inefficiency in the use of energy, the ineffectiveness of the political infrastructure in enforcing government set targets, as well as inadequate public recognition and commitment to rectify the problems. They are issues that the Chinese Government knows it must tackle at some stage. Xi's commitment to a more balanced approach in development means that there will be less emphasis put on growth and more on quality of life in the coming decade, though it does not imply that sustaining a good rate of growth is now irrelevant.

In the context of China the sustainability of its development model goes beyond the more conventional sense of the term, however. It also

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<sup>6</sup>Xinhuanet, China vows ecological protection.

raises questions about whether the particular approach, as an economic developmental model, can be sustained on the same trajectory for very much longer. The high rate of growth in the last three decades has already surpassed that achieved in any economic miracle that ever happened in any country in human history. The question thus raised is one that a top leader who merely wants to keep the country on an even keel can dodge, but one that will be put on the political agenda by a leader who sees himself in a transformational light. Xi Jinping belongs to the latter category. With this in mind Zhou has raised, in Chap. 8, important and highly pertinent questions that he thinks the Xi Administration must address. It is not just about rebalancing the economy, important as it is. It is also about assessing how much longer China can or should focus on export and investment driven growth, and how it should move beyond the existing paradigm for development. Zhou argues forcefully that this is needed because of marginal diminishing returns and the changed environment in which China's economy now operates. Zhou makes a case for the economy to shift its focus to promoting entrepreneurship, real innovation, and smart urbanization, and to provide new and much more appropriate incentives for economic cadres to steer the economy to develop in a balanced and sustainable way.

What Zhou has outlined in his thoughtful chapter are basic issues that can affect the evolution of China's development model. They are also complementary to addressing some of the issues raised by Han and Qi in Chap. 6 and by Zhang in Chap. 7. The early indications are that Xi is in principle willing to explore them, as implied in his advocacy for the market to play a decisive role in shaping the economy. Whether Zhou's prescription for the Xi decade will materialize is too early to tell—state intervention to stop a free fall of the Shanghai stock market in the summer of 2015 suggests there are limits to this policy. Xi is rectifying the Party to make it fit for such a management role, but the politics of Party rectification cannot be predicted on the basis of a linear projection. Ultimately Xi needs to finesse the inherently contradictory requirements of allowing market forces to play a decisive role and requiring the Party to take the lead in steering the country to hold on to its chosen course. At this stage it is not realistic to foretell where China will be at the end of the Xi decade, but there is little doubt that he will explore the kind of

questions raised by Zhou and, in this sense, depart from the approach taken by his immediate predecessor and take greater risk in pushing for more far reaching reforms.

## A More Assertive China in the International Community

The rise or re-emergence of China as a great power of the first rank has come to be accepted widely since the global financial crisis revealed that the leviathan of the capitalist West headed by the USA has clay feet. While this process started in the latter half of Hu Jintao's second term of office, it became unmistakable by the time Xi succeeded Hu in 2012. This basic change in China's global standing has provided a strong impetus for the Chinese Government to put aside quietly Deng Xiaoping's dictum on foreign policy, which can be summarized in 24 words. They are: 'observe carefully, secure our position, handle the rest of the world calmly, bide our time, perfect hiding our capacities, and desist from claiming leadership'.<sup>7</sup> While the Chinese Government has not officially put an end to the Hu Jintao policy of promoting a harmonious world based on this Dengist dictum, Xi's articulation of the 'China Dream' in 2012 marked the de facto replacement of it by one that promotes national rejuvenation. China under Xi sees itself as a top tier great power that likes to command appropriate respect from the rest of the world. The new kind of great power relationship that Xi and President Barack Obama of the USA agreed to forge in their Sunnylands summit of 2013 confirms where Xi sees China belonging in the global order.

