



Chatham House Briefing

China's 17th Party Congress: Leadership, not Policy.

Dr Kerry Brown, Asia Programme, Chatham House November 2007

Key Points:

- China's five yearly Party Congress saw four new figures enter the Standing Committee of the Politburo, and three retire. One had died before the Congress.
- The old factional divisions are breaking down. Elite politics in China is now increasingly resembling politics elsewhere – politicians with personal interests, loosely associated with allies, but with no one powerful enough to broker consensus.
- Xi Jinping and Li Keqiang are the more prominent figures in the new leadership. However, neither has a clear advantage. The decision over who will replace President Hu Jintao and Premier Wen Jiabao is likely to result in a political tussle lasting until the next congress.
- The challenge over the next year for the new politburo will be to address China's massive internal problems to handle the increasingly fractious relationship with the US, particularly during a US election year, and to ensure that the Olympics is an unqualified success.
- China's politburo leaders are, as never before, global figures. Their composition has never been more complex. The challenges facing them (resource allocation, economic growth, social stability, the environment) are increasingly in need of international solutions. Western leaders have to understand what makes them tick, how to interact with them, and how to work with them. The old parameters and received wisdom are breaking down, fast.

The Congress Outcomes

China's five yearly Party Congress finished after a week long meeting in Beijing, October 2007. At the last Congress, in 2002, Hu Jintao was anointed as President and General Secretary of the Communist Party of China (CCP). This had been long expected. The composition of the Politburo had split neatly into those associated with the previous leaders (Jiang Zemin and Zhu Rongji), what has come to be known as the Shanghai Clique, and those closer to Hu and the new generation leadership.

Five years on, the Jiang Zemin – Zhu Rongji era seems like ancient history. President Jiang's one contribution to this congress was to fall soundly asleep during Hu Jintao's opening speech – an act in which he was joined by an even more ancient predecessor, Mao Zedong's original chosen successor in 1978, Hua Guofeng. At least during this congress one could say that most previous leaders slept soundly.

This Party congress was not about policy. There were no great battles between leftists harking back to the times of Chinese communist economic autarky, and liberals, wanting to push the boundaries of Party reform even further outwards. Consensus reigns over where China's great problems lie – social inequality, further economic reform, and addressing the problems of a destroyed and degraded environment. What this Congress will be remembered for is simply leadership issues. The first signs of what has already been called the 'Fifth Generation Leadership' have begun to appear. For many months there has been speculation about the new leadership, with over a dozen names bandied around. This time, there is concrete proof at last of who the President and Premier might be at the next Party Congress in 2012, when Hu and Wen come to the end of their periods in power.

The New Kids on the Block

Observers of Chinese elite politics like to make clear distinctions between different factions. The Shanghai clique versus the Hu-clique. The leftists versus the reformists. The elitists versus the popularists. This time, though, it is harder to use labels like these. The new Standing Committee of the politburo have patronage links to different organisations in the Party, from the Party School to, famously in Hu's case, the Communist Youth League, which he headed in the early 1980s. Some of them have spent a lot of time in the developed, booming coastal provinces. Others, like Li Keqiang, have spent time in the poorer inland or North Eastern provinces. The

members of the last Politburo Standing Committee were all engineers by training (though, to be fair, Wen Jiabao was more a geologist). They were technocrats, with those who had been abroad at all educated in the Soviet Union – or, in Luo Gan's case, Germany. No one had a degree above Masters level.

Xi Jinping and Li Keqiang break this mould a little. Their degrees are both at Ph D level. Xi's was in Law and Politics, Li's in Economics. The other new entrants, Zhou Yongkang and He Guoqiang are both engineers. Xi continues the Qinghua university stranglehold (four members of the last Standing Committee were graduates of Qinghua), though Li graduated from Beijing University. In the new Politburo, we are faced with very local, Chinese politicians, with even less international experience and exposure than the generation of Deng Xiaoping, or Jiang Zemin. Trying to find a successor based on princeling status – sons of former high level cadres – only works so far. Xi Jinping, famously the son of a revolutionary leader, is one potential candidate. But Li, like Hu, has worked his way from humble roots, through the Party structure. In that sense they represent perhaps the closest we can get to two broad groupings within the Party – those with strong links to already extant leadership structures, and those with grassroots support.

Whatever the complexion of these various groupings, one thing is certain. They are all committed to the continuation in power of the CCP. And its success over the last decade has been phenomenal, with 20 million people a year applying to join, and only 2 million allowed in. With membership now at 74 million, the Party has, on the surface, never looked in ruder health. There are no obvious opponents with any organisational capacity. The Party controls the areas it feels are significant to its interests, while allowing the burgeoning middle class freedoms in other areas that do not impinge on its interests. As of today, there are no signs that any of the members of the Politburo, new or old, are reformists. In fact, in Li Keqiang's case, they are admired for being hardliners, taking a tough stance against any opposition to the Party, and, as Hu so famously did in 1989 in Tibet, willing to act ruthlessly to ensure the power of the Party is preserved. This looks unlikely to change, and is the one thing that unites this new, varied political elite.

No 'First Among Equals'

The political capital of the central leadership figure in Chinese politics since the founding of the PRC in 1949 has been diminishing with each generation. Mao ruled like a God, and a few words from his mouth were able to redirect policy – especially in his final years. Deng Xiaoping, while nowhere near as autocratic as Mao, drew on a long history as a revolutionary and had massive credibility in the Party and with the public. Leading well into his 90s, Deng even pulled the newly appointed leaders of China up sharp in 1992 during his famous ‘southern tour’, and is credited with pushing China’s economy towards more outward expansion and export-led development. Conversely, Jiang Zemin took years to be taken seriously, but was eventually able to face down both the People’s Liberation Army (PLA) in 1996, the anti-WTO group in 2000, and to deliver serious political changes. Hu is the weakest of the four, his sole contributions to policy so far being the woolly, and slowly receding ‘harmonious society’ push, the ‘peaceful rise’ rhetoric, and the latest demand that his idea of ‘scientific outlook on development’ be put in the constitution. The big legacy stuff – founding of the PRC for Mao, opening up and reform for Deng, entry to WTO and acceptance of entrepreneurs for Jiang, has so far evaded Hu.

