

## **Reviewing the Fourth Plenum: Governance and Morality in the Era of Xi Jinping**

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### **Abstract**

Plenums are an opportunity for the Central Committee members to meet, and, of course, discuss a number of important issues pertaining to the state of the domestic economy, but also to national governance. As tensions are rising inside the Party-State apparatus – mainly the results of the aftermath of the anti-corruption campaign, the tenuous trade war or the chaos spreading in Hong Kong, all eyes were looking at Xi Jinping to announce the fourth plenum of the nineteenth Party Congress. The latter would come more than 600 days after the third plenum (February 2018), in the context of a tensed post-summer retreat at Beidaihe. The fourth plenum expressed tensions in the top leadership structure, but also highlighted some confusion and uncertainties as to what the Party plans to do to remedy the economic slowdown, to solve the ongoing Hong Kong crisis, and to untangle the trade talks with the United States – talks that only recently reached a tentative agreement. As such, this article reviews and focuses on the conclusions of the fourth plenum of the Central Committee of the Chinese Communist Party.

**Keywords:** *fourth plenum, Hong Kong, Macau, Chinese Communist Party, trade war, morality, governance, political security*

## **1. Introduction: Fourth Plenum of the Nineteenth Communist Party of China Central Committee (October 28 to 31, 2019)**

As it is now customary under Xi Jinping (习近平) at every annual meeting, there is a “wave” of investigations aimed at “cleaning up” the Party apparatus. Not only does this continue to solidify the position of the Disciplinary Commission, it also yields dividends for the anti-corruption campaign – making the latter an increasingly more effective tool for Xi to consolidate his position. The Fourth Plenum was no exception. Prior to the opening of the meeting (more than 600 days after the third<sup>1</sup>), two prominent “electric tigers” (电老虎) – Yun Gongmin (云公民), general manager for Huadian Group (华电集团)<sup>2</sup>, and Li Qingkui (李庆奎), president of the same group from 2013 to 2016<sup>3</sup> – were put under investigation. A team had previously been sent to investigate Huadian Group back in February and May 2018<sup>4</sup>, three months prior to Li’s retirement from China Southern Grid (中国南方电网), the state-owned company in charge of the country’s electricity infrastructure in the south.

The military structure, which is also a focus of Xi, has also been targeted by the anti-corruption campaign (yet again): Rao Kaixun (饶开勋, deputy commander of the People’s Liberation Army Strategic Support Force) and Xu Xianghua (徐向华, deputy commander of the Western Region) were both “taken” on October 26. Rao and Xu have been mentioned in the Fang Fenghui (房峰辉) affair<sup>5</sup> back in late 2018. Fang was then tied to the Guo Boxiong (郭伯雄) / Xu Caihou (徐才厚) corruption cases.

## 2. Reshuffling at the Center

Investigations aside, important personnel changes were made during the last few days leading up to the Fourth Plenum: (1) Li Jiheng (李纪恒), Yunnan Party secretary (2014-2016) and Inner-Mongolia Party secretary (2016-2019), was removed from the roster of the provincial leadership. Li was transferred to the infamous Ministry of Civil Affairs on October 26, thus replacing Huang Shuxian (黄树贤); (2) Shi Taifeng (石泰峰), Ningxia Party secretary (2017-2019), filled in for Li Jiheng on October 25; Chen Run'er (陈润儿), Governor of Henan (2016-2019), was sent to hold Shi Taifeng's Ningxia position.

The case of Shi is of little concern as he is Li Keqiang's (李克强) old associate, but also Xi's associate from his time at the Central Party School. Chen Run'er was a protégé of Zhang Chunxian (张春贤), but also an associate of Mei Kebao (梅克保)<sup>6</sup>, as well as several other members of the late 1990s' "Hunan gang" (湖南帮). This affiliation could, in time, be detrimental for Chen.

The last case, that of Li Jiheng, a veteran of the factional struggle of the early to mid-2000s – during which time he ousted Liu Qibao (刘奇葆) from Guangxi – is of more concern. Despite being considered as "one of Xi's men" by some, especially since his time in Inner Mongolia, Li is not able to completely distance himself from the previous regime (under Jiang Zemin (江泽民)): his "mishu" (秘书) Zhao Zhuangtian (赵壮天) was put under investigation in 2017 during the proceedings of the Bai Enpei (白恩培) and Qin Guangrong (秦光荣) corruption cases.

