

THE 18TH CONGRESS OF THE COMMUNIST PARTY OF CHINA: INCONCLUSIVE RESULTS, URGENT TASKS, SHAKY COMPROMISES

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ABSTRACT

The struggle at the very top of China's political establishment reached its peak on the eve of the 18th Communist Party Congress; this largely predetermined the balance of political forces in the upper echelons of the Communist Party and the decisions of its congress. The compromise about the top figures makes the party's political future very dim indeed. Although the retreating Hu-Wen Tandem managed to hold its ground, it is too early to say that the "reformers" have scored a final victory: in many respects the 18th Congress proved to be "transitional." The final balance of power

will become clear in five years' time after the next, 19th CPC Congress. It will probably clarify the course of the "fifth generation" of the country's leaders. It seems that the next five years can be best described as time of compromises. One has to admit that the criticized Hu-Wen Tandem left the country in fairly good shape; it compiled a reasonable "roadmap" with no alternative on the horizon.

It remains to be seen whether the new party and country leaders will manage in the next five years to avert social upheavals and fulfill the tasks formulated by the 18th Congress while following the roadmap.

KEYWORDS: *China, Communist Party of China, 18th Congress, the State Council, Hu Jintao, Xi Jinping.*

Introduction

The 18th Congress of the CPC convened on 8-14 November, 2012 in Beijing took place amid foreign policy and domestic complexities and contradictions. This probably explains why it was convened a month later than scheduled and why its results are best described as contradictory.

Under pressure of the Arab Spring, the Syrian crisis, and the changed rules of the game on the world arena, the CPC leaders had to revise certain aspects of their foreign policies: it seems that China will be more resolute while still relying on "soft power."

The number of bureaucrats guilty of corruption is steadily growing. The Bo Xilai File has demonstrated that there is not only no agreement about the methods of governance at the very top, but

also that the country's leaders have clashed in an open political struggle. Aware of the plummeting confidence in the country's leaders, lower morals, and lost faith in socialist ideals and the CPC's ability to rule effectively, the people at the helm had to revise the larger part of their domestic policy course.

Personnel shifts leap to the eye. The Congress merely legitimized the advent of a new generation of Chinese leaders. It is too early to assess them; it is too early to say whether they will prove deft enough to emulate the previous generation of rulers who dampened the rising social and ethnic conflicts in China and, most importantly, avoided a political crisis; it is too early to predict the country's course. It is clear, however, that in the near future its social, economic, and political course will change and that the world will witness many interesting developments.

On the Eve

The dynamically developing economy of the PRC, which has moved higher up the world's "table of ranks," and the determination with which social problems were addressed made the year 2012 a fairly challenging one for the Hu-Wen (Wen Jiabao, Prime Minister of the State Council of China) Tandem.

The first signs of the coming crisis became evident in October 2011 when the Wukan villagers (Guangdong)¹ rose in protest against land grabbing. Peasants and fishermen set up a committee to protect their rights, they drove away the local administrators and representatives of the CPC and elected their own administration. Beijing had to choose between appeasement and intimidation. In the context of the rising wave of social protests,² intimidation looked preferable.

This might have been nothing out of the ordinary had the Wukan events not shown that the Communist Party was losing its authority and its grip on the domestic developments and that corruption and arbitrariness among the bureaucrats were spreading like wildfire. In an article that appeared in the *Qushi* journal published by the Communist Party, Wen Jiabao had to admit that "corruption constituted the greatest threat to the party's ability to rule the country."³

The March scandal predetermined both the specifics of the political process in the country on the eve of the 18th party congress and its decisions.

Several events revealed to the public that there were serious disagreements inside the political class of China.⁴ Bo Xilai, one of the likely candidates for a post in the Standing Committee of the Politburo of the CC CPC of the 18th convocation, was removed from all his posts and lost his seat in the National People's Congress (NPC) and his party card. He was brought to court; his wife Bo-Gu

¹ For more details, see: J. Anderlini, "Wukan Villagers Agree Peace Deal," *Financial Times*, 21 December, 2011; R. Jacob, "Chinese Villagers Step Up Pressure," *Financial Times*, 15 December, 2011; idem, "Communist Party Tested by Village Protests," *Financial Times*, 18 December, 2011; idem, "Wukan Offers Democratic Model for China," *Financial Times*, 30 January, 2012; idem, "Wukan Challenges Party Line on Democracy," *Financial Times*, 10 February, 2012; idem, "Zhou Ping. Intimidation Backfires in Wukan Poll," *Financial Times*, 5 March, 2012; D. Pilling, "Where Wukan has Led, Beijing will not Follow," *Financial Times*, 8 February, 2012; I. Ivanov, "Kitayskie krestyane vygnali iz derevni partiynikh chinovnikov," *The Epoch Times* Internet Portal, 15 December, 2011, available at [<http://www.epochtimes.ru/>], 20 December, 2011; V. Skosyrev, "V kitayskoy derevne vspykhnu bunt," *Nezavisimaia gazeta*, 16 December, 2011.

² According to the Western press, there were 120 thousand protests in 2010; according to incomplete data for 2011, there were 180 thousand actions (see: V. Skosyrev, "Demonstranty blokirovali shosse v Kitae," *Nezavisimaia gazeta*, 23 August, 2011; idem, "V dereniakh Kitaia ne prekrashchaitsia bunt," *Nezavisimaia gazeta*, 29 September, 2011).

³ See: Wen Jiabao, "Rang quanli zai yangguang xia yunxing" (Let Power Move in Sunshine), *Qushi*, No. 8, 2012.

⁴ On the Bo Xilai file, see: K. Syroezhkin, "Politicheskii perepolokh v Podnebesnoy," *Tsentri Azii*, No. 21-24, November/December 2012, pp. 83-108.

Kailai was accused of committing murder and sentenced to death, and Wang Lijun, his close associate, was sent to prison for 15 years. Criminal proceedings were started against a large group of other regional officials associated with him.

The people at the top cannot agree on the country's social, economic, or political future.⁵ The conservative Jiang Zemin clan (to which Bo Xilai and his ally Zhou Yongkang, Secretary of the Central Political and Legislative Committee, who is also accused of an attempted coup, belong) is confronted by the Hu Jintao clan, the members of which are known as reformers. In fact, this confrontation, the inability to achieve a consensus, and the unwillingness to move to an open split cost the CPC its position. The Communist leaders delayed political changes in an effort to bribe the public with economic achievements in order to iron out the mounting problems. Today, this tactic has been exhausted.

Irrespective of the true reasons for Bo Xilai's downfall, much of what happened to him was caused by the squabbles at the very top of the communist pyramid.

An "open secret" became even more open: it turned out that practically all officials, up to and including the top people in the CPC and People's Republic of China, were involved in corruption, while the harsh measures applied by the CC CPC and the State Council were designed not so much to fight corruption as to remove political rivals.

