

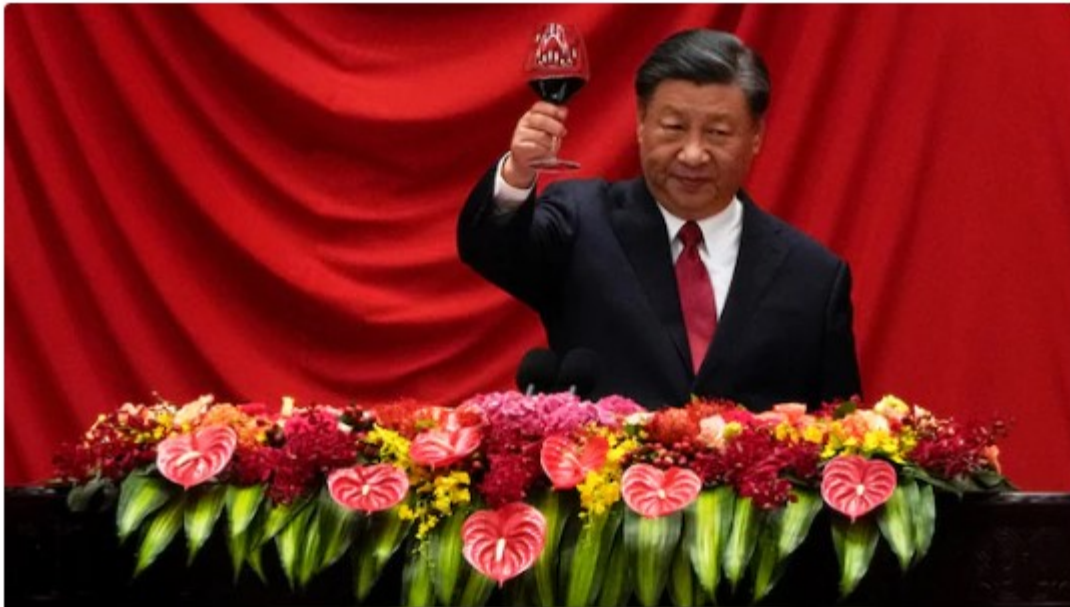
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China's 'Two Sessions': A display of Xi Jinping's dominance and weakening State institutions

Maj Gen GG Dwivedi • March 16, 2024, 15:28:13 IST



From the just concluded conclave, the key takeaway is a further shift of power from the government institutions to the Communist Party, additionally, its Secretary General Xi Jinping's overarching shadow looming large



(File) Chinese President Xi Jinping. AP

China's "Two Sessions" the biggest week-long annual conclave concluded recently on 11 March. The "Two Sessions" is a collective term, that refers to the concurrent plenary sessions of the Chinese People's Political Consultative Conference (CPPCC), an advisory body and the National People's Congress (NPC), the nation's top rubber-stamp legislative body. The event was attended by some 3,000 selected delegates of the Communist Party of China (CPC). As

NPC meets only once a year, a standing committee of 175 handpicked members works full-time to formalise the policy decisions.

Held at the Great Hall of People, the event is of immense significance as major national policies, plans and leadership changes are announced. The focus of this year's conclave was on addressing the multiple economic problems; in particular the ailing real estate sector, sluggish internal consumption and rising unemployment.

Tightening political control over State institutions

As expected, President Xi Jinping further consolidated his control over the Party and all the organs of Chinese society, The Chinese legislatures passed the revised Organic Law of the State Council -Chinese Cabinet; deemed to be an imperative to uphold the Party's leadership and revamp the governance mechanism. In reality, the revised law gives the CPC greater control over the State Council which oversees 21 odd ministries, thus significantly curtailing the latter's role. Ever since Xi assumed power in 2012, he has accorded top priority to security and strengthening of the Communist Party's hold across the board. To this end, several central party committees were created to oversee the functioning of ministries directly.