While the goals have been set, how best to achieve them is still an open question, about which the Chinese authorities and intellectuals are exploring and debating. The range of issues that needs to be addressed

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<sup>7</sup> Deng Xiaoping's original '24 character strategy' in Chinese is: 冷静观察,稳住阵脚,沉着应付,韬光养晦,善于守拙,决不当头. They were not used together in one document. The first 12 characters were used by Deng in a talk outlining his plan for retirement to top level leaders in September 1989; Zhonggong Zhongyang Wenxian Bianji Weiyuanhui, *Deng Xiaoping Wenxuan*, 321. The rest were compiled and attributed to Deng as a strategy by the Chinese Foreign Ministry in the mid-1990s. Translated by Tsang, "China's Place East Asia," 85.

in recalibrating China's policy towards the outside world covers not only conventional foreign policy issues (examined by Hughes in Chap. 11), national security considerations (scrutinized by Xiao in Chap. 10), and the orientation of its grand strategy (expounded by Men in Chap. 12) but also the projection of soft power (studied by Sun in Chap. 9).

Even though the concept of soft power was coined by an American Harvard professor and former senior Department of Defense official, Joseph Nye, the Chinese Government takes it at least as seriously as any other great power. For over a decade the Chinese Government has invested considerable resources and energy in projecting soft power. While it is debatable how much of China's rise in its standing in the world is due to such efforts, the Government will persist in projecting soft power through the existing bureaucratic infrastructure, like the Hanban.

Sun puts forth an alternative approach to understanding how China can exert greater soft power more effectively. He has rightly stressed in Chap. 9 that soft power really needs to be based on a country and its people being comfortable and proud of its own civilization, history, and achievements, a view that is shared by Men in Chap. 12. Thus, as Sun argues, the building up of soft power is not particularly dependent on creating a bureaucracy to design and support policies that aim at making the country appealing to foreigners, though having an appropriate bureaucratic infrastructure is an advantage. A more effective approach is to promote and support the revival of China's tradition and values that sit comfortably with modernity and the country's quest for development. The values thus revived and promoted should not have an exclusive flavour. Indeed, it should incorporate ideas and inspiration that originate from the outside world as well. A modernized version of Chinese culture that benefits the country and its people in the long term is one that is more likely to generate soft power. In other words the projection of soft power needs to be based on an effective revival and modernization of China's tradition and culture.

Since foreign policy is about protecting and enhancing a country's national interest its starting point is to ensure national security. This gets more complex and complicated under Xi, not because, as Xiao reminds us persuasively in Chap. 10, China faces a 'clear and present danger' in terms of any external threat. It is because China is in a stage of transition, from having largely played the role of a regional power to becoming a

world power. From the perspective of Beijing, China's rise has resulted in measures taken by its neighbours and the USA that have important security implications for it. The Chinese Government therefore sees real challenges to its national security. The most basic is the need to secure energy and resources from distant parts of the world to sustain the economy, a cornerstone for stability, order, and prosperity. The challenges to China's territorial and in particular maritime positions are also seen as a priority issue in foreign and security policy terms. Xiao further highlights that, from Beijing's vantage point, China faces a threat from external forces that seek to subvert its developmental approach for ideological reasons. The same forces are also seen as trying to exploit ethnic separatist forces to undermine China's national unity and territorial integrity. This explains why Xi has created the State Security Council as he started his second year as leader, as he saw a need for China to have a top level policy coordinating body to enable him to pull together the various strands of foreign and security policy issues, and take a strategic approach. It implies that Xi is working out a comprehensive national security strategy that will steer China to assert itself as a world power on the one hand, and to consolidate the internal security situation in the coming decade on the other.

The complexities in which Chinese foreign policy under Xi have to operate in fact go beyond that highlighted by Xiao above. As Hughes aptly points out in Chap. 11, the Chinese Government has to make and conduct its foreign policy against an external environment and a domestic political context that do not always fit in with how they would like them to be. While Xiao has expounded on the problems as they are seen from the Chinese perspective, most of the same problems are perceived differently by other countries. How others approach these issues, such as the maritime disputes in the South China Sea and the East China Sea or the American policy to 'pivot' back to Asia, will become policy challenges that the Chinese Government under Xi has to take into account. Likewise, while the Government is working on steering to transform itself from a regional power to a world power, much of the rest of the world already sees China as the second most powerful country, with an expectation that it will play a more proactive and constructive role in world affairs. Xi cannot ignore this. Domestically the rise of nationalism, a trend that is being accentuated by Xi, poses constraints on what the Chinese Government

can do in some foreign policy matters, such as the maritime disputes. Shortcomings in the institutional or political setup within the country have also, as underlined by Hughes, caused problems. For example, Xi's predecessor Hu Jintao was deeply embarrassed when the Chinese military unveiled a new stealth fighter without his knowledge when he was hosting the American Secretary of Defense Robert Gates. Xi will not tolerate a similar implicit challenge to his authority.