The CC CPC had to admit the ugly truth: the ruling class was more concerned about its material interests than anything else, while party discipline and a crackdown on corruption could change nothing.

The phenomenon of "naked officials"⁶ (their numbers multiplying by day) was the logical response. According to *China Economic Weekly*, between 2000 and 2011, 18,487 people were detained while trying to flee abroad with illegally acquired assets.

In 2011, the People's Bank of China reported that since the mid-1990s between 16 and 18 thousand officials have fled the country with about 800 billion yuan (\$128 billion) and could not be brought to account.

There is another, even more eloquent figure: according to the Global Financial Integrity report published in October 2011, between 2000 and 2011, China lost \$3.79 trillion in assets illegally exported from the country.⁷

There is another problem: the Center is losing control over the local power structures, as well as over the heads of the grass-roots party organizations and village party committees. The CPC leaders have become quite open about it. According to He Guoqiang, Secretary of the Central Commission for Discipline Inspection, this "was the result of worsening relations between the central and provincial party committees which ended in a crisis that might affect the implementation of the party's political and ideological course."⁸

⁵ According to prominent Chinese sociologist Sun Liping, there are people who would like to return to the past; they argue that the reforms of the 1990s infringed on the rights of workers of state enterprises and other working people who had to pay for their housing and medical services. They insist that it was bureaucrats and rich people who profited from the market. There are liberals who want to go on with the reforms without social orientation. Another group favors socially-oriented reforms (quoted from: V. Skosyrev, "Politicheskaja drama v KNR stala detektivom," *Nezavisimaja gazeta*, 12 April, 2012).

⁶ The "naked official" (*luo guan*), an official with no property inside the country who has moved his family, relatives, and money abroad and has property outside China.

⁷ See: I. Ivanov, "Iz Kitaia massovo utekaiut dengi i uezhaiut zazhitochnye liudi," *The Epoch Times* Internet Portal, 17 December, 2012; Lin Jane, "Bogatstva natsii gotoviat k vyvozu," *The Epoch Times* Internet Portal, 17 December, 2012; Liu Xiaozhen, "China Economic Weekly publikuet otchet o chinovnikah, sbegaiushchikh za granitsu," *The Epoch Times* Internet Portal, 20 June, 2012, available at [<http://www.epochtimes.ru/>], 25 June, 2012.

⁸ See: Lin Feng, "Hu Jintao: Partii nakhoditsia v kriticheskom polozhenii," *The Epoch Times* Internet Portal, 1 July, 2012, available at [<http://www.epochtimes.ru/>], 10 June, 2012.

According to public opinion polls (the results of which were published on 12 July, 2012), corruption (80.35%), inadequate democratization (53.4%), and social injustice (51.65%) were the three worst problems. The majority pointed to oligarchs as the source of these problems; it is commonly believed that they slowed down the country's progress.⁹

This is a serious challenge, especially to the "fifth generation" of the Communist leaders; the crisis of confidence in the people in power is growing more and more obvious ("the people in power are corrupt and refuse to listen to the ordinary people; they work mainly to enrich themselves and express the interests of the ruling class"); the Communist Party has lost its authority and ability to effectively rule the country.¹⁰

The leaders of the CPC and the People's Republic of China admitted that political reform was overdue. In March 2012, at a press conference held after the 5th Session of the National People's Congress of the 11th convocation, Wen Jiabao deemed it necessary to point out: "Now reforms in China have come to a critical stage. Without successful political reform, it is impossible for China to fully institute economic reform and the gains we have made in these areas may be lost, and new problems that popped up in the Chinese society will not be fundamentally resolved, and such historical tragedies as the Cultural Revolution may happen again in China."¹¹

On 14 May, *Renmin Ribao* carried a long article about the political reforms and their problems. It said, in particular, that the party and the country want to go ahead with political reform actively and reasonably, that the party should trim its power to become more viable, that rights should be protected while "popular enthusiasm," which presupposes that the ordinary people should become "masters," should be encouraged. The article outlined a scheme of "self-administration realized at the grass-roots level" through three elected committees: a committee to supervise what is going on in the village; a village party committee; and a village committee.¹²

As it left the political stage, the "fourth generation" came up with the idea that political reform should be a "re-branding" of sorts of the CPC's power to make it easier for Xi Jinping and other members of the "fifth generation" to address many structural problems, of which corruption was one. The "fourth generation" went even further—it removed the neo-Maoists from among the group of the "new left" (who might start "rocking the boat") from Chinese political life. Bo Xilai proved to be the first, but not the last, on the list.

Today, a fierce mudslinging campaign is going on between the Shanghai Faction, which joined forces with the Crown Prince Party (otherwise known as "princelings"—children of prominent revolutionaries and Chinese leaders of the "first generation"), on the one side, and a group of the Communist Youth League (CYL), on the other. The latter are mostly market-oriented, while the princelings and the Shanghai Faction are mainly egalitarians.

⁹ See: I. Ivanov, "Neobychnye rezultaty sotsoprosa: kitaytsy ne liubiat diktaturu i kommunisticheskikh liderov," *The Epoch Times* Internet Portal, 16 July, 2012, available at [<http://www.epochtimes.ru/>], 20 July, 2012.

¹⁰ According to *Dongxiang*, a journal published in Hong Kong, on 26 October the Standing Committee of the Politburo of the CC CPC met in Beijing for a closed meeting, at which Xi Jinping was scathingly critical; he pointed to "several whys:" Why is there tension between the people and the party and the government? Why is the level of popular confidence in the party low? Why is the level of satisfaction of the people with the local governments and personal moral qualities of the local officials low? Why do people give low marks to the party, government, state offices, and their personnel? Why is the level of popular support of the party's course and politics low? The future secretary general said that it must be admitted that there were burning problems and the legality of certain methods of government was doubtful; he added that the "bell was tolling" for the legitimacy of the Communist government (quoted from: I. Ivanov, "Xi Jinping priznal krizis zakonnosti pravleniia kompartii v Kitae," *The Epoch Times* Internet Portal, 29 October, 2012, available at [<http://www.epochtimes.ru/>], 30 October, 2012).

¹¹ [http://news.xinhuanet.com/english/china/2012-03/14/c_131466552.htm].

¹² See: "Zhengzhi tizhi gaige wengbu tuijin (Carrying out Political Reforms with Confidence)," *Renmin Ribao*, 14 May, 2012.

In view of the obviously successful social and economic reforms and China's place in the world table of ranks, the Hu-Wen Tandem was immune to attacks on its social, economic, and political record. The Shanghai Faction launched an information war against Xi Jinping, as the CPC's future leader, and Wen Jiabao, who carried out economic reform and initiated political reform. They insisted on bringing Bo Xilai to court and issuing a harsh sentence. Bo was accused of corruption, persecution of the followers of Falun Gong, one of the qigong schools, the cruelty of which shocked the world, and an aborted coup d'état.

