

## ***Leadership Transition in China – Portents for the Future***

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Going by the recent history of the National Congresses of the Chinese Communist Party (CCP), the 18th Congress could be held late this year in Beijing.<sup>1</sup> This Congress is expected to augur in a new leadership (termed as the Fifth Generation), since many members of the Political Bureau Standing Committee (PBSC), Political Bureau (PB) and the Central Committee (CC) are expected to retire. This follows the regulations passed in the August 2006 CC on cadre management issues, which included term of office, retirement, etc. Seven out of nine members in the PBSC are expected to retire; and in the PB, around seventeen out of twenty-five.

Apart from handing over the reins to the Fifth Generation (to last till 2022), the next Party Congress is also expected to sow the seeds for the Sixth Generation (to be in saddle during 2022–32), if the 16th Party Congress in 2002 (that ushered in the Fourth Generation under Hu Jintao) can be taken as a precedent.<sup>2</sup> Given the dismissal on 10 April 2012 of Bo Xilai, the PB member and Party chief of the largest populated city Chongqing, and coinciding with rumours about his links to Zhou Yongkang of the PBSC,<sup>3</sup> the events leading to the next Party Congress could be arduous, since the CCP leadership is expected to build consensus following Deng Xiaoping's injunctions that the PBSC should be solid like Mount Taishan. Postponement of any of the structured events leading to the Party Congress could on the one hand be construed as lack of consensus among the top leadership, and on the other hand as intensification of the factional struggles within the Party. These have implications for the stability of the Party as well as the country. In the background of the Arab Spring in West Asia and other regions where authoritarian leaderships are falling, this is a major challenge for the CCP.

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### **Events Leading to the 18th Party Congress**

The CCP leadership has arranged for several events leading to the election of deputies to the 18th Congress. These preparations last about eighteen months and include election of candidates at the local-level institutions (village, county, city, prefecture and provinces).<sup>4</sup> The village-level elections were begun in the first half of 2011 and lasted till June 2012. Elections at the county level, where the CCP's actual power base lies and where the upper age limit of candidates has been fixed at 35 years, were conducted simultaneously: nine members were re-elected. Elections at the city level, with the upper age limit of 50 years for the candidates, were held in the third quarter of 2011: eleven members were re-elected.

The provincial-level elections are keenly observed by analysts. An eligibility condition for PB/PBSC membership is that one must have served in the top positions at the provincial level and demonstrated political integrity for at least fifteen years. This is unique to the Chinese system. Although the elections are not free and fair as in democratic countries, the political demands on the candidates are enormous. The competition among the 80-odd million members of the CCP and the various factions in the party is also high. The Sixth Generation – and possibly the Seventh Generation – leadership of the Party will be selected from among the successful candidates. Provincial-level elections were held in the first quarter of 2012.

Provinces constitute a major electoral block in the process of choosing the next generation of leadership. Of the 2270 delegates to the National Congress, the 28 provinces and autonomous regions will send anywhere between 400 to 800 delegates. The cities elect 300 to 500 delegates; and the counties about 200 to 400. The rest come from other electoral blocks, numbering about 40, such as the People's Liberation Army (PLA), State Owned Enterprises (since Jiang Zemin's time) and the Communist Youth League (CYL, strengthened since Hu Jintao took over)<sup>5</sup>.

After all these grassroots Party elections, according to established convention, in the summer of 2012 the top leadership – current and past included – confabulates at Beidaihe, the summer resort on the east coast, near Beijing.<sup>6</sup> According to Li Cheng, the PBSC, PB and CC members for the 18th Party Congress will be short-listed here; and a top-down approach of seeking legitimacy for the leadership is made at the Congress.<sup>7</sup>

At this level the CCP elite come under various pressures, including, significantly, the factional struggles, norms and practices of the party, etc. Intense jockeying for positions at various levels of the CCP hierarchy is

reported at this level, but fundamentally, Deng Xiaoping's injunction to the effect that the members of the new leadership should be finally acceptable to all – that is, a consensus has to be achieved for top positions at the PBSC, including the General Secretary of the Party – is adhered to. Deng also insisted on the implementation of the principle of “combination of collective leadership and individual responsibilities”.<sup>8</sup>

### Party Factions

The existence of several factions within the CCP complicates predictions about the CC and PB/PBSC members of the 18th CCP. Since Deng Xiaoping's time, strategic unity exists among these factions, but tactical differences remain. All of them are wedded to the idea that economic reform and opening should be maintained; GDP figures should be enhanced to make China the largest economy in the world; the Communist Party leadership should be retained in all walks of life of China; Taiwan should be reunified with the mainland; and fissiparous tendencies should be curbed. The following are the main factions and their leaders:

- *Taizitang* – princelings – Xi Jinping, Zhou Yonggang, Li Yuanchao, Yu Zhengsheng, Liu Yandong, Bo Xilai<sup>9</sup> and Wang Qishan
- *Tuanpai* – CYL members<sup>10</sup> – Hu Yaobang, Hu Qili, Hu Jintao, Li Keqiang, Li Yuanchao, Liu Yandong, Hu Chunhua
- Political reform faction headed by Premier Wen Jiabao<sup>11</sup>
- Conservative faction
- Shanghai faction – Jiang Zemin, Zhu Rongji, Jia Qinglin, Li Changchun, Xi Jinping, He Guoqiang; the late Huang Ju belonged to this faction
- Qinghua University faction – Hu Jintao, Wu Bangguo, Xi Jinping, etc.
- The PLA – with about 10 per cent of delegates to the Party Congress and in the NPC; currently 13 per cent of the CC; two members in the PB but none in the PBSC.<sup>12</sup>

The Shanghai faction has been the most influential in the Chinese hierarchy. Shanghai is the commercial centre of China and has ambitious programmes for expanding its own economic and technological profile as a major hub in the current century and as a link to the major multinational corporations and the Chinese leadership. The Shanghai stock exchange channels both external and domestic energies of entrepreneurs. The Shanghai faction appeared to be going slow on the issue of corruption, while the CYL, with its penchant for

ideological purity, has been zealously raising the issue of corruption.<sup>13</sup> The public appearance of former president Jiang Zemin, despite his serious illness, at the celebrations commemorating the 1911 revolution in Beijing, was interpreted as giving a boost to his candidates in the next PBSC. These include Party Secretary of Shanghai, Yu Zhengsheng, Party Secretary of Tianjin, Zhang Gaoli, and Vice Premier Zhang Dejiang (who was later sent to Chongqing to replace the dismissed Bo Xilai).<sup>14</sup>

### **Party Leaders of Note**

#### **XI JINPING**

Xi Jinping is expected to take over the reins from Hu Jintao at the next Party Congress. He became Vice President in 2008 and Vice Chairman of the crucial Central Military Commission in October 2010, although he has had little time to settle in the all-powerful military body. In contrast, Hu Jintao became Vice Chairman of the CMC much earlier under Jiang Zemin. Xi is reportedly in favour of the other princelings, but appears to be siding with Liu Yuan for membership of the to-be-reconstituted CMC in 2012. Xi is younger than Bo Xilai. Xi had taken over the Tibet Forum meetings in 2011 and had accompanied US Vice President Joe Biden during his China visit in August 2011. Xi visited the US in February 2012. Speaking to the overseas Chinese in Mexico in 2009, he questioned the Western pressure on China. At Singapore in November 2010, Xi promised further opening up and reform. In July 2011 he took charge from Jia Qinglin of the Central Tibetan Work Committee and toured Tibet extensively, thus indicating his intention to tackle the Tibet issue head on. More than thirty Tibetans have committed self-immolation protests against China in the last few months. Xi indicated that he would follow the previous policies of “strike hard”; but the appointment of Chen Quanguo (closer to Li Keqiang) as Party Secretary in Lhasa and Shi Jun for Sichuan province indicates a “soft hand” approach as well. He commented, during his tour of Tibet, that this was a historical mission the CCP had to contend with. Xi is also in charge at the small PBSC leading group related to the South China Sea islands issue, which has been on the boil since 2009. In the run-up to the 18th Party Congress, Xi has to balance his positions on Tibet and South China Sea as competition from rival factions could intensify on these issues.

As a princeling, Xi is well versed with the CCP cadres, ethos and ideology. He studied at Qinghua University, but was reportedly not regular at his Ph.D. studies. He served in Fujian and Zhejiang and for a brief while in Shanghai. He earned the sobriquet “Mr Do It” [*mashang jiuban xiansheng*] for his quick

decisions, specifically in reform and opening up policies. In December 2010, speaking at the national conference of CCP Committee Personnel Management Department chiefs, Xi elaborated on the “three main criteria on personnel appointments” – be good at management and be upright; have decades of work experience in less well-off places; or be innovative and aggressive.<sup>15</sup>

#### LI KEQIANG

Li Keqiang served in Shenyang Province and, like Hu Jintao, belongs to the CYL. His visit to Hong Kong in August 2011 and announcement of a financial package during the global meltdown, his participation in the preparation and allocations of the 12th Five Year Plan, etc. appear to have contributed a great deal in boosting confidence in the Hong Kong business circles. There is a tussle between Li and Bi Xilai for the Premier position in 2012. Hu Jintao has visited Guangdong thrice in two years, but has not visited Chongqing, indicating, according to a report in *Ming Pao*, that he might be siding with Wang Yang (Party chief in Guangdong) instead of Bo Xilai (Party chief of Chongqing). Now that Bo Xilai is no more in office, there is increasing confidence in the Hu Jintao-Wen Jiabao-Li Keqiang camp within the CCP.