Another development which signifies the erosion of power of the executives was the cancellation of a customary press briefing by the prime minister, a norm which had been followed since 1993. The press conference was the only occasion when the media, both Chinese and international, had access to the top leadership. There were few possible explanations as to why it was called off. One could be the state of the Chinese economy, an uncomfortable and touchy topic. Former prime minister Li Keqiang had often hinted at the need for economic reforms. As Premier Li Qiang poses no threat to Xi, having been personally selected by the latter, it apparently indicates the downgrading of government institutions in China's hierarchical power structure.

During his address at the closing ceremony of the conclave, Zhao Leji, Chairman of the NPC Standing Committee stated, "Under the strong leadership of the Chinese Communist Party Central Committee, with Comrade Xi as the core, we must adhere to 'Xi Jinping Thought on

Socialism with Chinese Characteristics for New Era' as our guide and unwaveringly push forward the Chinese modernisation." This sends a clear message that Xi remains an undisputed paramount leader.

Ambitious agenda to spur economic growth

China has set an ambitious economic growth target of around 5 per cent for 2024, same as the last year. While delivering his maiden work report at the opening session of the NPC, Premier Li laid great emphasis on stability, terming it to be the basis of everything. "We must push ahead with the transformation of the growth model by making structural adjustments, improving quality and enhancing performance," said Li. The Communist leadership in Beijing is striving to boost confidence in the Chinese economy in the wake of intense headwinds.

The government has set the fiscal budget deficit of 3 per cent of the GDP for the current year, lower than the revised deficit of 3.8 per cent in 2023. This indicates Beijing's caution over debt sustainability as it seeks to strike a balance between stabilizing growth and controlling debt. Incidentally, China's credit rating outlook had been downgraded from 'stable to negative' as per Moody's rating last December. To boost government spending on major projects, Li announced a plan to issue \$139 billion in ultra-long special government bonds.

The annual defence budget has been increased by 7.2 per cent, to around \$ 230 billion. (in real terms, the figures are much higher as there is no breakdown of military spending and hidden aspects are not factored). Over the years, China's expansion of military expenditure has consistently outpaced its economic growth. Given the number of high-ranking military officials being removed from their positions either in the PLA or political bodies including Defence Minister General Li Shangfu possibly on corruption charges, defence budgetary allocations henceforth are expected to be under tight scrutiny.

Xi's shadow looms large

There are numerous indicators like deflation, mounting internal debts and a high rate of unemployment among the youth. Unemployment is around 22 per cent and the frequent public protests substantiate that the Chinese economy is in a difficult state. Statements of Prime

Minister Li “The Chinese people have the courage and wisdom to overcome any difficulties, or obstacles.....Will surely endure the storm, plough the waves and future is promising” do not portray much confidence. There is an obvious disconnect between the official rhetoric and ground realities. Besides, there is also a glaring lack of attention to socio-economic restructuring, wealth redistribution and boosting wages.

From the way things are being handled, it is evident that Xi Jinping is aware that the economy is not doing well. However, he does not perceive the challenges to be a crisis which merits immediate interventions. There appears to be no deliberate plan to achieve the set targets. The absence of large-scale stimulus or fresh strategies to address the property crisis, youth unemployment or recoup trillions of dollars in stock losses post-COVID only vindicates the absence of urgency.

The annual ‘Two Session’ event traditionally has been the Chinese prime minister and Central Government show. Ironically, more than ever, it was Xi Jinping all over the gathering. The Third Plenum, a five-yearly plenary event of the Central Committee where the key economic policies are formulated was due in October but has not been held so far. No wonder the 2024 “two Sessions” turned out to be a lacklustre event, deficient of substance.

Given the Chinese opaque system, one has to join the dots and read between the lines to make sense of major developments in the Land of Dragon. From the just concluded conclave, the key takeaway is a further shift of power from the government institutions to the Communist Party, additionally, its Secretary General Xi Jinping’s overarching shadow looming large.

The author is a War Veteran, former Assistant Chief; currently Professor Strategic-IR, Management Studies. Views expressed in the above piece are personal and solely that of the author. They do not necessarily reflect Firstpost’s views.