In June, Internet users learned that, according to Bloomberg, the interests of the brothers, sisters, and other members of Xi Jinping's extended family "include investments in companies with total assets of \$376 million; an 18 percent indirect stake in a rare-earths company with \$1.73 billion in assets; and a \$20.2 million holding in a publicly traded technology company," as well as a villa and other real estate in Hong Kong.¹³

Careful investigation revealed that "Bloomberg was unable to trace any assets to Mr. Xi himself, or to his military singer wife, Peng Liyuan, or daughter, Xi Mingze, who studies at Harvard" and that "there is no evidence that Mr. Xi intervened to help his relatives' businesses or of any wrongdoing by Mr. Xi or his extended family. People familiar with the family say Mr. Xi has ordered his siblings to 'behave themselves' and get out of business on a number of occasions in recent years."¹⁴

Although everyone knows that the Chinese elite converted its political capital into cash, doubts about the "clean hands" of the future leader of the party and country were planted. Xi Jinping panicked.¹⁵

The Hu team frantically sought a compromise with the Shanghai Faction; early in August 2012, the Politburo of the CC CPC met in Beidaihe to draw up a list of future party and country leaders. It was decided that the Standing Committee of the Politburo of the CC CPC to be elected by the congress should consist of seven members: Xi Jinping, Li Keqiang, Yu Zhengsheng, Zhang Dejiang, Li Yuanchao, Wang Qishan, and Wang Yang. An agreement on Xi Jinping had been reached back in 2010; three of the newly agreed candidates belonged to the Shanghai Faction; the other three to the Communist Youth League group.

It seems that the trial of Gu Kailai, Bo Xilai's wife, late in August in Hefei, the Anhui Province, was also part of the compromise. The judges who relied on the testimony of Gu Kailai, who said that murdered Briton Neil Heywood had threatened her son Bo Guagua, ruled that the murder had been committed by a woman in a "state of mental breakdown" driven by maternal instinct.

Nothing was said about the crimes of corruption committed by Bo and his family; nothing was said about the part he had played in persecutions of the Falun Gong movement; the proven facts of the husband and wife's illegal business activities and large sums transferred abroad were suppressed. The name of Bo Xilai was not mentioned.

In mid-September, the Hu-Wen Tandem tried to recapture its lost position at a secret trial of Wang Lijun, which started on 17 September. Wang, Head of the Public Security Bureau (PSB) of Chongqing, was involved in Bo's criminal activities. He was the first to reveal the compromising facts and his involvement in the coup against Xi Jinping.

Official reports about the Wang Lijun case left much unsaid¹⁶; what was said proved to be enough to open a case against his former chief Bo Xilai. On 24 September, Wang was sentenced to

¹³ [<http://www.bloomberg.com/news/2012-06-29/xi-jinping-millionaire-relations-reveal-fortunes-of-elite.html>].

¹⁴ [<http://www.ft.com/intl/cms/s/0/103a9a4e-c1f5-11e1-8e7c-00144feabdc0.html>].

¹⁵ Early in September he disappeared from sight for two weeks, officially to nurse his injured spine. Later, it became known that late in August he had handed in a request not to appoint him the party and country leader (see: Lin Fen, "Pochemu Bo Xilai rukhnul, a Xi Jinping propal na vremia?" Part 2, *The Epoch Times* Internet Portal, 17 October, 2012, available at [<http://www.epochtimes.ru/>], 20 October, 2012.

¹⁶ See: "Wang Lijun anting shen ji anqing shiwei: dui Bo-Gu Kailai mimi luyin (The Trial of Wang Lijun and the Court Materials from Beginning to End: Secret Notes Related to Bo-Gu Kailai)," *Xinhua wang*, 20 September, 2012, available at [<http://www.legaldaily.com.cn/>], 25 September, 2012.

15 years in prison for an aggregate of crimes and divested of his political rights for a year. His willingness to witness against Bo Xilai, help investigate “the Heywood case,” “clarify the worst crimes and violations committed by other people,” and “contribute to the protection of law and order” was repaid with a relatively light sentence.

“The Political Bureau of the CPC Central Committee decided at a meeting on 28 September to deprive Bo of CPC membership and expel him from public service for severe disciplinary violations;” the CPC’s Central Commission for Discipline Inspection (CCDI) transferred his case to the judicial bodies. On 26 October, the Standing Committee of the National People’s Congress announced that the Standing Committee of the Chongqing Municipal People’s Congress had taken back Bo’s deputy mandate, thus ending his immunity from criminal liability.¹⁷

On 26 October, *The New York Times* carried a big article by David Barboza,¹⁸ in which he asserted that the “many relatives of Wen Jiabao, including his [mother], son, daughter, younger brother, and brother-in-law, have become extraordinarily wealthy during his leadership... A review of corporate and regulatory records indicates that the prime minister’s relatives have controlled assets worth at least \$2.7 billion... The review of the corporate and regulatory records ... found no holdings in Mr. Wen’s name. And it was not possible to determine from the documents whether he recused himself from any decisions that might have affected his relatives’ holdings, or whether they received preferential treatment on investments.”

The family advocates rejected the accusations as unjustified; Wen Jiabao initiated verification of what was written in *The New York Times*; on 5 November, the SC of the Politburo of the CC CPC sanctioned official investigation.¹⁹ The outcome is hard to guess, however the compromising materials affected the course of the 18th Party Congress and the decisions related to the top appointments.

The Congress: Key Policy Outcomes

I have already written above that the 18th Congress was expected to legitimize the generation shift. The “fourth generation” with the Tandem at its head moved away to give space to the next generation of Chinese Communist leaders. In any case, those who had were 70 or older by the beginning of the congress stood no chance of being elected to the CC, Politburo, or Central Commission for Discipline Inspection. The CPC not merely followed the tradition of rotation at the top started by Deng Xiaoping, the Hu-Wen Tandem obviously completely trusted its successors and was less critical of the situation inside the country than certain foreign (especially Western) media. Moreover, those who predicted that Hu would remain in power for another couple of years as Chairman of the CPC Central Military Commission (CMC) proved wrong—the post went to Xi Jinping.

It remains to be seen what the “fifth generation” will do with what they acquired from their predecessors, which social groups will become their point of reference, and what they plan to do in-

¹⁷ [http://news.xinhuanet.com/english/china/2012-12/29/c_132071302.htm]; [http://news.xinhuanet.com/english/china/2012-11/04/c_131950261.htm].

¹⁸ See: D. Barboza, “Billions in Hidden Riches for Family of Chinese Leader,” *The New York Times* (U.S.), 26 October, 2012.

¹⁹ See: A. Odinets, “Na s’ezd KPK vynesli vazhny vbros,” *Kommersant*, 29 October, 2012; S. Petrova, “Obvinenie Wen Jiabao v korrutsii—prodolzhenie borby fraktsiy v Kitae,” *The Epoch Times* Internet portal, 29 October, 2012, available at [<http://www.epochtimes.ru/>], 5 November, 2012.

side and outside the country. This will become clear in about twelve months when power is finally transferred to the new Chinese leaders.

