

# CRS Report for Congress

## China's New Leadership Line-Up: Implications for U.S. Policy

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## Summary

Key leadership and policy decisions the China Communist Party made at its 16<sup>th</sup> Party Congress of November 8 — 14, 2002, and at the annual National People's Congress (NPC) meeting in March 2003 will affect the People's Republic of China (PRC) for the foreseeable future, but are unlikely to have an impact on U.S.-China relations any time soon. At the Party meeting in 2002, Secretary Jiang Zemin, who held the leading Party position for 13 years, stepped down and was replaced by then Vice-President Hu Jintao, long considered to be successor-in-waiting for the top Party spot. In addition to Party Secretary, the Party named a new Politburo, the PRC's top policy and decision-making body. Missing from the new 24-member Politburo were the PRC's long-standing top three leaders: former Party Secretary and President Jiang Zemin, Premier Zhu Rongji, and Vice-Premier Li Peng. Completing official leadership changes within the state government, in March 2003, the National People's Congress selected a new PRC President (Hu Jintao), a new Vice-President (Zeng Qinghong), and a new Premier (Wen Jiabao). The new line-up suggests a wholesale transfer of power to a new generation of leaders.

But beneath the surface, the story appears more complex. Although Jiang officially has stepped down from most of his official positions, at least five of the nine new Politburo Standing Committee members are considered to be his proteges. This suggests Jiang will continue to wield substantial influence over future decisions, even though not a Politburo member himself. More uncertainty involves the Secretariat, another important Party vehicle immediately under the Politburo. The Secretariat's role has been inconsistent in PRC history. Originally the supreme decision-making body (in the 1940s), it evolved into an administrative body under the PRC's 1982 Constitution, overseeing the implementation of Politburo decisions. But the new leading member of the Secretariat after the 16<sup>th</sup> Party Congress is Zeng Qinghong, for many years Jiang Zemin's closest advisor and widely considered to be an exceptional political operative. Some have suggested that giving such a position to Zeng, who went from Politburo alternate to full member of the Standing Committee at the 16<sup>th</sup> Party Congress, signals that the Secretariat may begin to have a more powerful, more assertive role in Chinese policymaking.

In substantive policy decisions, the results of the 16<sup>th</sup> Party Congress and the 2003 NPC meeting brought no surprises. As was anticipated, the overwhelming emphasis was on continued economic development in China. In what was described as a significant theoretical contribution to socialism, the Party amended its Constitution with a new political theory associated with Jiang Zemin — dubbed the "Three Represents" theory — intended to expand the Party's constituency beyond peasants and workers to include advanced productive forces (private sector entrepreneurs); advanced culture; and the interests of the "overwhelming majority" of the Chinese people. The Party also amended its constitution to allow private entrepreneurs and business representatives — hitherto banned from membership — to join the Chinese Communist Party.

This CRS report will be updated as events warrant.

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# China's New Leadership Line-Up: Implications for U.S. Policy

## Introduction

At its 16<sup>th</sup> Party Congress of November 8-14, 2002, the Chinese Communist Party made key leadership and policy decisions which will affect the People's Republic of China (PRC) for the foreseeable future. Party Secretary Jiang Zemin, who held the leading Party position for 13 years, stepped down and was replaced by Vice-President Hu Jintao, long considered to be successor-in-waiting for the top Party spot. In addition to Jiang Zemin, the Party named a new Politburo, the PRC's top policy and decision-making body. Missing from the new 24-member Politburo were the PRC's top three leaders: Party Secretary and President Jiang Zemin, Premier Zhu Rongji, and Vice-Premier Li Peng. As Politburo membership is generally associated with senior leadership status, the new line-up suggested that there was underway a wholesale transfer of power from the so-called "third generation" to a "fourth generation" of new leaders.<sup>1</sup>

At its annual meeting in March 2003, the National People's Congress (NPC) completed the official aspects of the leadership transition by naming new officials of the state government apparatus, including senior officials and a new cabinet. PRC President and former Party Secretary Jiang Zemin also ended his term as the highest state official, replaced in this role Hu Jintao, also the successor to his Party post. As was anticipated, Zeng Qinghong was named Vice-President, and Wen Jiabao was named Premier.

For the U.S. Congress, PRC leadership changes provide important indicators of the future direction of PRC foreign and domestic policy, of U.S.-PRC relations, and of the progress in the PRC's reform, anti-corruption efforts, and continued international engagement. This paper provides an overview of these developments, including a discussion of the PRC's current leadership structure, actual and pending leadership changes, and the identities and backgrounds of new senior leaders. The report also assesses the degree of change likely to occur in PRC policies as a result of the 16<sup>th</sup> Party Congress, as well as the implications for U.S. policy.