Hughes agrees with Xiao (Chap. 10) and Tsang (Chap. 2) that the founding of the State Security Council was clearly an attempt by Xi to create an institution to strengthen China's capacity to coordinate and manage its foreign and security policy better. In the rest of Xi's tenure there is clearly a trend to reinforce this process in order to enable China to play a more proactive and assertive role in global affairs under his own direction, though it will still focus primarily on its neighbourhood or East Asia.

To understand what drives China in its approach to relations with the international community, it is essential to probe deeper into its sense of self-identification with the world, and how this has shaped its world view and grand strategy. Men's lucid and perceptive analysis in Chap. 12 has forcefully reminded us of the need to understand how China under the Communist Party perceives itself in the world. Since the Dengist reforms, as Men puts it, the Chinese Government sees China as a new type of socialist great power which is still a developing (in contrast to being a developed) power, one which has a great cultural heritage that is, particularly within the last decade, conducting itself as a responsible great power. Juxtaposing this against Xi's concept of the 'China Dream', one can see the implications more clearly. In Men's words, what China now strives to become 'is a new type of socialist great power that is pursuing a policy of overall opening up, transformation and development in all areas', one that 'is dedicated to creating a new system and development model as well as a new global culture based on the revival of traditional Chinese culture'. As a great power China remains focused primarily on its region, as it is aware that being still in a developmental stage it faces certain inherent weaknesses that must be addressed. Thus, despite the general perception in the wider world of China's rise, the Government is still concerned about potential challenges to internal security and national unity. It is also aware that, despite the impressive improvements in its

military capabilities in the last two decades, China does not as yet have global power projection capabilities that are normally associated with a world power. Here, Men's analysis dovetails with that of Hughes (Chap. 11) in that the long standing default position of China being a premier power in East Asia or Pacific Asia will continue to play a key role in shaping its foreign and security policy in the coming decade.

## Conclusions

The megatrends for China under Xi Jinping are all about taking calculated risks to deepen reform significantly and to play a more proactive role in world affairs. Xi's willingness to take risks contrasts starkly against his predecessor's proclivity to play safe. It is easy and tempting to suggest that Xi may be reckless in his approach, but he is taking risks for a reason. He is working to implement transformational changes to take China to the next stage of reform, in a scale that can be compared to what happened under Deng Xiaoping. Xi can see that the experimental approach of Deng, epitomized in the description of 'crossing a stream by feeling for rocks under the surface' is now out of date. The easy options had already been taken. It is like finding out the 'stream' that needs to be crossed has become a deep river. One can no longer cross it by feeling for rocks below. Careful routing and a better instrument that will enable China to cross are now needed.

To secure them Xi is rectifying the Party in order to revitalize its capacity and effectiveness as a Leninist instrument of control and governance. Whether the changes in the political arena will also end up delivering to him power akin to that of a strongman when the process is completed is a moot point. What he has so far done is to try to make the Party fit for the new purpose. When the Communist Party has largely cleansed itself of systemic corruption and the politics of elders, Xi should have the capacity and confidence to take more risk in taking on more dramatic economic and other reforms. Given the nature of the consultative Leninist system in place, allowing market forces to play a decisive role in shaping the economy can only happen if the Party feels confident that this will not result in such forces unwittingly causing an unravelling of the economy and destabilization of the party-state. The need to strengthen a Leninist

instrument to allow market forces the scope to work their magic may seem self-contradictory to scholars from the Anglo-American tradition, but it can make sense if one looks at it from a Hegelian dialectic perspective.

The deepening of reform domestically is meant not only to enable the Party to stay in power but also to deliver the national rejuvenation encapsulated in the concept of the 'China Dream'. China under Xi can be expected to claim its place under the Sun, play a more proactive role in world affairs generally, but it will still focus primarily on its neighbourhood. Xi's China will go some way to meet the expectations of its rising standing in the world but the long time lag in building the necessary capabilities to function as a true world power means that there is a limit to its preparedness to take on global responsibilities beyond focusing on its core national interests and projecting soft power in the coming decade.

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