China's fast economic growth created a myth about its power; however the Chinese, the CPC leaders in particular, are much more skeptical. Whatever the case, the new generation is facing a lot of problems.

- The first and worst of them is the legitimacy crisis aggravated by the squabbles inside the Communist Party. Everyone knows that and no one is prepared to "rock the boat." The new leaders (very much like the old ones) must work hard to restore public confidence in the party and its ability to rule. Some of the urgent tasks and main ideas found their way into the new Constitution of the CPC: "the Scientific Outlook on Development that puts people first," "decisions of the party obligatory for all," "exercising governance for the people," "governance based on the law," etc. To be realized, the Chinese must slash corruption, force the bureaucrats to obey the law, and work in the interests of all rather than for their private gain.
- Second, the new leaders must carry on what has been started: they must change the model of economic growth. Much has been done, but much more remains to be done. The current development model is basically a wasteful, "cost-based", one, relying on extended formula of industrial production. The country must concentrate on high tech and innovations; it must work for the domestic rather than foreign market and pour more money into the little developed central and western regions.
- Third, the real economy should be strengthened, while its virtual sector trimmed. In recent years China has been suffering from an ailment common to the global economy caused by the expanding virtual sector of the economy; because of lower profitability of the real sector, industrial enterprises have started funding virtual economic branches; this has affected the real economy, which shrank; the cost of production increased and put small and medium enterprises in a quandary.
- Fourth, the country has to expand domestic demand; the shortest road lies through light tax burden in the real sector and higher income for the ordinary people. This cannot be done at low cost; there is also the danger of parasitical sentiments spreading.
- Fifth, there is no alternative to the current policies in the Chinese countryside. The recent events in the south opened the people's eyes to the fact that the 700 million-strong rural population is a highly explosive social factor. The 12th Five-Year Plan contains a complete list of measures to be implemented.
- Sixth, the "fifth generation" is aware of the fact that the social sphere is no less explosive; the conflict between the strategy of "not destabilizing inequality" and the rapidly mounting social differentiation or even segregation (many population groups are deprived of access to means of social mobility) is becoming more and more obvious by the day.
- Seventh, China's population is rapidly growing older, which negatively affects the structure of manpower resources: a shortage of skilled manpower will hit the country despite its huge population. This will not happen during the rule of the "fifth generation," however the problem is too real to be ignored.
- Eighth, the new leaders will have to pay attention to a critically important issue: China is gradually losing its competitive advantages (cheap and relatively skilled labor; a favorable investment climate; accessibility of foreign markets and resources); this process is unfolding together with the mounting social and demographic problems.

- Ninth, the younger generation is indifferent both to socialist ideas and the political struggle—it concentrates on personal wellbeing, which allows the people at the top to rein in the political reforms; on the other hand, this might devalue the idea of restoring China and the Chinese nation to their former glory—until recently, this idea has been advancing the Chinese model.
- Tenth, the new leaders will have to cope with the rising wave of Han nationalism, a serious problem in a country where the national regions are hit by numerous social problems. China's great and increasing ambitions and the mounting pressure of the West related to the human rights issue do nothing to alleviate the urgency of these problems. It has become clear that mass protest rallies might develop into large-scale disturbances fed by ethnic separatism (in Tibet and Xinjiang) or by social problems (in the poorest regions with a predominantly peasant population). The old leaders used the old time-tested methods: huge sums of money from the state coffers to pay for services and preferences. Some members of the "fifth generation" have already voiced their disagreement with the old practice. It is useful as an emergency measure, but it breeds excessive social expectations; the regions look to the center for help, but the regional elites prefer to be less dependent on the central authorities.
- It remains to be seen whether the new people will manage to stand opposed to Han nationalism rather than be tempted to side with it. Thanks to the Internet, nationalist ideas in China are highly popular.
- Finally, the new leaders will have to slacken their grip and allow a certain amount of political liberalization. This should not be taken to mean that nothing has been done so far to reform the political system. Much has been done—but the radicals want to see faster and deeper changes. The course of the Hu-Wen Tandem realized the majority of the ideas found in Charter 2008 published on the Internet by Chinese intellectuals and human rights activists.²⁰

The rising number of protests testifies that the Tandem's efforts were not enough; the new leaders will have to keep in mind what Alexis de Tocqueville said at one time: "Revolutions come not when masses are downtrodden, but when there lot is improving."

Hu Jintao concentrated on these problems at the Congress; some of the novelties were included in the Constitution of the Communist Party of China as a guide to action.

Hu Jintao's Report: Accents

He started his report by saying: "At present, as the global, national and our Party's conditions continue to undergo profound changes, we are faced with unprecedented opportunities for development as well as risks and challenges unknown before."²¹

After a short outline of what had been done between the congresses and after summing up the results of the previous decade he, according to his own tradition, concentrated on the problems.

The problems in the economy were caused by unequal, unharmonious and unsustainable development, the limited innovation potential of science and technology, the irrational structure of production, the weak foundations of Chinese agriculture, the increasingly acutely felt limited resources, and

²⁰ See: "China's Charter 08," available at [<http://www.nybooks.com/articles/archives/2009/jan/15/chinas-charter-08/>]. For the Russian text of the charter and commentaries, see: Yu.M. Galenovich, *Kitayskie siuzhety. Chem dovolen i chem nedovolen Kitay*, Vostochnaia kniga, Moscow, 2010, pp. 198-243.

²¹ [http://news.xinhuanet.com/english/special/18cpnc/2012-11/17/c_131981259_3.htm].

the environmental problems. Hu went on to say that the economic model should be changed; reforms should go deeper while the country should become more open.

In the social sphere there was a wide and widening gap between the city and the village, between the economic indices of the regions, and in the way incomes were distributed. The spheres of education, employment, social security, medicine, housing, environment, food and medication safety, occupational safety, public order, the judicial system, and law and order are plagued by numerous problems. The wave of social contradictions is rising fast.

State governance is not free from numerous problems: slack morals, dishonesty, the low skills of some of those who supervise scientific development, and lack of discipline among the grass-roots party officials, while some of the party leaders are unsure of their ideals and their mission. He also mentioned formalism, bureaucracy, greediness, squandering, moral degradation, and other negative phenomena.

He deemed it necessary to stress the ideological inheritance of the new generation—the Scientific Outlook on Development being one of the five theoretical pillars of the CPC.²²

Hu Jintao has pointed out: “The most important achievement in our endeavors in the past ten years is that we have formed the Scientific Outlook on Development and put it into practice by following the guidance of Marxism-Leninism” and went on to say: “As we advance toward the future, thoroughly applying the Scientific Outlook on Development is of major immediate significance and far-reaching historical significance for upholding and developing socialism with Chinese characteristics. We must apply it throughout the course of modernization and to every aspect of Party building.”

The second section of the report also dealt with theoretical issues. Hu pointed out that it was important to preserve the “Chinese characteristics” of socialism and assessed what had been done by his predecessors.

