

# China Politics Weekly

Issue No. 29 – October 3, 2014



Dear friends and colleagues,

Happy National Day! Happy Martyrs' Day! Sorry that we are a little bit late this week. Given the holidays and late publication of this issue, we will not be putting out another issue until the week of October 13. Your comments and feedback are always welcome. Old issues are always available at [www.chinapoliticsweekly.com](http://www.chinapoliticsweekly.com). Sign up or unsubscribe by sending an email to [info@chinapoliticsweekly.com](mailto:info@chinapoliticsweekly.com).

## Democratic Central(ism)

Everybody wants to know what the endgame in Hong Kong will be. It is very unlikely that the Party will compromise and accede to any of the protestors' demands. My understanding from talking to people in Hong Kong and the mainland is that the protestors have less support than many of the foreign media reports would have one believe. These two things being the case, it looks likely that protests will die down after this weekend. That said, mass gatherings are volatile events that can often evolve in unforeseen ways.

Even if the protests do peter out over the next few days, the sentiments behind them will still linger and are likely to emerge again at a later date. The protests are not just about the recent NPC decision on Hong Kong's electoral reforms, but are more a reaction to an increasing sense of marginalization among middle and lower class Hong Kongers as the influence of the mainland on the territory becomes more pronounced.

Hong Kong increasingly feels like a playground for rich mainland Chinese. This was tolerated for a time because many Hong Kongers also benefited from the influx of mainland money. Those that own property have been happy to see windfall wealth gains from a 300% increase in housing prices over the past decade. But younger Hong Kongers priced out of the property market are much more resentful; this is a big part of the reason that the protests are predominantly composed of students.

The mainland's influence on Hong Kong will continue to grow; as it does, so will resentment in Hong Kong. We are thus likely to see increased instability in the territory in coming years.

## Rule of law

One thing that does seem certain is that Beijing's handling of Hong Kong has scuppered any hope that there might be a peaceful reunification with Taiwan any time soon. While this was always a long shot, it is now an impossibility. In a recent (and highly recommended) interview, [Taiwan President Ma Ying-jeou reiterated that Taiwan will never accept "one country, two systems"](#).

The problem in both Taiwan and Hong Kong is that the mainland's current political system does not allow for sufficient participation. Neither Taiwanese nor Hong Kongers want to feel at the mercy of the Party.

The Party could look like a more attractive ruler if it could further institute the rule of law. Top leaders know this and are attempting to take the next step in creating a law-based system. This week it was announced that 18<sup>th</sup> Central Committee's 4<sup>th</sup> Plenum will be held from October 20-23. It is no coincidence that it will focus on the rule of law.

The Party's focus on the rule of law is not done with Hong Kong or Taiwan in mind, but rather the Chinese people. It realizes that a more transparent, fair and professional legislative and law enforcement system is key to securing stability at home and preserving the Party's legitimacy. In the coming weeks we will be looking more closely at the direction of reform in this area and its likely effects on business.

### **Mixed messages**

At the UN last week, Vice Premier Zhang Gaoli was [quoted by Xinhua as saying](#) "As a responsible major country, China will also take on international responsibilities that are commensurate with its national conditions, stage of development and actual capabilities".

Such language is code for: "China doesn't have to do what it doesn't want to." China has long voiced such a position. What is interesting is that such language was noticeably absent from Premier Li Keqiang's speech at the World Economic Forum a few weeks ago, even though he had said something similar a year earlier in the same venue.

The slight differences in the two speeches show that China's foreign policy stance is in flux.

### **Hu's missing?**

Why didn't Hu Jintao and Wen Jiabao attend Monday's concert to celebrate National Day? Jiang Zemin and the Shanghai Gang were out in full force. This will only give further fuel to those who say that Xi has been actively taking down Hu and his power base...

### **The good old days of reform**

This past week saw the commemoration of the 100<sup>th</sup> anniversary of former Vice Premier Gu Mu. Gu is closely associated with the economic reforms of Deng Xiaoping in the late 1970s and 1980s. The celebration of Gu is the latest of several high-profile moves by the Party to lionize the reformers of the post-Mao era, most notable of which is the 48-episode Deng Xiaoping miniseries. In mid-September it was announced that new official biographies of five reformers from the era- including Gu and a certain Xi Zhongxun- will be released in the coming months.

This is the latest evidence that Xi views himself as a reformer in the Deng mold. He is politically conservative, but those that argue that he is ambivalent about economic reform have not been paying close enough attention.

