

**CHINA'S POST-CRISIS DOMESTIC
POLITICS 2010: MORE
CONFIDENT LEADERSHIP AND
STRONGER GOVERNMENT**

ZHENG Yongnian, CHEN Gang & LYE Liang Fook

EAI Background Brief No. 588

Date of Publication: 22 December 2010

Executive Summary

1. In minimizing China's exposure to global financial problems and enabling a rapid rebound to China's economy, the Chinese leadership emerged from this global crisis as a clear winner, appearing stronger and more confident.
2. Against this backdrop, the Chinese Communist Party moved to tackle the crucial leadership succession issue by confirming Xi Jinping as the heir apparent.
3. With the pace of liberalization slowing down and the government's forceful interventions in more industrial sectors like clean energy and real estate, there are worries about the reversal of market-oriented reforms in China.
4. As the world's leading practitioner of state capitalism, the Chinese government not only controls major industrial and service domains through state companies and imposes tight restrictions on foreign participation, but also frequently intervenes in the market through price control and other administrative mandates.
5. The omni-potent state bureaucracy not only awes multinational corporations, but also attracts more than one million jobseekers per year to take the National Civil Service Exam.
6. Beijing has changed its Party chiefs in some provinces and ministries in preparation for the next round of leadership reshuffle. Luo Zhijun, Yuan Chunqing, Zhang Baoshun and Zhou Qiang come from the Chinese Communist Youth League, Hu Jintao's old bailiwick.
7. To address the sources of ethnic conflicts in Xinjiang in 2009, Beijing kicked off a new deal in the Autonomous Region. Hardliner Wang Lequan was replaced by media-friendly Zhang Chunxian as Xinjiang Party Secretary.

8. Despite Premier Wen's rhetoric on political reform, strong interest groups and the *paluan* (fearing instability) mentality have prevented the CCP from making substantial changes for further democratization even within the Party.
9. The fear of instability has led the government to spend lavishly on maintaining social stability. The state expected such expenditure to total 514 billion *yuan* in 2010, an amount that is almost equivalent to the national defense budget.
10. To check pervasive corruption, the party-state passed a new regulation in July to require officials to report changes in their marital status, personal incomes, the whereabouts of their spouses and children if they have moved abroad, housing as well as their family's investments.
11. In 2011, China's major preoccupation is to ensure social and political stability in the lead-up to the 18th CCP Congress in 2012. It will also attach importance to the implementation of the letter and spirit of the 12th Five-Year Plan to achieve quality growth for China.