This reshuffling, prior to the 4th plenum (which usually aims at assessing recurring issues)<sup>7</sup> is peculiar, yet not abnormal when it comes to Cadres' appointment/dismissal patterns (e.g. one must hold a position at least two years prior to being transferred or promoted)<sup>8</sup>. However,

these changes reflect important points with the leadership of which I will list two: (1) Xi, through his ally Chen Xi (陈希, Central Organization Department and Party School director), is able to grasp every opportunity to move/remove potential allies/rivals inside the Party-State apparatus; (2) loyalty remains an important issue for the top leadership, which is eager to get rid of/promote certain individuals.

During the plenum itself, held from October 28 to 30, 2019, two new Central Committee members were selected: (1) Ma Zhengwu (马正武) and (2) Ma Weiming (马伟明). The first Ma, an alternate member of the 19th Party Congress (中央委员会候补委员), is president of the Chengtong Holdings Group (中国诚通控股集团, wholly owned by the State-owned Assets Supervision and Administration Commission (国务院国有资产监督管理委员会)) for more than 17 years<sup>9</sup>. Ma Weiming, an alternate member since 2012, is a “first class” military engineer since the time of Hu Jintao. That said, the selection of the two Ma was far from surprising, considering that they were listed as No. 1 and No. 2 (on the overall list) in terms of “brush strokes”<sup>10</sup>.

Lastly, Liu Shiyu (刘士余), ex-president of the China Securities Regulatory Commission (中国证券监督管理委员会), who has been under investigation since May 2019, was more formally punished in front of the Party. The latter, who “surrendered” on May 19, is part of the “reformers clique” (改革派) of Zhu Rongji (朱镕基)<sup>11</sup>. Suspicions arose after the arrest of Dai Juan (戴娟) (January 2019), just twenty or so days before the transfer of Liu to the All-China Federation of Supply and Marketing Cooperatives (中华全国供销合作总社). The issue at the time was the abnormal number of IPOs coming from Jiangsu – where Liu is from – which was higher than that of Guangdong, Zhejiang, Beijing and Shanghai back in 2018<sup>12</sup>. As such, corruption charges were set forward and Liu decided to surrender as rumors were spreading<sup>13</sup>.

### **3. Governing Capabilities and the Issue of Governance**

Regardless of the expectations (especially when it came to a discussion regarding the line of succession<sup>14</sup>, the Shaanxi villa issue<sup>15</sup>, etc.), the main points of order were the issue of governance and the economy.

For the latter, Xi put the emphasis on the public sector's role in the development of the "basic socialist system", without diving into the role of the "free" market<sup>16</sup> or the development of the private sector – which will remain under tutelage of the Party-State Apparatus for the time being. As such, this point raised even more contradictions between the private and public sectors in China, which in turn might influence the influx of private foreign capital<sup>17</sup>. To be fair, expectations were not particularly high, especially after Li Keqiang – during his Xi'an symposium on China's economic situation (October 14) – sat down with the provincial leadership in order to ask them to follow the objectives set by the Central government<sup>18</sup>. This type of request, highly unusual for the Premier, did underline the severity of the situation. That said, the message sent might have missed the target: was Li out of ideas to the extent that he had to ask the provinces for help? The conclusion of the plenum leads us to believe that an overall plan to remedy the effects of the trade war has yet to be decided upon.

In terms of the military, the Party kept talking about the need to consolidate its leadership over the army. The anti-corruption frame of mind was still present, especially while referring to the Cadre selection measures implemented last year, which aimed at creating a collective responsibility system (between who selects and the selected) in order to "eradicate" corruption<sup>19</sup>.

As previously mentioned, the main theme of the Fourth Plenum was that of "governance" – of the Party's capacity to govern (治理能力) China – and of the modernization of the National Governance System (国家治理体系). This refers, of course, to the Party's leadership, to its

institutional and administrative structures set to manage society, the economy, and political affairs<sup>20</sup>. However, nothing was actually said regarding governance-related issues (economic downturn, intra-Party struggles, Hong Kong protests, rise in public grievances, etc.) in a progressively more uncertain environment (both abroad and at home). As such, this “modernization”, of which we still know nothing about, will most likely focus on the security and on the protection of the Party through the usage of new technologies. This lack of clarity might be the result of intra-Party tensions, or simply due to the fact that the Party is simply playing the “wait and see” game, or both.