## PBSC Week in Review

Xi Jinping	Sep 30	Xi chaired a meeting of the Politburo.
		Xi spoke at a State Council reception to celebrate National Day. <i>Xi's speech (in Chinese).</i>
		Xi offered flower baskets at the Monument to the People's Heroes to celebrate Martyrs' Day.
	Sep 29	Xi chaired the fifth meeting of the Leading Small Group on Comprehensively Deepening Reform. <i>The meeting reviewed three reform programs: circulation of rural land management rights, stock cooperation among farmers on collective assets, and funding for science and technology.</i>
		Xi spoke at a conference on ethnic affairs. <i>Said that patriotic education should plant the seeds of loving China in every child to help socialist core values take root and grow in the generations to come.</i>
		Xi attended a concert celebrating the 65 <sup>th</sup> anniversary of the PRC.
	Sep 27	Xi sent congratulations on the 10 <sup>th</sup> anniversary of the opening of Confucius Institutes around the world.
	Sep 26	Xi met with a delegation of pro-unification groups from Taiwan led by New Alliance Association chairman Hsu Li-nung and New Party Chairman Yok Mu-ming.
		Xi met with Spanish Prime Minister Mariano Rajoy.
		Xi met with a delegation from the Communist Party of Russia.
	Sep 25	Xi met with Cambodian King Norodom Sihamoni and his mother, former Queen Norodom Monineath Sihanouk.
	Sep 24	Xi made a speech at the 5th Congress of the International Confucian Association on the 2565 <sup>th</sup> birthday of Confucius.
Li Keqiang	Sep 30	Li chaired a State Council reception to celebrate National Day.
		Attended Politburo meeting.
		Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.

		<b>Li met with 31 newly appointed ambassadors to China.</b>
		<b>Li met with the foreign recipients of the China Friendship Award.</b>
	<b>Sep 29</b>	<b>Li chaired an executive meeting of the State Council.</b> <i>Tax on coal will be based on price (as opposed to quantity) from December 1.</i>
		<b>Attended meeting of the Leading Small Group on Comprehensively Deepening Reform.</b>
		<b>Li spoke at a conference on ethnic affairs.</b>
		<b>Attended concert celebrating 65<sup>th</sup> anniversary of the PRC.</b>
	<b>Sep 27</b>	<b>Li sent congratulations on the 10th anniversary of the opening of Confucius Institutes around the world.</b>
	<b>Sep 26</b>	<b>Li met with Stefan Ingves, chairman of Basel Committee on Banking Supervision, and other guests of the 18th International Conference for Banking Supervisors (ICBS).</b>
	<b>Sep 25</b>	<b>Xi held talks with Spain's Prime Minister Mariano Rajoy.</b> <i>The two sides signed 14 documents covering cooperation in areas including alfalfa export, film, nuclear power, telecommunication, finance, wind electricity, sea water desalination and tourism.</i>
	<b>Sep 24</b>	<b>Li chaired an executive meeting of the State Council.</b>
<b>Zhang Dejiang</b>	<b>Sep 30</b>	<b>Attended Politburo meeting.</b>
		<b>Attended State Council reception to celebrate National Day.</b>
		<b>Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.</b>
	<b>Sep 29</b>	<b>Attended a conference on ethnic affairs.</b>
		<b>Attended concert celebrating 65<sup>th</sup> anniversary of the PRC.</b>
	<b>Sep 26</b>	<b>Zhang met with Spanish Prime Minister Mariano Rajoy.</b>
	<b>Sep 23</b>	<b>Zhang spoke at a reception celebrating 65 years of Sino-Russian relations.</b>
<b>Yu</b>	<b>Sep 30</b>	<b>Attended Politburo meeting.</b>

## Zhengsheng

Attended State Council reception to celebrate National Day.

Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.

Sep 29 Li spoke at a conference on ethnic affairs.

Li spoke at a CPPPC reception celebrating the 65<sup>th</sup> anniversary of the founding of the PRC.

Yu attended a symposium commemorating the 100<sup>th</sup> anniversary of the birth of former Vice Premier Gu Mu.

Attended concert celebrating 65<sup>th</sup> anniversary of the PRC.

Sep 26 Yu met with a delegation of pro-reunification groups from Taiwan.

Sep 25 Yu chaired a bi-weekly CPPCC symposium on medical care for the elderly.

Liu Yunshan Sep 30 Attended Politburo meeting.

Attended State Council reception to celebrate National Day.

Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.

Sep 29 Attended a conference on ethnic affairs.

Attended concert celebrating 65<sup>th</sup> anniversary of the PRC.

Sep 28 Liu Yunshan addressed a reception for foreign experts celebrating the 65<sup>th</sup> anniversary of the PRC.

## Wang Qishan

Sep 30 Attended Politburo meeting.

Attended State Council reception to celebrate National Day.

Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.

Sep 29 Attended a conference on ethnic affairs.

		Attended concert celebrating 65 <sup>th</sup> anniversary of the PRC.
Zhang Gaoli	Sep 30	Attended Politburo meeting.
		Attended State Council reception to celebrate National Day.
		Attended ceremony at the Monument to the People's Heroes to celebrate Martyrs' Day.
	Sep 29	Attended meeting of the Leading Small Group on Comprehensively Deepening Reform.
		Attended concert celebrating 65 <sup>th</sup> anniversary of the PRC.
	Sep 27	Zhang visited Belarus.
	Sep 25	Zhang visited Romania.
	Sep 23	Zhang addressed the UN Climate Change Summit in New York.
		Zhang met with United States President Barack Obama.
		Zhang met with European Commission President Jose Manuel Barroso.
		Zhang met with French President Francois Hollande.
		Zhang met with Peruvian President Ollanta Humala.
		Zhang met with Prime Minister of the Netherlands Mark Rutte.
		Zhang met with Queen Máxima of the Netherlands.

#### About CPW

China Politics Weekly aims to keep business leaders, investors, diplomats, scholars and other China hands up to date on important trends in China. It is produced by Trey McArver, a London-based consultant providing advice and intelligence to firms and investors engaged in China and the region.

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