1. Mao Zedong carried out socialist transformation and established the basic system of socialism, “thereby accomplishing the most profound and the greatest social transformation in China’s history... In the course of socialist development, the Party developed distinctively creative theories and made tremendous successes despite serious setbacks it went through, thus providing invaluable experience as well as the theoretical and material basis for launching the great initiative of building socialism with Chinese characteristics in the new historical period.”
2. Deng Xiaoping “made the historic decision to shift the focus of the Party and country’s work to economic development and to pursue the policy of reform and opening up... They [the Party’s second generation] gained a keen appreciation of the underlying goal of socialism and established the Party’s basic line for the primary stage of socialism. They called for taking our own road and building socialism with Chinese characteristics.”
3. Jiang Zemin stood “the severe tests posed by complex domestic and international developments and major setbacks in world socialism; they [the Party’s third generation] upheld socialism with Chinese characteristics.” Based on China’s new realities, Jiang Zemin “reaffirmed the Party’s basic program and its basic experience, set the goal of reform and developed a basic framework for achieving this goal, namely, developing a socialist market economy ... reaffirmed the basic economic system and the system of income distribution in the primary stage of socialism.”

In the course of building a xiaokang (moderately prosperous) society, the new members of CC CPC went on with their practical, theoretical, and institutional changes; they invariably regarded man

²² The four others are: Marxism-Leninism, the idea of Mao Zedong, Deng Xiaoping’s theory, and Jiang Zemin’s important thoughts relating to the Three Represents.

as the main element and worked toward all-sided, harmonious, and sustainable development of society. It was pointed out that China needed a harmonious socialist society, faster eco-civilizational construction, and a general “scheme” of socialism with Chinese characteristics.

Hu Jintao deemed it necessary to stress: “In building socialism with Chinese characteristics, we base ourselves on the basic reality that China is in the primary stage of socialism. Our overall approach is to promote economic, political, cultural, social, and ecological progress, and our general task is to achieve socialist modernization and the great renewal of the Chinese nation.”

He further pointed out: “To achieve new victory for socialism with Chinese characteristics under new historical conditions, we must have a firm grasp of the following basic requirements and make them shared convictions of the whole Party and the people of all ethnic groups in China:

- “We must maintain the people’s principal position in the country;
- “We must continue to release and develop the productive forces. This is the fundamental task of socialism with Chinese characteristics;
- “We must persevere in reform and opening up. Reform and opening up are crucial to adhering to and developing socialism with Chinese characteristics;
- “We must safeguard social fairness and justice. Fairness and justice are inherent requirements of socialism with Chinese characteristics;
- “We must strive for common prosperity. This is the fundamental principle of socialism with Chinese characteristics;
- “We must promote social harmony. Social harmony is an inherent attribute of socialism with Chinese characteristics;
- “We must pursue peaceful development. Peaceful development is the sure choice of socialism with Chinese characteristics;
- “We must uphold the leadership of the Party. The Communist Party of China is the leadership core of the cause of socialism with Chinese characteristics.”

He once more returned to the fact that the country was at the initial stage of socialist construction and would long remain so, that a gap between the steadily growing demands of the people and backward public production persisted in the country with the status of the world’s largest developing economy.

Hu Jintao returned to the goals outlined by the CPC Constitution: build “a moderately prosperous society in all respects when the Communist Party of China celebrates its centenary and turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the People’s Republic of China marks its centennial.”

He went on to list the tasks for the near future.

“1. *Complete the building of a xiaokang society by 2020:*

- “The economy should maintain sustained and sound development. Major progress should be made in changing the growth model. On the basis of making China’s development much more balanced, coordinated and sustainable, we should double its 2010 GDP and per capita income for both urban and rural residents. The contribution of scientific and technological progress to economic growth should increase considerably and China should become an innovative country;
- “People’s democracy should be expanded. The institutions of democracy should be improved and its forms enriched. People’s enthusiasm, initiative and creativity should be fully leveraged;

- “The country’s cultural soft power should be improved significantly. Core socialist values should take root among the people, and both the level of civility of citizens and the moral and ethical standards of the whole society should be significantly raised;
- “Living standards should be fully raised. Equal access to basic public services should be generally achieved. The educational level of the entire population should be significantly raised and training of innovative professionals markedly improved. China should have a large pool of competent professionals and be rich in human resources, and it should basically modernize its education. There should be more employment opportunities. Income gaps should be narrowed, middle-income groups should keep growing, and the number of people living below the poverty line should drop by a large margin;
- “Major progress should be made in building a resource-conserving and environmentally friendly society.”

2. *Speeding up a new growth model based on:*

- Ensuring that development is based on improved quality and performance;
- Firing new motive forces which will pursue innovation-driven development;
- Establishing a new system for developing modern industries;
- Relying on the invigorating role of domestic demand, especially consumer demand;
- Mobilizing a modern service industry and strategic emerging industries;
- Invigorating scientific and technological progress.

Hu Jintao stressed that the real sector of Chinese economy, as well as small and medium businesses should be developed, while the policy of favorable treatment of the Chinese village should be continued: “We should continue to encourage industry to support agriculture in return for agriculture’s earlier contribution to its development and encourage cities to support rural areas. We should give more to farmers, take less from them and lift restrictions over their economic activities... We should increase policy support to boost agriculture, benefit farmers and increase rural prosperity, and encourage the rural population to participate in modernization on an equal footing and share in its fruits.” He further suggested that “we should reform the land expropriation system and increase the share of gain in land value to farmers” to prevent social conflicts.

3. *Deepening and expanding political reform.* This was the first time since the 13th Congress of CPC in 1987 that this issue was discussed in detail. Hu Jintao stressed: “The reform of the political structure is an important part of China’s overall reform. We must continue to make both active and prudent efforts to carry out reform of the political structure, and make people’s democracy more extensive, fuller in scope and sounder in practice.”

He outlined several tasks:

- “We must ensure the unity of the leadership of the Party, the position of the people as masters of the country and law-based governance;
- “We should place greater emphasis on improving the way the Party exercises leadership and governance to ensure that it leads the people in effectively governing the country;
- “We should attach greater importance to improving the system of democracy and diversifying the forms of democracy to ensure that the people conduct democratic elections, decision-making, administration and oversight in accordance with the law;
- “We should give greater scope to the important role the rule of law plays in the country’s governance and in social management, uphold the unity, sanctity and authority of the coun-

try's legal system and ensure that the people enjoy extensive rights and freedoms as prescribed by law.

- “We should place high importance on systemic building, give full play to the strength of the socialist political system and draw on the political achievements of other societies. However, we will never copy a Western political system.”