This approach, which consists in saying everything and nothing at the same time, is based on prudence, but definitely not on actual content (e.g. talking about the socialist way, the Party’s leadership). As it is often the case, Party’s discourse has two (or more) layers of meaning, especially when talking about “sensitive” topics such as security, governance and development. For example, talking about a “harmonious society” made explicit the social tensions that were left in wake of the reforms; talking about a “Chinese dream” implies that today’s China is now unable to fulfill its promises to the new generation (in terms of opportunities) that might be set up to achieve less than their parents’ generation. As such the “dream” might also be the sign of a growing nightmare (e.g. saturated job market, real-estate bubble making access to property highly problematic, stagnant real wage growth).

Talking about “political security”, “governance”, and of the “Party’s leadership” conveys this idea that there might be some insecurity lurking below the surface. The more the Party talks about control, the more we feel it signifies a lack of control, a feeling of uncertainty, especially when faced with “tests” (in terms of both governing capabilities and legitimacy), such as the trade war and the Hong Kong protests. That said, the Party did score some points when talking about social policies

(especially when Xi has been talking about poverty alleviation for a while now).

#### **4. What about Hong Kong?**

As previously mentioned, the Hong Kong issue was an important element to be discussed during the Fourth Plenum. To this effect, it is of no surprise that Xi met with Carrie Lam (林鄭月娥) on November 4 in order to convey support and to make clear his position: (1) Hong Kong must manage this issue – in accordance with the “One Country, Two Systems” principle; (2) Carrie Lam remains in charge (at least until March)<sup>21</sup>. Xi asked her directly to restore order, punish violence and to govern according to Hong Kong’s Basic Law. The President was then accompanied by Ding Xuexiang (丁薛祥) – director of the General Affairs Office, the foreign affairs team and the Minister of Public Security Zhao Kezhi (赵克志). This meeting, which took place in Shanghai, allowed Lam to meet with Xi’s new envoy in the Hong Kong and Macao affairs system (that is Zhao Kezhi)<sup>22</sup>. Zhao, now deputy director of the Central Coordination Group for Hong Kong and Macau Affairs (中央港澳工作协调小组), will act as a more direct channel of communication between Xi and Lam, circumventing in part the leadership of Han Zheng (韩正). This visit also indicates that Liu He’s (刘鹤) trade negotiation team (with the US) has made enough progress to allow for Xi’s monitoring of this other “open front”<sup>23</sup>. As such, Zhang Xiaoming (张晓明) – director of the Hong Kong and Macau Affairs Office (国务院港澳事务办公室), but also Wang Zhimin (王志民) – director of the Liaison Office of the Central People’s Government in Hong Kong (香港中联办)<sup>24</sup>, might soon find it difficult to be shielded from Xi’s scrutiny.

Xi previously tried to block the succession the succession of Zhang Xiaoming – back when Zhang Dejiang (张德江) was still in position – to instead promote one of his allies, Chen Dong (陈冬), who was at the time Party secretary for the Political and Legal Affairs Commission of Fujian Province<sup>25</sup>. Failing to do so, Chen was positioned under Wang Zhimin. However, since September this year, signs have been pointing towards a reshuffling in the Hong Kong affairs (港澳系统) team.

Following this meeting, Xi issued the now infamous “3+3+3+1” allocution<sup>26</sup>. However, since then (December 16), the second of the “3 firmly supported elements” (坚定支持) was altered. The third point, which should read “firmly support Hong Kong’s judiciary system in punishing violent criminals (according to the law)” (坚定支持香港司法机关依法惩治暴力犯罪分子), now reads “firmly support the patriotism (towards Mainland) and love the strength of Hong Kong” (坚定支持爱国爱港力量)<sup>27</sup>. This change of words is confusing, maybe even by design. It provides little insight as to what is actually being supported by the Party. Is it a call to restore Hong Kong’s economic strength while crushing the protests in order to demonstrate the administration’s patriotism? Or more of an educational project – as rumored before – focused on promoting patriotism in Hong Kong in order to avoid generational chaos?

What we know now is that Beijing is going for the long-haul solution; when it comes to contentious politics, the State, as it holds much of the resources (military, financial, logistics), can sustain and defend against the insurrection that will, at some point, become untenable for protesters. Given the present dynamics of contention, even if one side is sustained by a shared form of identity, which include a Special Administrative Region (SAR), a Leninist State and a not-so-favorable international environment, it is most likely to result in a stalemate – a financially costly stalemate for Hong Kong.