#### **Policies**

China has recently issued several key documents. There was a White Paper on National Defence in March 2011 (for the year 2010 and in a series every alternate year from 1998). The 12th Five Year Plan (for the period 2011–15) was finalized in March 2011, after a draft was proposed and debated since October 2010.<sup>16</sup> A White Paper was also published in September 2011 on China’s Peaceful Development Strategy.<sup>17</sup> Read together with the guidelines of the 16th and 17th CCP Congresses in 2002 and 2007 respectively on building a “well-off society” by 2020, the recent White Paper on National Defence, the 12th Five Year Plan and the White Paper on China’s Peaceful Development Strategy could be useful in explaining and predicting the broad contours of China’s security and foreign policies at least between 2011 and 2015. In addition, the Central Economic Work Conference in late December 2011 emphasized stability as the overriding principle of the CCP in the coming years. A statement at this conference observed: “Stability means maintaining steady macroeconomic policy, relatively fast economic growth, stable consumer prices and social stability”.<sup>18</sup> While the new political dispensation in 2012 may not be completely new, due to the rules and regulations of the CCP

and the recent political practice, it has to abide by the directions of the abovementioned three documents, prepared and adopted after circulation among the concerned.

### **Implications for India**

The meeting of important leaders at Beidaihe in July–August 2012 needs to first arrive at a consensus on the PBSC and PB composition and the content of the General Secretary’s Work Report at the Congress, while sticking to Deng Xiaoping’s injunctions. The Work Report outlines the broader strategic objectives and reflects on the international environment and domestic stability issues. Reform and opening up need to be tempered with the realities of declining economic growth rate and mass protests. The rising nationalism also needs to be factored in by the new leadership.

The CCP leaders have not made any specific comments on India recently, busy as they were with the Taiwan and South China Sea issues. The statements and policy papers issued recently indicate that domestic stability is the main concern for the Chinese leadership since the global financial crisis and Eurozone crisis are intensifying, drastically impacting on economic growth. This has serious implications for domestic political stability: more than 220,000 “mass protests” erupted in China in 2011. The growing number of “mass protests” – from 5500 in 1991 to 74,000 in 2007, 87,000 in 2008, 120,000 in 2009, and 180,000 in 2010 – should be a worrying trend for the leadership.

In the foreign policy domain, the “three pillar” strategy of the 16th Party Congress, extended to the “five pillar” strategy during the 17th Party Congress (viz., evolving relations with the major powers, neighbouring countries and developing countries, multilateralism and soft power) is likely to be reiterated in the 18th Party Congress. By 2011, China had become the second-largest economy in the world, with significant linkages to the US, European Union and Japan. It is natural that such links will be a priority for the new leadership. Also, since India had been factored in as a part of the five-pillar strategy, more forthcoming policies may be expected from Beijing towards New Delhi. This has already been reflected in the fourth BRICS summit in Delhi on 29 March 2012 when China reiterated, along with others, the need for global economic recovery and the steps to be undertaken in this regard. These included “adopt[ing] responsible macroeconomic and financial policies” by the West; IMF quota reforms; increasing the lending capacity of the IMF; leadership of the World Bank coming from developing countries; creation of a South-South Development Fund, etc. China and India also have converging views on climate

change and the Doha talks.

Multilateral cooperation with India does not mean that China will resolve the bilateral issues with this country within the time span of the 18th CCP. In fact, with rising nationalism in China and as reflected in the “Southern Tibet” construct since 2003, it is realistic to expect that the territorial issue will not be addressed by Beijing effectively. China would also be reluctant to address the Indian concern on the widening bilateral trade deficit and New Delhi’s reservations on lack of market economy status for China. However, Xi Jinping is likely to give a push for enhancing trade, project contracts and expanding business operations in India. The PLA faction in the next PB and the NPC is likely to push for more concrete results in military modernization in the Tibetan region, with consequences for India.