Rumours this time abounded before, and during the Congress, that Hu had simply not been able to pull together enough clout to get his favoured candidates into leadership positions. The recent surprise ‘retirement’ of Jiang Zemin’s old ally, Zeng Qinghong, from the Politburo at the Congress bolstered claims that, as last year when another thorn in his side, the corrupt Party Secretary of Shanghai Chen Liangyu had been removed from power, Hu was starting to get his own way. But in fact, the continuation of Jia Qingling in office was read as a sign that Hu was very limited in his area of manoeuvre, Jia is rumoured to have been Jiang Zemin’s best man. And while Xi’s being one place above Li in the politburo was seen as proof that he was the favoured successor, to many observers the very fact that there were two likely contenders for power in the Standing Committee only proved that Hu had simply been unable to pull off a clean succession, despite his preference for Xi – and this time, all he can do is let them take the next few years to prove their credentials, until an obvious successor to the top position emerges, maybe just a year, or a few months, before the 2012 congress.

Paradoxically, while the party, collectively, has never been stronger, its leaders at the top are considerably weaker than they were before. Maybe this will help with institution building, and taking Chinese politics away from what has been called the ‘rule of man’ to the ‘rule of law.’ It might also be a step towards making Chinese

politics look a little bit more like politics elsewhere - based on the personalities, interests, and ambitions of particular individuals, rather than the shifting of tectonic plates between different groups and factions. Xi Jinping and Li Keqiang will be most focussed, rather like politicians in Western countries, on demonstrating that they merit public support for their final gambit for the leadership. From the end of the Congress they will, in some senses, be embarking on a five year long election campaign. The only difference is that the final decider will not be a simple display of public choice through elections or democratic processes, but through the much harder to divine collection of signs that currently need to be put into the pot to get a result in Chinese politics – public support, leadership support, Party support. International performance is the least significant. The Chinese want a leader who serves China's interests. Those who are too linked with the outside world are regarded with suspicion.

The Battle Ground

The greatest challenges for the new Politburo over the next five years, unsurprisingly, will be internal ones. Hu and Wen have reached out to the disenfranchised communities – agricultural workers, migrant workers, the poor, the 200 million in China that earn less than a dollar a day. But they have had limited success, and their visible anti-corruption campaigns to restore moral credibility to the Party are addressing an almost endemic, unsolvable problem, as long as the Party continues without radical reform. Hu and Wen's greatest problem has also been their final saviour – the monopoly in power by the CCP. The Party lies at the heart of China's other problems too – energy needs and the environment. The answer to both of these is through political routes, rather than needing to find any new solutions. China's environmental problems, in particular, are well recognised by this leadership. But provinces still place economic development above the environment. Breaking that will take firm political will. China's new leaders need to be clear where their priorities lie. They will need to know what they have to expend political capital on, seeing as it is so limited for them, and what they have to live with, even if it means bearing this with gritted teeth.

They will also need to work hard over the next few months on their relationship with the US. Problems between the two have been piling up for the last year or so and include; trade issues, the meeting between Bush and the Dalai Lama, the quality of exports, China's role in Africa, North Korea and Burma. Any of these could become

the final issue that causes a negative change in the relationship. The most difficult of all, Taiwan, remains the ultimate joker in the pack. 2008 will be a tough year. The new leaders face two challenges. First, judging from history, an election year in the US almost always leads to China being demonised. Clinton and Bush Junior talked tough about China on the election trail during their first stab at office. This time looks like it could be even worse, with a wide open field of candidates, and the trade deficit issue with China going off the scale. This will be exacerbated by the Beijing Olympics. Bush may have already promised to go. But China will be ill prepared for the onslaught of journalists and others converging on Beijing and hunting for stories. One mishandled press conference, or small outbreaks of demonstrations that spiral out of control, and these games could end up being memorable for the wrong reasons. And because of national pride, China will take this very badly indeed. It will need to have the best possible PR strategy – and a steady nerve to make sure that its image is enhanced in the way it wants after the games, rather than lying in tatters.

They are our leaders too

China's new leaders are global leaders. The nine members of the standing committee are making decisions on issues that impact directly on the rest of the world. If they seek oil and gas in Africa more than the Middle East, it will impinge on global energy supplies. If they decide to back away from support for climate change policies, it will denigrate the efforts of the rest of the world. If they decide to cool their relationship with the US, and look at a different, less export orientated economic model, that will affect global trade, GDP growth, and prosperity. Far from being a closed cabal, they are in fact, leaders of the world's most successful, best supported, and powerful single organisation – the Communist Party of China. Like them or loathe them, one thing we all must do over the next five years is get to know these people better. As never before, they really do have the world in their hands.

Contact: Kerry Brown, Associate Fellow, Asia Programme, kbrown@chathamhouse.org.uk

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Contact: **Dr Kerry Brown, Associate Fellow, Chatham House:**
kbrown@chathamhouse.org.uk

Chatham House 10 St James's Square London SW1Y 4LE
T: +44 (0) 20 7957 5700 F: +44 (0) 20 7957 5710 www.chathamhouse.org.uk
Charity Registration Number: 208223