## **5. The Era of Xi Jinping, an Era of Morality**

The Fourth Plenum, which made even more explicit the cracks at the top of the Party-State structure, concluded without officially confronting the Hong Kong issue or even the real problems plaguing the Chinese economy – same goes for the subsequent meetings between Carrie Lam and Xi. Furthermore, the Party even took steps to try to circumvent the “Hong Kong issue” by praising its other SAR and by announcing its intentions to try to replace Hong Kong with Macau<sup>28</sup>. Yet Macau is not Hong Kong<sup>29</sup>.

On the ideological side, aside from security and governance slogans, the Party published on the eve of the plenum (October 27) the *Outline on the establishment and implementation of citizen morality for the new era* (新时代公民道德建设实施纲要). This promotion of morality in a “new era” (Xi’s era) repositions Xi’s thoughts at the center of “Socialism with Chinese Characteristics”, sidetracking Mao, Deng, Jiang and Hu – no more scientific development, no more learning from the “most advanced” civilizations, etc. These adjustments, which also talk of traditional values, also express the tensions that are on the rise inside the Party’s leadership between Xi and his allies and what is left of the “old regime”.

If the Fourth Plenum allowed Xi to consolidate his position, the intra-Party struggles are far from over. Beyond the Fourth Plenum, the lack of a clearly identified successor ready to ascend in 2022<sup>30</sup> could allow Xi to actually tackle important domestic issues that could eventually destabilize the leadership. As such, while Xi was still talking on November 2 of socialist development<sup>31</sup>, the “factional game” is far from over between the Xi-Wang (Qishan, 王岐山) team and the malcontents who are seeking to destabilize him.

## Notes

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1. The wait, considerably longer than any other in recent Party history, can be explained by way of (1) intra-Party struggles regarding the trade war and the Hong Kong issue; and (2) due to the extremely brief interlude between the second and third plenums (January to February 2018).
  2. Yun was then arrested on corruption charges linked to his time at Shenhua Group ( 神华集团 , vice-president from 2006 to 2008), but also for his association with the old Shanxi Gang ( 山西帮 ) back in the early 2000s, associated with the likes of Ling Jihua ( 令计划 ), Jin Daoming ( 金道铭 ), and Shen Weichen ( 申维辰 ).
  3. Li was put under investigation on October 22, and Yun on October 24.
  4. Huo Li ( 霍利 ), general manager of the science and tech section of Huadian Group, was then arrested by the investigation team.

5. The public profile of Fang Fenghui, ex-Chief of the Joint Staff, on *Baidu* no longer exists, which is odd considering that those of Zhou Yongkang (周永康), Bo Xilai (薄熙来), and Guo Boxiong are still “active”.
6. Changsha’s Party secretary from 2001 to 2006 and provincial deputy secretary from 2006 to 2013.
7. All things being equal, first plenums are usually the ones during which the new leadership team is selected; second plenums are the ones before the “two meetings” (两会) and aim at preparing the ministerial reshuffling; third plenums are the one used to assess larger issues for the Party, while subsequent plenums (fourth, fifth, etc.) are annual updates. The last plenums (sixth or seventh) are the ones during which the transition is prepared.
8. Major decisions have been taken during past fourth plenums: (1) in Fourth Plenum of the Fifteenth Congress, Hu Jintao was named Vice-President of the Central Military Commission (CMC); (2) in Fourth Plenum of the Sixteenth Congress, Hu was then selected to be President of the CMC.
9. Ma is the successor of Tian Yuan (田源), current CEO of China International Futures Co. (中国国际期货公司).
10. Besides, we need to point out the absence of Wang Xiaoyun (王晓云), general manager of China Mobile’s tech department, and of Guan Qing (官庆), ex-CEO of China State Construction Engineering Group (中国建筑集团). Guan, who has since been replaced by Zhou Naixiang (周乃翔, the son of Zhou Xiaochuan’s (周小川) brother), has not been cleared for another position.
11. Liu also served as one of Zhu’s “mishu”.
12. <[http://www.hkcd.com/content/2018-12/14/content\\_1114483.html](http://www.hkcd.com/content/2018-12/14/content_1114483.html)>
13. <<https://news.hexun.com/2019-05-20/197244498.html>>
14. We refer here to the discussion surrounding Chen Min’er (陈敏尔) and Hu Chunhua (胡春华) since Xi’s visit to Chongqing back in April. Back then, some speculated that the visit was in fact an informal introduction of

China's new leadership team to the outside world. Furthermore, the visit of Heng Swee Keat (王瑞杰) – Singapore's vice-premier and finance minister – in Chongqing back in September to see Chen Min'er brought the speculation to an all-time high. That said, the current political climate will surely test the strength of the relationship between Chen and Xi up until 2022.

