

Leadership Change at the 17th Party Congress: A Preview

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Thank you very much, Congressman Kirk, for that generous introduction. I am honored to speak to such a distinguished audience. I want to applaud the Congressional US-China Working Group, the Committee of 100, and NBR for organizing this timely briefing on the on-going 17th Party Congress of the Chinese Communist Party.

My assignment is to offer a few predictions about the changes in top leadership that will occur at the Party Congress, which will be announced either Sunday or Monday. In the next ten minutes or so, I will seek to address four questions: First, *why* is the 17th Party Congress critically important? Second, *how* is the 17th Congress likely to choose Hu Jintao's successor? Third, *who* are the front-runners in the race to be Hu Jintao's successor? And fourth, *what* are the collective characteristics of the upcoming generation of leaders?

I would like to start with a joke. In the middle of a trans-Pacific flight, an aircraft pilot announced to the passengers that he had good news and bad news. "The good news," he said, "is that we are ahead of time. The bad news is that we are lost."

This joke is also a metaphor for today's China. The country has had the fastest growing economy in the world for two decades, but it seems to be "lost" concerning the political direction in which it is heading. China's political system has become increasingly inadequate for dealing with the complicated, sometimes contradictory, needs of the Chinese economy and society.

Coincidentally, the next round of leaders, which will emerge in the national leadership at the 17th Party Congress in a few days, is mainly composed of members of the so-called "lost generation." These individuals were born in the 1950s, and most lost the opportunity for formal schooling due to the Cultural Revolution. Many of them were sent from the cities to the countryside to work as farmers in the late 1960s. Yet, many of these fifth generation leaders made remarkable "come-backs" by entering college when the higher education system reopened after 1978. These experiences enabled them to put their professional and political careers back on track. Now, in their late 40s and early to mid-50s, they are on their way to the pinnacle of power.

Will this new generation of leaders have a better understanding of their fellow citizens' needs than previous leaders? Will this "lost generation" of leaders, who made drastic changes and dramatic "come-backs" in their own lives, also find a brighter future – a path to democracy – for their country? How does this generation of leaders differ from their predecessors in responding to the daunting socio-economic challenges and ever-changing international environment confronting China today? These questions illustrate *why* the 17th Party Congress is critically important. I believe that this Party congress will see a large scale leadership turnover, resulting in the rapid rise of the fifth generation of leaders who will run the country for most of the next decade and beyond.

Largely due the mandatory retirement age, over 60 percent of the members of the Central Committee and about half of the Politburo members are expected to retire at the 17th Party Congress. While the current top leaders, including President Hu Jintao and Premier Wen Jiabao, will most likely remain in power for another five-year term, a large number of senior leaders will be replaced. Among the current eight members of the Politburo Standing Committee, the highest decision-making body in the Party, *at least* four leaders are expected to retire. Although the leadership of the State Council will not change until the 11th National People's Congress in March of 2008, the candidates for top positions in that body will most likely be decided at this Party Congress. Three of the four current vice-premiers and all five of the current state councilors will most likely be replaced. And if things go as expected, China's leadership teams in economics and finance, Party discipline and organization, foreign affairs, and military affairs will all consist largely of newcomers after this Congress.

Next, let's look at how the 17th Party Congress is likely to choose Hu Jintao's successor. The question on everyone's mind is: "After Hu, Who?" A great deal of public attention concerning the 17th Party Congress will be given to the issue of the selection of Hu Jintao's successor.

There are two options by which the designated successor can be chosen. The first option is to select a single younger leader, the "core" leader of the fifth generation, to be the successor to Hu. This is the way Hu Jintao himself was chosen fifteen years ago. The second option is to choose two or more "rising stars" from the next age cohort and make them members of the Politburo or the Politburo Standing Committee. These individuals will then be waiting in line for succession to the top posts in the Party and the state. At the 18th Party Congress in 2012, they will be promoted to the position of successor through some sort of election within the Central Committee.