The following was formulated as specific trends of political reform:

- “Support and ensure the exercise of state power by the people through people's congresses;
- “Improve the system of socialist consultative democracy;
- “Improve community-level democracy;
- “Promote law-based governance of the country in an all-around way.” Hu Jintao went on to say: “As the Constitution and laws are adopted by the Party and the people under its leadership, the Party must act within the scope prescribed by the Constitution and laws. No organization or individual has the privilege of overstepping the Constitution and laws, and no one in a position of power is allowed in any way to take one's own words as the law, place one's own authority above the law or abuse the law;
- “Deepen reform of the administrative system;
- “Improve the mechanism for conducting checks and oversight over the exercise of power;
- “Consolidate and develop the broadest possible patriotic united front.”

Hu Jintao formulated five more tasks equally important for the country's future: *continued construction of the socialist cultural power; more emphasis on social development and raising the standard of living; ecocultural development; accelerating the modernization of national defense and the Armed Forces; realization of the “one state—two systems” principle; and movement toward reunification of the Motherland.*

He further pointed out that it was much harder *to revive trust in the Communist Party, increase control over the party functionaries, and upgrade the CPC governance skills*: “Under the new conditions, the Party faces complicated and severe long-term tests in exercising governance, carrying out reform and opening up and developing the market economy as well as tests from the external environment. And the whole Party is confronted with increasingly grave dangers of lacking in drive, incompetence, being out of touch with the people, corruption and other misconduct.”

The “fourth generation,” which is leaving the stage, clearly indicated how these tasks could be carried out:

- “1. Be firm in our ideals and convictions and remain true to the faith of the Communists.
- “2. Put the people first, exercise governance for the people and always maintain close ties with them. “Serving the people is the fundamental purpose of the Party, and putting people first and exercising governance for the people is the ultimate yardstick for judging all the Party's performance in this regard.
- “3. Vigorously promote intra-Party democracy and enhance the Party's creative vitality.
- “4. Deepen reform of the system for the management of officials and personnel and build a contingent of competent key officials for governance.
- “5. Adhere to the principle of the Party exercising leadership over personnel management and attract outstanding individuals from all over for the cause of the Party and country.
- “6. Promote community-level Party building in an innovative way and consolidate the organizational foundation for the exercise of governance by the Party.

“7. Unswervingly combat corruption and preserve Communists’ political character of integrity.” Hu Jintao deemed it necessary to warn: “Combating corruption and promoting political integrity, which is a major political issue of great concern to the people, is a clear-cut and long-term political commitment of the Party. If we fail to handle this issue well, it could prove fatal to the Party, and even cause the collapse of the Party and the fall of the state.”

“8. Strictly enforce Party discipline and willingly uphold centralized leadership of the Party.”

The Communist leader offered no novelties in China’s *foreign policy*. He merely repeated: “The world today is undergoing profound and complex changes, but peace and development remain the underlying trends of our times. The global trends toward multipolarity and *economic globalization* are deepening. Cultural diversity is increasing, and *an information society is fast emerging*. World economic growth is overshadowed by growing factors of instability and uncertainty, and imbalance in global development has widened. There are signs of increasing hegemonism, power politics and neo-interventionism, and local turmoil keeps cropping up. Global issues such as food security, energy and resource security and cyber security are becoming more acute.”

For the first time Hu Jintao presented in great detail the basic foreign policy principles of the People’s Republic of China which the “fifth generation” of political leaders was expected to follow. It seems that the fifth generation will arm itself with the experience of their predecessors.

A Compromise

I have already written that the people selected to rule the Communist Party of China were a result of the compromise between two rivaling elite groups: the united group of the “princelings” and the Shanghai Faction, on the one hand, and the Communist Youth League group, on the other. This compromise is best illustrated by Jiang Zemin’s presence in the Congress presidium and by Hu Jintao’s demonstratively respectful treatment of him.

This should not be taken to mean that the Hu-Wen Tandem retreated from its position in the face of the Shanghai Faction.

- First, the 18th Congress is seen as a transition to the final balance of power to be determined at the next, 19th Congress in 2017.

By that time, ten members of the 18th Politburo of the CC CPC out of 25 will be over seventy; the same is true of four out of the seven members of the SC of the Politburo of the CC CPC (see Tables 1-2).²³

- Second, among the members and candidate members of the CC CPC the majority owe their careers to the Tandem. Out of 205 permanent members of the 18th CC CPC, 89 were members of the previous CC CPC; 58 were candidate members of the 17th CC CPC; 17 were members of the CCDI of the 17th CC CPC; and only 41 were newcomers mainly recommended by Hu Jintao.²⁴
- Third, Hu Jintao drew the army to his side or to the side of those who would come after him by replacing, six months before the Congress, practically the entire top crust of the PLA; on 24 November, he appointed people who would side with him at the Central Military Commission (CMC) of the Communist Party of China and, later, at the CMC of the People’s Republic of China (the two structures are full of the same people).

²³ See: A. Gabuev, “Masti kitayskoy vlasti,” *Kommersant Vlast*, Nos. 42-45, 2012; [[http://origin.www.uscc.gov/sites/default/files/Research/USCC_Staff_Report_Rising_Leadersinthe_CCP_\(March%202012\).pdf](http://origin.www.uscc.gov/sites/default/files/Research/USCC_Staff_Report_Rising_Leadersinthe_CCP_(March%202012).pdf)].

²⁴ The member and candidate lists for the CC CPC is available at [<http://www.russian.xinhuanet.com/>], 20 November, 2012.

Table 1

Members of the Politburo of the CC CPC

Name	Date of Birth	Post in the Party and Other Hierarchies	Membership in a Faction
Reelected			
Xi Jinping	1953	General Secretary of the CPC Chairman of the CMC CPC	"princelings"
Wang Qishan	1948	Secretary of the Central Commission for Discipline Inspection, vice premier	"princelings"
Liu Yunshan	1947	Member, Central Secretariat of the CC CPC, Director of Propaganda Department of the CC CPC	CYL
Liu Yandong (female)	1945	Member of the PRC State Council, in 2002-2003 head of the United Front Department of the CC CPC	CYL
Liu Qibao	1953	Member of the Secretariat of the CC CPC; Secretary of the CPC Committee and Chairman of the SC of the Sichuan Provincial People's Congress; on 20 November appointed head of the Propaganda Department of the CC CPC	CYL
Li Keqiang	1955	Vice premier of the State Council	CYL
Li Yuanchao	1950	Member of the Secretariat of the CC CPC; head of the CPC Central Organization Department; possible future vice premier	CYL
Wang Yang	1955	Secretary of the CPC Committee of Guangdong Province	CYL
Zhang Gaoli	1946	Secretary of the CPC Committee of Tianjin	Shanghai Faction
Zhang Dejiang	1946	Vice premier of the State Council; Secretary of the CPC Committee of Chongqing; removed from this post on 20 November	Shanghai Faction
Yu Zhengsheng	1945	Secretary of the CPC Committee of Shanghai	"princelings"
New Members			
Ma Kai	1946	Member of the State Council; Secretary of the Working Committee of Bodies Directly under the State Council; President of the Chinese Academy of Governance	n/a
Wang Huning	1955	Director of Policy Research Office of the CC CPC	Shanghai Faction
Xu Qiliang	1950	Deputy chairman of the CMC CPC; member of the CMC PRC	"princelings"
Sun Chunlan (female)	1950	Secretary of the CPC Committee and Chairperson of the SC of the Fujian Provincial People's Congress; on 20 November appointed Secretary of the CPC Committee in Tainjin	CYL

