On March 16, the first session of the 12th National People’s Congress (NPC) formally endorsed the new government lineup for the State Council, China’s cabinet. With that announcement, the Chinese Communist Party (CCP) brought its lengthy once-in-a-decade leadership transition to a successful conclusion.

Granted, there were clear signs of intense, and sometimes messy, behind-the-scenes political infighting along the way. Elements of the reshuffle are still unfolding as portfolios get assigned or reassigned among the various leaders, and it is too early to tell how this generational cohort will perform as a team. Nevertheless, the CCP can claim some credit for managing to stage another relatively smooth and peaceful handover of power—the Party’s first without the guiding hand of the revolutionary-credentialed elders of a bygone era.

This is no mean achievement. Now President Xi Jinping and his new Premier, Li Keqiang, hail from very different backgrounds and represent distinct interest groups within the CCP hierarchy that do not always see eye to eye. Against this backdrop, their seemingly close collaboration and unity of purpose at this admittedly early stage of their collective tenure should be applauded rather than simply assumed as a foregone conclusion. It is a powerful reminder that despite the Chinese political system’s lack of institutionalization and the dearth of formal rules governing political competition, the lessons of the Tiananmen period that concern keeping leadership wrangling in check remain very much at the top of their minds.

With the government reshuffle now complete, the composition of the new lineup below the Politburo level finally has come into sharper focus, and the results are encouraging. As the day-to-

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**CHINA’S NATIONAL PEOPLE’S CONGRESS (continued)**

day implementers of the leadership’s policy direction, these officials will play a critical role in managing—and occasionally shaping—China’s evolving transformation. Li Keqiang’s new economic team is staffed with seasoned veterans with strong policy and management credentials. A few of them, including new Vice Premier Ma Kai and new Finance Minister Lou Jiwei, cut their teeth working in the State Commission for Restructuring the Economy (SCRE) in the mid-1990s under then-Vice Premier Zhu Rongji. The period is increasingly viewed as something of a golden age for reform, especially in light of the almost complete lack of meaningful progress during the last decade. Similarly, People’s Bank of China Governor Zhou Xiaochuan, who was retained despite being dropped from the elite CCP Central Committee at last fall’s 18th Party Congress, often is credited with holding strongly reformist views.

The new foreign policy team also reflects the seeming emphasis on seasoned hands. Contrary to earlier expectations, former Foreign Minister Yang Jiechi was elevated to state councilor, replacing Dai Bingguo as China’s top foreign policy official. With the simultaneous selection of Wang Yi as Yang’s successor at the Foreign Ministry, China’s day-to-day foreign affairs establishment has come back under the supervision of officials with long careers in the diplomatic corps.

By contrast, Dai Bingguo spent a substantial chunk of his career working in the CCP International Liaison Department, the party organ tasked with overseeing the CCP’s ties with foreign political parties, and especially relations with North Korea. Media speculation suggesting that Wang’s previous service as China’s representative to the Six-Party Talks may mean he has been tapped to oversee a possible shift in China’s policy toward North Korea certainly is overblown. Still, given their presumed frustrations after years of managing the international fallout from Beijing’s steadfast support in the face of repeated North Korean provocations, it is likely that both Wang and Yang view the relationship with Pyongyang with a more jaundiced eye than Dai.

Putting North Korea aside, both men have substantial experience managing China’s most consequential relationships. As a fluent Japanese speaker and former Chinese ambassador to Japan, Wang can offer sound counsel to the new leadership, if they wish to listen, on handling Beijing’s troubled relationship with Tokyo. Similarly, few Chinese diplomats can match Yang’s strong credentials in dealing with the United States. True, Yang has been feisty in his approach to America in recent

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years—such as his reported outburst at the ASEAN Regional Forum in Hanoi in 2010 in response to then-Secretary of State Hillary Clinton’s intervention on the South China Sea. But, if some of this vitriol can be chalked up to the requirements of “campaigning” for office, perhaps U.S. officials may see a more moderate stance from Yang going forward.

So, if the new cabinet lineup offers some reason for optimism, what about the prospects for a renewed reform drive? Here the picture is considerably more muddled. Li Keqiang tried to provide some reassurance during his debut press conference at the close of the NPC. For example, by at least one count, he mentioned reform nearly thirty times in his remarks.