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<sup>1</sup> In terms of communist Chinese leadership, Mao Zedong is the first generation; Deng Xiaoping, the second generation; and Jiang Zemin and current senior leaders, the third generation.

## Overview and Background

The political structure of the PRC consists of three separate, vertically integrated systems: the Chinese Communist Party (CCP), whose highest decision-making body is the Politburo and its Standing Committee; the state government apparatus, the titular heads of which are the President and Vice-President but whose business really is conducted by the State Council headed by the Premier; and the People's Liberation Army (PLA), whose highest decision making body is the Central Military Commission (CMC).<sup>2</sup> Until the 1980s, there was such redundancy among these systems' structures, functions, and personnel that they often were indistinguishable. Party and state structures closely paralleled one another, with party groups the highest decision making entities at every state level. Senior government ministers and PLA leaders exercised little effective independence from party control.

This situation began to change in the 1980s under the reform coalition led by Deng Xiaoping. In an attempt to inject more pragmatism, practical experience, and efficiency into decision making processes, reformers in the 13<sup>th</sup> Party Congress<sup>3</sup> in 1987 instituted political reforms aimed at separating party from state structures and removing the party from most administrative duties, while allowing the party to retain its supremacy in defining broad policy goals and making final decisions on "sensitive" issues.<sup>4</sup> As a result of these and other reforms, government ministries began to act more like independent operators, with a cabinet-level minister functioning more like a Chief Executive Officer over his or her agency — still answerable ultimately to a board of directors (the Party Politburo), but otherwise with wider latitude in decision making than before. The dominance of economic factors and a proliferation of research groups and other actors in the PRC political system further decentralized decision making and administrative processes.

Despite these changes, some determining factors remained the same. Personalities remained of vital importance, with position or title likely to derive from personal connections rather than the reverse. This means that formal institutions of power were still less important than informal power arrangements in PRC decision making. There was still a leadership "core" surrounding a paramount leader. From 1978 until shortly before his death in 1997, the paramount leader was Deng Xiaoping; then, it became Party Secretary Jiang Zemin, although he was regarded by most observers as wielding less power over state and party apparatuses than did

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<sup>2</sup> In addition, the system of People's Congresses are often seen as an integral part of the PRC political structure, although they have little actual power.

<sup>3</sup> Party Congresses in the PRC are held approximately every 5 years. At these crucial meetings, the Communist Party makes the Party and government leadership choices and sets the country's policy direction for the next five years. The 16<sup>th</sup> Party Congress was held in November 2002.

<sup>4</sup> How an issue becomes "sensitive" in China is not clearly understood. It may be an issue of vital importance to the Chinese leadership (such as the Taiwan issue) or anything involving a major country or trading partner (such as Russia) or anything involving U.S.-China relations. It may also be an issue that the leadership perceives as having an impact on either the party's legitimacy or on an individual leader or group of leaders, such as the Falun Gong spiritual movement.

Deng. The party was still preeminent — or, as the 1982 Party Constitution put it, “The Communist Party of China is the vanguard of the Chinese working class, the faithful representative of the interests of the people of all nationalities in China, and the force at the core leading China’s cause of socialism.”<sup>5</sup> Factional politics were still a potent force in the 1980s in behind-the-scenes maneuvering. And finally, despite the official, formalized power structure, much about China’s decision making processes remained a mystery to outsiders.

At the beginning of the 16<sup>th</sup> Party Congress on November 8, 2002, China’s foremost leader, Jiang Zemin, sat at the top of all three of these pillars: as Party Secretary he headed the Chinese Communist Party, presided over the Party Politburo, and was head of the Politburo Standing Committee; as President of the country he was the titular head of the state government, able to conduct official visits with other heads of state; and as Chairman of the Central Military Commission he was formally the head of the PLA. Practically speaking, the state government apparatus actually was run by Premier Zhu Rongji and the Central Military Commission was comprised of senior PLA leaders who also exercised influence and power within the military along with Jiang.

### 16<sup>th</sup> Party Congress, November 8-14, 2002

At intervals (more recently approximately every five years) the Chinese Communist Party holds a Party Congress, attended by some 2,000 senior Party members, to authorize policy and leadership decisions within the Party for the coming five years. Among other things, at this Congress the Party selects a new Central Committee, which in turn selects a new Politburo and a new Politburo Standing Committee. While the appearance generally is given that the Party Congress itself is making these choices, the decisions almost always are made ahead of time by a select group of senior leaders, then ratified at the Congress. The Congress of November 2002 was the 16<sup>th</sup> of these Party Congresses held since the founding of the PRC.