Table 1 (continued)

Name	Date of Birth	Post in the Party and Other Hierarchies	Membership in a Faction
Sun Zhengcai	1963	Secretary of the CPC Committee and Chairman of the SC of the People's Congress of Jilin (Jiyelin) Province; on 20 November appointed Secretary of the CPC Committee of Chongqing	CYL
Li Jianguo	1946	Since 2009 deputy chairman of the SC of the National People's Congress	n/a
Zhang Chunxian	1953	Secretary of the CPC Committee of the Xinjiang Uighur Autonomous Region	CYL
Fan Changlong	1947	Vice Chairman of the CMC CPC, commander of the Qingan Region	Shanghai Faction
Meng Jianzhu	1947	Member of the PRC State Council; deputy secretary of the Central Policy and Law Commission, CC CPC; minister of public security; on 20 November appointed Secretary of the Central Policy and Law Commission, CC CPC	Shanghai Faction
Zhao Leji	1957	Secretary of the CPC Committee and Chairman of the SC of the Shaanxi Provincial People's Congress; on 20 November appointed head of the CPC Organization Department	CYL
Hu Chunhua	1963	Secretary of the CPC Committee and Chairman of the SC of the People's Congress of the Inner Mongolia Autonomous Region	CYL
Li Zhanshu	1950	Chief of the General Office of the CC CPC; member of the Secretariat of the CC CPC	CYL
Guo Jinlung	1947	Secretary of the CPC Committee, Beijing	CYL
Han Zheng	1954	Deputy Secretary of the CPC Committee and mayor of Shanghai; on 20 November appointed Secretary of the CPC Committee of Shanghai	Shanghai Faction

Table 2

Members of the Standing Committee of the Politburo of the CC CPC

Name	Date of Birth	Post in Party and Other Hierarchies	Membership in a Faction
Reelected			
Xi Jinping	1953	General Secretary of the CPC, Chairman of the CPC CMC; member of the CMC PRC; deputy Chairman of the PRC; in March 2013 will become Chairman of the PRC	"princelings"
Li Keqiang	1955	Deputy Prime Minister of the State Council; in March 2013 he will be appointed Premier of the State Council of the PRC	CYL

Table 2 (continued)

Name	Date of Birth	Post in Party and Other Hierarchies	Membership in a Faction
New Members			
Wang Qishan	1948	Secretary of the Central Commission for Discipline Inspection, vice premier	“princelings”
Liu Yunshan	1947	Member of the Central Secretariat of the CC CPC; Director of the Propaganda Department of the CC CPC	CYL
Zhang Gaoli	1946	Secretary of the CPC Committee of Tianjin; probable candidate for the post of first vice premier of the State Council	Shanghai Faction
Zhang Dejiang	1946	Vice premier of the State Council; Secretary of the CPC Committee of Chongqing; removed from this post on 20 November; probable candidate for the post of chairman of the National People’s Congress	Shanghai Faction
Yu Zhengsheng	1945	Secretary of the CPC Committee of Shanghai; probable candidate for the post of Chairman of the Chinese People’s Political Consultative Conference	“princelings”

The newly appointed top figures were elected to the CPC Central Military Commission (see Table 3).²⁵ This means that the four old-timers—Admiral Wu Shengli (Commander of the PLA Navy); Generals Chang Wanquan and Xu Qiliang, as well as Xi Jinping as the new Chairman of the CMC CPC—do not tip the balance. In the past the three of them once more vowed allegiance to Hu Jintao.

It should be said that the division into “princelings,” Shanghai Faction, and CYL is fairly conventional: the greater number of new Communist leaders can be associated with several groups on the strength of their place of birth and work and their patrons from among the top Communist figures.

This is best illustrated by those who were elected to the Standing Committee of the Politburo of the CC CPC and the 18th Politburo of the CC CPC.

Xi Jinping, the new General Secretary and future chairman of the PRC, started life as a “princeling”; he filled the post of the CPC Committee of Shanghai and was actively involved in deposing Chen Liangyu, head of the Shanghai Faction. In fact, he is an active supporter of the course outlined by the Hu-Wen Tandem.

The same fully applies to Wang Qishan, a newly elected SC member. Born to common parents, he married into the family of Yao Yilin, former vice premier and member of the SC of the Politburo of the CC CPC; he is close to Wen Jiabao and the Tandem’s financial “guru.”

Li Keqiang, future premier of the State Council of the People’s Republic of China, is a protégé of Hu Jintao.

Zhang Gaoli, Zhang Dejiang, and Yu Zhengsheng belong to the Shanghai Faction; in 2017 they will have to retire. It seems that they will be replaced with Wang Yang, Secretary of the CPC

²⁵ See: K. Hille, China’s “‘Princeling’ Generals Hit by Bo Purge,” *Financial Times*, 7 May, 2012; A. Gabuev, “Molodye drakony,” *Kommersant Vlast*, No. 44, 2012; [[http://origin.www.uscc.gov/sites/default/files/Research/USCC_Staff_Report_Rising_Leadersinthe_CCP_\(March%202012\).pdf](http://origin.www.uscc.gov/sites/default/files/Research/USCC_Staff_Report_Rising_Leadersinthe_CCP_(March%202012).pdf)].

Table 3

Members of the Central Military Commission of the CPC

Name	Date of Birth	Post in Party and Other Hierarchies	Membership in a Faction
Reelected			
Xi Jinping	1953	General Secretary of the CPC; Chairman of the CMC CPC; deputy chairman of the CMC PRC	“princelings”
Xu Qiliang	1950	Deputy Chairman of the CMC CPC; member of the CMC PRC	“princelings”
Chang Wanquan	1949	Former Director of the General Armament Department; member of the 17th CMC; member of the CMC CPC, member of the CMC PRC	Shanghai Faction
Wu Shengli	1945	Commander of the PLA Navy; member of the CMC CPC; member of the CMC PRC	“princelings”
New Members			
Fan Changlong	1947	Deputy Chairman of the CMC CPC; commander of the Jinan Military District	Shanghai Faction
Fang Fenghui	1951	Former commander of the Beijing Military District; on 24 October appointed director of the General Staff Department; member of the CMC CPC	CYL
Zhang Yang	1951	Former political commissar of the Guangzhou Military District; on 24 October appointed Director of the General Political Department; member of the CMC CPC	CYL
Zhao Keshi	1947	Former commander of the Nanjing Military District; on 24 October appointed head of the PLA General Logistics Department; member of the CMC CPC	CYL
Ma Xiaotian	1949	Former Deputy Chief-of-Staff; on 24 October, appointed Commander of the PLA Air Force; member of the CMC CPC	“princelings”
Zhang Youxia	1950	Former commander of the Shenyang Military District; on 24 October, appointed to the PLA General Armaments Department	“princelings”
Wei Fenghe	1954	Former deputy Chief-of-Staff, in 2006-2010 — Commander of the Second Artillery Corps Organization; on 24 October, appointed commander of the 2nd Artillery Corps, member of the CMC CPC; on 23 November, Xi Jinping conferred him with the rank of colonel general	CYL

Committee of the Guangdong Province, and Li Yuanchao, Head of the CPC Central Organization Department.