15. Rumors surrounding the situation of Zhao Leji (赵乐际), following the arrest of Zhang Yongchao (张永潮, mayor of the Huyi (郾邑) district of Xi'an) on October 15, and his possible ties to the Shaanxi Villa corruption case were running wild before the Fourth Plenum. Considering that Zhao was Party secretary of Shaanxi from 2007 to 2012 made him a prime target following the downfall of his former "mishu", Wei Minzhou (魏民洲, Party secretary of Xi'an from 2012-2016) – formally accused on October 25, 2019. Furthermore, Zhao was fairly acquainted with many individuals currently under investigation. The order to demolish the villas must also have been a shock, considering that Zhao was in Shaanxi at the time of their construction. Same goes for the "Shaanbei 100 billion mining rights" issue (陕北千亿矿权案), first publicized by Cui Yongyuan (崔永元). This corruption case, villas aside, was tied to Zhao Zhengyong (赵正永, Shaanxi Party secretary from 2012 to 2016) – under investigation since January 2019, and also to Zhou Qiang (周强), the President of the Supreme People's Court of China. As such, it was (and still is) unclear to what extent Xi would protect Zhao Leji.
16. This idea and type of monitoring (regarding the private sector) is not new. That said, even if Xi had talked about supporting the private sector several times before, under the principle of "the State enterprises advance, the private sectors retreat" (国进民退), the private sector to this day cannot benefit from State support (while SOE are crumbling under subsidies).
17. This remains highly confusing as oftentimes they (the private sector) are needed, but remain monitored.

18. <[http://www.xinhuanet.com/politics/leaders/2019-10/14/c\\_1125104123.htm](http://www.xinhuanet.com/politics/leaders/2019-10/14/c_1125104123.htm)>
19. That said, the recent case of Zhang Qi (张琦) – Haikou’s (Hainan) Party secretary from 2016 to 2019 – who was put under investigation back in September (with an impressive reported 13.5 tons of gold stashed in his house) does not seem to be in tune with these efforts.
20. Other are bound to be directly associated with Wang Huning’s (王沪宁) “Chinese Model of Governance” (中国之治, which implies the Party’s complete governance over China).
21. Lam remains unable to “move” as the protesters do not intend to let her go (as her whereabouts are constantly being posted and updated on LIHKG (連登網) for protesters to corner her), nor is the Party willing to let her resign for the time being.
22. Zhao also accompanied Xi back in September to meet Ho Iat Seng (賀一誠), Macao’s chief executive.
23. At the time of reviewing this article, the Chinese team led by Liu He only recently (December) made a “breakthrough” during the negotiations as both parties did tentatively agree on the first part of what might become a bilateral treaty. It is also worth mentioning that both Yang Jiechi (杨洁篪) and Wang Yi (王毅) made public appearances prior to this early conclusion in order to criticize the accord.
24. Wang Zhimin was also Liao Hui’s (廖暉) “mishu”.
25. Chen met Xi during the late 1980s. Chen was then part of the secretariat of the provincial government (where “mishu” are usually found).
26. <[http://www.xinhuanet.com/politics/leaders/2019-11/17/c\\_1125241601.htm](http://www.xinhuanet.com/politics/leaders/2019-11/17/c_1125241601.htm)>
27. <[http://www.xinhuanet.com/politics/2019-12/16/c\\_1125353595.htm](http://www.xinhuanet.com/politics/2019-12/16/c_1125353595.htm)>
28. <<https://www.reuters.com/article/us-macau-politics-exclusive/exclusive-protest-free-macau-to-win-financial-policy-rewards-from-china-idUSKBN1YG0EJ>>

29. The idea that another stock exchange could be set up in Macau sounds ill-advised at best. Despite a constant clogging in the IPO process in Shenzhen and Shanghai – due mostly to poor and inefficient regulatory framework – Hong Kong will remain the preferred option over Macau any day. Furthermore, this CNY exchange will most likely fuel corporate debt from Mainland and thus potentially creating more systemic issues for the Chinese domestic economy.
30. Considering the fact that Xi changed the constitution last year (term limit removal for the president and vice-president), in addition to enshrining his name next to Mao, Deng, Jiang, and Hu, selecting someone now would have been problematic as it is “too late” to properly prepare a succession team before 2022.
31. <<https://www.bbc.com/zhongwen/simp/chinese-news-50285833>>