

**CHINA'S POLITICS IN 2007:
POWER CONSOLIDATION, PERSONNEL
CHANGE AND POLICY REORIENTATION**

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EAI Background Brief No. 363

Date of Publication: 18 December 2007

Executive Summary

1. The year 2007 witnessed the convening of the 17th National Congress of the Chinese Communist Party (CCP). General Secretary Hu Jintao further consolidated his power by bringing trusted officials into the Politburo and having his “scientific outlook of development” enshrined in the Party Constitution.
2. Yet the Party Congress was not a landslide victory for Hu, who reportedly made a compromise deal with the Shanghai Clique to make Xi Jinping (习近平) the frontrunner to succeed Hu five years later.
3. Li Keqiang (李克强), two years younger than Xi and favored by Hu, joined the Politburo Standing Committee and is to become vice premier in March 2008. He is expected to succeed Wen Jiabao as premier five years later.
4. Besides Xi and Li, several new Politburo members in their 50s, including Li Yuanchao, Wang Yang, Bo Xilai and Wang Qishan, have the potential to stay in the leadership core for another ten years and may even have the chance to compete for the post of General Secretary or Premier.
5. Cabinet changes in 2007 included the appointment of Foreign Minister Yang Jiechi, Finance Minister Xie Xuren, and Minister of Public Security Meng Jianzhu.
6. As part of its strategy of political co-optation, the Chinese leadership also appointed non-CCP members Wan Gang and Chen Zhu as the Minister for Science and Technology and Minister of Health, respectively.
7. China continued its high-profile anti-corruption fight, executing former chief of the State Food and Drug Administration Zheng Xiaoyu. Worsening pollution and slave labour scandal made the government pay closer attention

to environmental and labour issues, with stricter green standards and a new labor contract law formulated.

8. Maintaining social stability is still of paramount importance to the Chinese leadership in 2007. With inflation at the highest level in ten years and with all eyes on the Beijing Olympic Games, vigilance among the Chinese leadership towards any potential threats to stability is likely to heighten in the coming months.
9. The rising prices of food items (pork, cooking oil, and rice) and energy have begun to generate growing public dissatisfaction and complaint, especially among lower-income groups. Meanwhile, there is growing nervousness about the steep rises in domestic property and stock markets.
10. The Party is trying to change its original mindset of “GDP-first” to one of “scientific outlook of development.” Among the changes to the cadre evaluation system will be the inclusion of environmental indicators in assessing the performance of local officials.
11. Another significant political event in 2007 was the passage of a controversial law guaranteeing private property rights. Social conflicts and protests triggered by forced land requisitions have continued to attract attention and the “Nailhouse” incident in Chongqing City was especially prominent in early 2007.
12. China had a strong year in foreign relations. It gained the support of the United States in maintaining the status quo of the Taiwan issue, improved relationship with Japan led by new Prime Minister Yasuo Fukuda, and worked hard with ASEAN towards a Free Trade Area by 2010.
13. China’s relations with Singapore remain strong. The two countries officially kicked off an Eco-City Project during Premier Wen Jiabao’s visit to Singapore in November.

14. But pressure is growing from the EU, which has raised the decibel of its complaint about Chinese trade and currency behavior. Chinese-German relations have grown especially frosty as Chancellor Angela Merkel has placed Tibet and human rights issues on center stage. Beijing will also watch the US election campaigns closely for signs of China-bashing.

15. China's political agenda in 2008 will probably be dominated by the Beijing Olympic Games, with maintaining social stability being the top priority for the Chinese leaders.