The same applies to the Politburo of the CC CPC: ten out of 25 members are either “princelings” or belong to the Shanghai Faction; in 2017 five out of ten will be over 70.

There are 13 CYL among the Politburo members; three will have to retire in 2017.

Two members of the Politburo—Ma Kai and Li Jianguo (with the prospect of being appointed head of the National People’s Congress)—do not belong to any of the three groups. In 2017 they will be 70 and will have to retire.

The above suggests that a compromise was successfully negotiated; it remains to be seen how long it will survive.

As a much more united group than the “princelings” and the Shanghai Faction, the CYL stands a much better chance of sustaining a final victory soon; this will become clear at the 19th CPC Congress. In any case, the course suggested and partly implemented by Hu Jintao and Wen Jiabao worshipped by CYL members will be continued.

The fierce disagreements in the CPC over the future of China are more or less irrelevant: there is no alternative to the course launched and partly implemented by the Hu-Wen Tandem.

Conclusion

The decisions of the 18th CPC Congress and Chinese reality suggest several preliminary conclusions.

An analysis of what the world media wrote about the preparations for the Congress and its results shows that the country is feared. The world is not so much apprehensive of China’s might as it is of its possible inability to cope with it. A strong China is a challenge, while a weak and disintegrating China is a threat that cannot be overestimated.

Despite the squabble at the top, the generation transfer was peaceful, however the ad hoc consensus might be overturned at the next congress where the CYL will triumph. They will outline their own course, which will probably not be very different from that of the Tandem.

Today China and its new leaders are confronted with a huge number of problems, the worst of them being:

- The still unregulated economic structure;
- The half-baked model of economic growth based on domestic consumption;
- The impossibly wide gap between the rich and the poor;
- The still unresolved housing problem;
- The far from perfect and too limited social insurance system;
- The still unreformed institution of registration at place of residence and public services, which must be upgraded;
- The ageing population;
- Environmental pollution;
- Excessive administration of the educational system;
- Inadequate high-tech development;
- Low public morals;
- Perpetuated social stratification;
- Growing disagreements between the bureaucrats and the people;

- The persisting low level of social services and the people's inability to carry out self-administration;
- Inadequate quality of the middle class and its inadequate size.

These problems should be immediately addressed and resolved—this much is clear from what the Chinese leaders say in public and from the documents of the 18th Congress.

The fifth generation will probably have to concentrate on political reform, however rapid liberalization is hardly around the corner. It will be gradually realized within the roadmap drawn up by Hu Jintao.

The new leaders will concentrate on strengthening the party's positive image and fighting corruption and moral disintegration in party ranks. This was what Xi Jinping said during his first meeting with journalists as General Secretary of the CPC. He stressed: "Under the new conditions, our Party faces many severe challenges, and there are also many pressing problems within the Party that need to be resolved, particularly corruption, being divorced from the people, going through formalities and bureaucratism caused by some Party officials, We must make every effort to solve these problems. The whole Party must stay on full alert."²⁶

The social aspects of the planned reforms have received more attention since there is no other way to regain the trust of the ordinary people. The General Secretary elect pointed out: "Our people have an ardent love for life. They wish to have better education, more stable jobs, more income, greater social security, better medical and health care, improved housing conditions, and a better environment. They want their children to have sound growth, have good jobs and lead a more enjoyable life. To meet their desire for a happy life is our mission. It is only hard work that creates all happiness in the world."

Significantly, Xi Jinping used common words; it was obvious he was speaking to the people rather than to a small group of apparatchiks. He used the words "the Chinese nation" about ten times and only once referred to "socialism with Chinese characteristics."²⁷

This means that traditional values, nationalism included, will probably predominate in the new political course.

China has arrived at the need to reassess its humanitarian impact on the world. Its leaders have realized that it is not enough to export commodities and investments: China must also export its ideas and cultural values. Due to the traditional self-sufficiency of the Chinese civilization, China's isolation during the Middle Ages and in the New Times, and the persisting misunderstanding and misinterpretation of Chinese values in the West, this is easier said than done. Hence Xi Jinping's formula: China "needs to learn more about the world, so does the world need to learn more about China."

Recently, Chinese society has developed an awareness that its country must pursue a more active foreign policy; the Chinese need leaders able to talk more boldly to the world community.

There are active national-patriotic groups and movements among the Chinese youth ready to respond to any calls of the party and the government. This has been confirmed by a conflict with Japan over the Diaoyu (Senkaku) Islands.

China's foreign policy principle and the national defense concept are changing. The public is especially irritated with the following foreign policy prescription: "hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership."²⁸

²⁶ [http://news.xinhuanet.com/english/special/18cpcnc/2012-11/15/c_131976383.htm].

²⁷ *Ibidem*.

²⁸ Early in the 1990s, Deng Xiaoping, who had left his party and state posts but retained a lot of authority with the country's leaders, formulated a foreign policy and security strategy that later became known as the 24 Character Strategy:

Some Chinese experts think that China is ready to move out of the shadows (in certain respects it has already done this); it can offer the world its initiatives; it can even push the United States off the stage and claim world leadership.

The military are especially enthusiastic; many of the Chinese military experts are ready to act; they dismiss the course of avoiding conflicts and maneuvering as “obsolete.” They call on the leaders not to avoid conflicts but to demonstrate determination and aggressiveness: the country is ready to rebuff any enemy.

These sentiments were indirectly supported by the party congress. Hu Jintao minced no words when talking about the country’s defenses: “We should attach great importance to maritime, space and cyberspace security. We should make active planning for the use of military forces in peacetime, expand and intensify military preparedness, and enhance the capability to accomplish a wide range of military tasks, the most important of which is to win local war in an information age.”²⁹

This means that China’s foreign policy will become much tougher even though “soft power” will prevail; rearmament of the PLA will continue with the emphasis on the naval component. The country’s leaders formulated ambitious tasks: complete modernization and informational support of the PLA by 2020.

(lengjing guancha; zhanwen jiaogen; chenzhe yingfu; taoguang yanghui; shanyu shouzhuo; jiuebu dangtou) “observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership.” Later four more characters (yousuo zuowei) were added: “to be able to accomplish something.”

²⁹ [http://www.china.org.cn/china/18th_cpc_congress/2012-11/16/content_27137540_9.htm].