## Notes

- <sup>1</sup> The Sixth Plenum of the 17th CCP decided in October 2011 that the 18th Congress would be held in the “second half of 2012”. It was also decided that the Central Organization Department of the CCP would make concrete arrangements for the Congress. A total of 2270 deputies, elected from different electoral blocks by the CCP, will be attending the 18th Congress. They are to represent over 80 million cadres and 3.89 million grassroots party organizations. See “Earnestly Do a Good Job with the Work on Electing Deputies to the 18th Party Congress”, *Xinhua Domestic Service*, 22 November 2011, *NewsEdge Document* Number 201111221477.1\_f95001503ade6a9e, File Number 985, Accession Number 326750277.
- <sup>2</sup> In the Chinese literature, Mao Zedong, Zhou Enlai and others, who ushered in the People’s Republic of China in 1949 after the Zunyi Conference in 1935, formed the first generation of leadership: they held the reins of power till 1976; Hua Guofeng led in the interregnum during 1976–1978; Deng Xiaoping, Chen Yun and others constituted the second generation between 1978 till the Tiananmen Square incident in 1989; the third generation thereafter under Jiang Zemin held the reins of leadership till the 16th Party Congress in 2002.
- <sup>3</sup> See “Changes advertised slug”, *AFP*, 22 March 2012, *NewsEdge Document* Number 201203221477.1\_bda3009e55f16a22, File Number 985, Accession Number 332751342; Hsu Szu-chien, “Chongqing Events Reveal Discord”, *Taipei Times*, 6 April 2012, *NewsEdge Document* Number 201204061477.1\_0d3f0104e49c4bfb, File Number 985, Accession Number 333500035.
- <sup>4</sup> Ma Haoliang, “Four-Level Elections in Preparation for 18th Party Congress”, *Ta Kung Pao*, 24 July 2011, *NewsEdge Document* Number 201107241477.1\_86d40334af70a717, File Number 985, Accession Number 320700013.
- <sup>5</sup> Compared to the 17th CCP, it was decided to introduce a policy of “two increases, two

decreases, and one improvement” for the 18th CCP delegates. That is, for the grassroots deputies coming from the provinces, prefectures, cities and SOEs (Beijing-based), there will be an increase to 32 per cent and a decrease to 68 per cent for leading cadres. At the same time, it was decided to increase the number of deputies from workers and advanced models to about 10 per cent. See “Earnestly Do a Good Job ...”, n. 1. See also “People’s Daily Comments on Selection of Representatives for Party Congress”, *Xinhua*, 21 November 2011, *NewsEdge Document* Number 201111211477.1\_87be0035923df321, File Number 985, Accession Number 326700845; Dang Wu and Sai Zongbao, “PLA General Political Department Issues Circular to Plan for Work of Electing Armed Forces Deputies to Attend 18th Party Congress”, *Jiefangjun Bao*, 7 December 2011, *NewsEdge Document* Number 201112071477.1\_21ad02d26594ffa1, File Number 985, Accession Number 327500402.

- <sup>6</sup> The Beidaihe meetings were discontinued in the past decade, but reportedly convened in the summer of 2011, where Xi Jinping was tasked to be involved in selecting candidates to the 18th PB and PBSC in consultation with Hu Jintao. See Yu Mu, “Set to Take Charge of Personnel Affairs at 18th National Congress, Xi Jinping Is Drumming up Support”, *Ching Chi Jih Pao* (Hong Kong), 20 October 2011, *NewsEdge Document* Number 201110201477.1\_9bf80339905d2c44, File Number 985, Accession Number 325100716.
- <sup>7</sup> Li Cheng, “The Battle for China’s top Nine Leadership Posts”, *Washington Quarterly*, vol. 35, no. 1 (Winter 2012), pp. 131–45.
- <sup>8</sup> In February 2012, a “preliminary” list of the 18th PBSC included Xi Jinping as General Secretary and President, Li Keqiang as Premier, Zhang Deqiang as chairman of the National People’s Congress, Liu Yunshan as CPPCC Chairman, Li Yuanchao as Vice President, Wang Qishan as executive Vice Premier, Bo Xilai for ideological and political work, Wang Yang to head the Discipline Inspection Commission, and Zhang Gaoli for political and legal affairs of the CCP. See for this speculation, Yu Mu, “Big Storm in Chongqing; Results of 18th CPC National Congress Battle Hard to Predict”, *Ching Chi Jih Pao*, 15 February 2012, *NewsEdge Document* Number 201202151477.1\_b52303650c5a799f, File Number 985, Accession Number 331003034. According to another list (drawn in December 2011), apart from the abovementioned aspirants and their prospective positions, it was speculated that Zhang Deqiang could become head of the CPPCC, Yu Zhengsheng for the NPC post, Liu Yunshan for ideological work and Zhang Gaoli for Discipline Inspection Commission. See Liu Huateng, “Unprecedented Preliminary Consensus Reached on 18th Party Congress Standing Committee”, *Boxun News Network*, 27 December 2011, *NewsEdge Document* Number 201112271477.1\_263b096882abac45, File Number 985, Accession Number 328501880.
- <sup>9</sup> Bo Xilai was reportedly in contention with Li Keqiang for the post of Premier. With his outreach programmes, Bo had a wide attraction for a majority of the Politburo members. His outreach programmes included “red songs”, sending youth to the countryside, cracking down on crime syndicates in Chongqing, etc. Now that Bo has been dismissed, Li’s chances have brightened.