Both options involve serious political risks. With the first option, the designated successor may not receive the endorsement of the political establishment, and if that happens then a leadership succession crisis might occur. In recent years, Chinese public opinion has been quite critical of the traditional method of appointing the heir apparent. To designate one core leader seems to contradict the top leaders' recent rhetoric about the promotion of collective leadership and inner-Party democracy. But the second option will leave the door open for factional lobbying, with the potential for a split within the CCP leadership. This is a serious dilemma that Hu Jintao faces now.

The good news for Hu Jintao is that regardless of what mechanism the top leaders use to select his possible successor, his own protégés are well-poised to ascend to top leadership posts. This leads me to the third question: *Who* are the front-runners of the so-called fifth generation of leaders? In my judgment, the following five leaders in the fifth generation have a chance to be Hu's successor. They are 52-year-old Liaoning Party Secretary Li Keqiang, 57-year-old Jiangsu Party Secretary Li Yuanchao, 52-year-old Chongqing Party Secretary Wang Yang, 54-year old Shanghai Party Secretary Xi Jinping, and 59-year old Beijing Mayor Wang Qishan. The first three of these leaders advanced their political careers from within the Chinese Communist Youth League, Hu Jintao's power base, and are known as members of the Youth League faction, or *tuanpai*. The last two, Shanghai Party Secretary Xi Jinping and Beijing Mayor Wang Qishan, are referred to as "princelings", a term used to describe leaders who come from families of former high-ranking officials. All five of these leaders currently serve on the 16th Central Committee as full or alternate members.

Let me move to my fourth and final question: *what* are the collective characteristics of the fifth generation of leaders? These five leaders in fact represent many of the characteristics shared by members of the fifth generation of leaders more broadly. They all have had substantial provincial leadership experiences. Most hold post-graduate degrees, often in economics, politics and/or law, in sharp contrast

to the dominance of technocrats in the third and fourth generations. In the case of the two Li's and Xi Jinping, they hold Ph.D. degrees. Some of them have studied briefly in the West.

Probably the most important collective characteristic they share is that they all had humbling experiences during their formative years. Four of them were "sent-down youths," and the other, Wang Yang, the eldest child in his family, began to work in a small factory at the age of 16 to help his single mother support the family. All these humble experiences were instrumental in fostering important personal traits for these leaders, including endurance and adaptability to hardship, the ability to communicate with poorly-educated farmers and workers, and a deep understanding of rural poverty.

In my assessment, the fifth generation of leaders will likely promote political reforms for the next decade or so. While this is partially due to their personal experiences and educational backgrounds, it has even more to do with the emerging checks and balances with the Chinese leadership. For the first time in the history of the PRC, the ruling Party is no longer led principally by a strongman, such as Mao or Deng, but instead consists of two competing elite groups. These two groups consist of a "populist coalition", led by President Hu Jintao and Premier Wen Jiabao, and an "elitist coalition", led by former President Jiang Zemin and current Vice-President Zeng Qinghong. It is not a coincidence that two of the possible successors to Hu Jintao that the *New York Times* identified as leading candidates come from these two camps. Li Keqiang, a *tuanpai* leader, belongs to the populist coalition while Xi Jinping, a "princeling", comes from the elitist coalition.

These two factions represent two different socio-economic class interests and the policy priorities of different geographic regions. For example, the elitist group represents the interests of the coastal region (China's "blue states") as well as the interests of entrepreneurs, the middle class and princelings, while the populist coalition gives voice to the concerns of farmers, migrant workers and the urban poor, especially those located in inland provinces (China's "red states"). These two coalitions cooperate on certain issues and compete against each other on others.

Consequently, the rules of the games of Chinese elite politics have changed. Top Chinese leaders have begun using the term "inner-Party democracy" to describe the idea that the Party should institutionalize checks and balances within its leadership. Compromise, negotiations, deal-making and consensus-building have become more frequent. At the same time, China's political process will likely become increasingly competitive in the years ahead.

I would be delighted to answer your questions.