But why risk overcompensating? For starters, the much-anticipated State Council restructuring plan seems to have fallen a bit flat. Rumors of considerably more sweeping changes, such as a supraministerial entity along the lines of the SCRE to drive reform or an overarching financial regulatory apparatus, left many observers with a pervasive sense of unmet expectations. A prominent Chinese intellectual’s plea in an interview with a Hong Kong magazine that Xi Jinping still “can deliver” on reform seemed to underscore the strong sense of disappointment.

To avoid a skewed assessment, however, the leadership should only be judged on the basis of proposals that were under serious consideration, as opposed to the musings of intellectuals or bureaucrats seeking to shape the Politburo’s approach. The black box of Chinese decisionmaking makes it impossible to know with any certainty exactly what was or was not on the table. But Xi’s emerging playbook seems to emphasize policy measures that have broad support, deliver concrete benefits to the population, increase the CCP’s standing with a skeptical public, and, where possible, studiously avoid seriously encroaching on the privileges of the regime’s most powerful vested interests. Viewed in this light, dissolving a bloated and corrupt Railways Ministry, creating a more centralized food and drug safety watchdog, and softening the face of the draconian family planning apparatus would seem exactly according to script.

Of course, the true measure of the plan’s reformist content is in the structural details. Take, for example, the China Railway Corporation, the newly-commercialized operator of the country’s massive rail system. Touted as a reformist example of “separating the enterprise from the government,” it looks more like a giant shell game. Unlike other corporatized state entities, it will not have a board of directors. Instead, it will be managed by a single general manager who just happens to be the former minister of railways. In
a similar vein, it is difficult to fathom how the National Development and Reform Commission, the bastion of the state planning machinery within the Chinese bureaucracy, should have emerged from the reorganization process with even greater authority than before.

In the end, we are left with a mixed bag, as is so often the case with the complexities of China. The leadership transition has produced a reassuring personnel lineup but the overall trajectory of reform is more indistinct. Therefore, it may be helpful to be reminded of one of the eternal verities of Chinese politics: personalities matter. The importance of personal relationships in Chinese culture—and of personal networks in Chinese politics—means that in China, more so than in other polities, the rule of thumb is people first, then policy. If this maxim holds true, there is reason for guarded optimism that a more detailed reform blueprint may emerge by the Third Plenum of the 18th Central Committee this fall.

What is already clear is that the new leadership has stoked an expectation among the party elite that it is serious about reform. If the new leaders fail to deliver, they will be held accountable. This would be unlikely to take the form of organized demonstrations or other overt manifestations. Instead, they would simply lose the credibility, or maybe even the fear, that they must maintain to avoid the fate of the just-departed leadership cohort—having their presumed ten years in power labeled another “lost decade.” ■
IN THE NEWS

“Despite all these debates, China is likely to fall back on the same geostrategic consideration of wanting North Korea as a buffer on its border.”

—Christopher Johnson in the Financial Times
“U.S. and China agree on North Korea sanctions”

“I would describe him as a Karl Rove or David Plouffe — an idea man and consigliere figure. This is a guy who thinks on a broad level, who managed to create a wide portfolio and proved himself to be not only damn smart but adaptable.”

—Christopher Johnson in The Washington Post
“China's Xi Jinping charts a new PR course”

“Asia-Pacific nations are already insecure about U.S. commitment to the region, although it retains 80,000 troops in Japan and South Korea.”

—Bonnie Glaser in the Associated Press
“Cuts could endanger U.S. ‘rebalancing’ toward Asia”

“Given that Russia is a huge country on China's border ... it isn't surprising that keeping the relationship stable is a high priority.” Glaser said there was no great concern about a strong bond developing between Beijing and Moscow to oppose Washington because “that wouldn't serve either country's interest.”

—Bonnie Glaser in China Daily
“Agreements boost China-Russia partnership”

“They are turning out these ships like sausages ... The paramilitary [forces] are one reason that the Chinese ship-building industry is booming.”

—Bonnie Glaser in the Los Angeles Times
“Chinese agencies press territorial claims in Asian waters”

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