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- <sup>10</sup> The CYL currently has fifty members in the CC and 32 per cent of the PB. It is expected to enhance its influence in the run-up to the 18th CCP as well, but has to contend with the Shanghai faction.
- <sup>11</sup> Wen Jiabao's failed attempt to publish his views in the *People's Daily* and other efforts are cited in this regard. Granting of the Nobel Peace Prize to the jailed activist Liu Xiaobo and the Chinese government's outcry may have strengthened the conservative faction.
- <sup>12</sup> While the PLA had been active in the earlier decades of China, it appears to have given way to the CYL as a major faction in the CCP. Yet, despite the "Power flows from the barrel of the gun but the gun should be controlled by the Party" slogan, most of the CCP leaders jockey for influence in the PLA. This is true of Jiang Zemin, Hu Jintao and currently, Xi Jinping.
- <sup>13</sup> Hu Jintao's dismissal of Shanghai Party Chief Chen Liangyu in a corruption scandal rattled the Shanghai faction. Chen was dismissed for lending \$400 million worth pension funds to "illegal entrepreneurs". The Minister of Railways, Liu Zhijun, was dismissed on 12 February 2012 for "severe violation of discipline". Liu, a protégé of Jiang Zemin, appears to have fallen from the grace of President Hu Jintao and Premier Wen Jiabao. See Nathan Novak, "Endemic Corruption and the CCP", *Taipei Times*, 25 February 2011, *NewsEdge Document* Number 201102251477.1\_0c31011fbcd3bcf9, File Number 985, Accession Number 313251284.
- <sup>14</sup> See for this interpretation, Yu Mu, "Jiang Zemin's Surprise Public Appearance May Have 'Political Consideration'", *Ching Chi Jih Pao*, 13 October 2011, *NewsEdge Document* Number 201110131477.1\_13b0027ff7bf47af, File Number 985, Accession Number 324750353.
- <sup>15</sup> It was speculated that Qiu He, the CCP Secretary of Kunming, fulfilled the first criterion; Zhang Qingli (formerly Secretary of Xinjiang and Tibet) and Liu Qibao (of Sichuan) met the second criterion; and Bo Xilai (Chongqing) and Wang Yang (Guangdong) met the third criterion. Hu Jintao spoke at the 1 July 2011 anniversary of "the CCP at 90 years" speech about the seven musts including, "we must recruit people on merits without regard to their origins". He had suggested the idea of *Wuhu Sihai* (people recruited from five lakes and four seas).
- <sup>16</sup> The 12th Five year Plan emphasized "inclusive growth" (包容性增长 – *baorongxing zengzhang*), thrust in the development of Strategic Emerging Industries (biotechnology, energy, IT, etc.), further opening up, but with higher tax structures on foreign-funded industries, etc. The 12th Plan Guidelines changed the previous "Strong State, Wealthy People" (国强民富 or *guoqiang minfu*) into "Wealthy People, Strong State" (民富国强 – *minfu quoqiang*).
- <sup>17</sup> Significant passages of this paper include reiteration of China's independence and the statements: "the central goal of China's diplomacy is to create a peaceful and stable international environment for its development"; "as its comprehensive strength increases, China will shoulder corresponding international responsibilities and obligations"; "China

is firm on upholding its core interests, which include the following: state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development"; "China cannot develop itself in isolation from the rest of the world, and global prosperity and stability cannot be maintained without China". Interestingly, the document does not mention the South China Sea dispute, although China's Foreign Minister in an "informal" meeting with the US officials had mentioned this issue as a "core interest" for China – besides Tibet and Taiwan. Dai Bingguo, the State Councillor, also had raised a similar issue in the July 2009 US-China Strategic Economic Dialogue. In the aftermath of these statements and the Hanoi meetings in October 2010, China was isolated in the region.

<sup>18</sup> This is cited by Chris Yeung, "China 2012: Danger and Opportunity", *Hsin Pao* (Hong Kong Economic Journal), 13 January 2012, *NewsEdge Document* Number 201201131477.1\_8c2b0143acfb94b, File Number 985, Accession Number 329350546.

