

**CHINA'S THIRD PARTY PLENUM:
XI CONSOLIDATES POWER WITH
SOCIOECONOMIC OVERHAUL PLANS**

CHEN Gang

EAI Background Brief No. 871

Date of Publication: 28 November 2013

Executive Summary

1. Chinese President Xi Jinping emerged from the Third Plenum in November 2013 as the supreme authority overseeing not only domestic security and diplomatic issues, but also economic affairs.
2. With the mandate to push forward market reforms and to set up two new centralized mechanisms to address security and reform issues, Xi is no longer the first-among-equals in the Politburo Standing Committee. His omnipotent power has challenged the Party's mechanism of collective leadership.
3. The Party endorsed a package of tasks to overhaul the one-child policy, introduce more private investment to banking and other state-owned enterprises, allow farmers to trade their land rights, loosen interest rate and price controls, and claim larger shares of dividends from state enterprises.
4. The establishment of the Central Leading Group on Comprehensively Deepening Reforms is an indication of Xi's determination to push through the marketization process that has been halted since 2008.
5. Xi strengthened his control of the military forces, domestic security, propaganda and foreign policy through the newly established National Security Council (NSC), an analog of the combination of the National Security Council and the Department of Homeland Security in the United States.
6. Before the establishment of the NSC, China's highest-level decision making bodies concerning external issues were the Central Military Commission, the Foreign Affairs Leading Small Group and the National Security Leading Small Group.

7. The Third Plenum in 2013 had caught intense global attention because it marked Xi Jinping's one year in office and it was in third plenums that different landmark reforms were introduced.
8. The launch of the Shanghai Pilot Free Trade Zone (FTZ) in September 2013 could be deemed as a trial to test public opinions on forthcoming reform measures by the new leadership.
9. Some reforms in sensitive areas may face dogged resistance from interest groups, but a consolidated central authority led by Xi will be better positioned to handle institutional resistances.
10. The next annual session of the National People's Congress, which is scheduled for March 2014, will witness the legislation of the Party Plenum's reform plan, which will be converted to specific regulations that can be implemented by ministries and local governments.