In terms of substantive policy decisions, the results of the 16<sup>th</sup> Party Congress brought no surprises. As had been long anticipated, the overwhelming emphasis at the Congress was on continued economic development in China, with the catch-phrase being to “build a well-off society in an

#### The 16 CPC Congresses\*

1 <sup>st</sup> — July 1-5, 1921	— Shanghai
2 <sup>nd</sup> — July 16-23, 1922	— Shanghai
3 <sup>rd</sup> — June 10-20, 1923	— Guangzhou
4 <sup>th</sup> — Jan. 11-22, 1925	— Shanghai
5 <sup>th</sup> — Apr. 27, 1927	— Wuhan
6 <sup>th</sup> — June 18-July 11, 1928	— Moscow, USSR
7 <sup>th</sup> — Apr. 23-June 11, 1945	— Yan’an
8 <sup>th</sup> — Sept. 15-27, 1956	— Beijing
9 <sup>th</sup> — Apr. 1-24, 1969	— Beijing
10 <sup>th</sup> — Aug. 24-28, 1973	— Beijing
11 <sup>th</sup> — Aug. 12-18, 1977	— Beijing
12 <sup>th</sup> — Sept. 1-11, 1982	— Beijing
13 <sup>th</sup> — Oct. 25-Nov. 1, 1987	— Beijing
14 <sup>th</sup> — Oct. 12-18, 1992	— Beijing
15 <sup>th</sup> — Sept. 12-19, 1997	— Beijing
16 <sup>th</sup> — Nov. 8-14, 2002	— Beijing

\* Source: *People’s Daily Online*

<sup>5</sup> This provision was changed at the 16<sup>th</sup> Party Congress to reflect Jiang Zemin’s “Three Represents” theory.

all-round way.”<sup>6</sup> In what was described as a significant theoretical contribution to socialism and a “crystallization of the Party’s collective wisdom,” the Party adopted as an amendment to its Party Constitution a new political theory associated with Jiang Zemin — dubbed the “Three Represents” theory — which seeks to expand the Party’s traditional definition of itself as the representative of the working class by adding three additional constituencies: China’s advanced productive forces (read capitalist entrepreneurs); China’s advanced culture; and the interests of the “overwhelming majority” of the Chinese people. In addition, the Party amended its constitution to allow private entrepreneurs and business representatives — hitherto banned from membership — to join the Chinese Communist Party.

## Party Leadership

### Politburo

The 16<sup>th</sup> Party Congress selected a new Politburo, which sits at the top of the Chinese Communist Party’s political structure. The new body has 24 members plus one alternate — an expansion from its predecessor’s membership of 22 members plus 2 alternates.<sup>7</sup> Although officially the Politburo in Beijing is the PRC’s chief decision-making body, its relatively unwieldy size and its lack of a known formalized meeting schedule suggest that the full Politburo is only marginally involved in routine policy decisions. Full involvement of the Politburo is more likely when the stakes are high — as when considering major policy shifts, dealing with crises, or when a higher level of legitimization of a particular policy direction is necessary.

With only one female member, Wu Yi, the new Politburo named at the 16<sup>th</sup> Party Congress continues the PRC tradition of male-dominated decision-making bodies. Seventeen of the 24 Politburo members are new to the body this year, suggesting a large-scale shift of power to a new generation of leaders. But some observers question how much power Jiang Zemin and his associates known as the “Shanghai Faction” really have given up. A majority of the new Politburo members, for instance, are considered to be either affiliates of PRC President Jiang Zemin or men close to the larger Shanghai faction, suggesting Jiang’s continuing influence. Also, one powerful member of the former Politburo Standing Committee, Li Ruihuan, was named neither to the new Politburo nor even to the Central Committee, despite widespread expectations that he would be one of the top leaders in the new line-up. Since at 68 he had not yet reached retirement age, his removal from power was attributed to Jiang Zemin, his chief political opponent.

### Standing Committee Membership

The Politburo’s Standing Committee is considered to wield the real decision-making power in the PRC. The 16<sup>th</sup> Party Congress named a new, nine-member

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<sup>6</sup> Report delivered by Jiang Zemin to the 16<sup>th</sup> Party Congress on behalf of the 15<sup>th</sup> Central Committee, November 8, 2002.

<sup>7</sup> See Tables 1 and 2 for comparison of old and new Politburo membership, respectively.

Politburo Standing Committee, an expansion of its seven-member predecessor. As with the full Politburo, on paper the new leadership arrangements appear to represent a wholesale shift of power to a new set of leaders. Of the seven members of the previous Standing Committee, only one was retained — newly chosen Party Secretary Hu Jintao — so that eight of the nine new Standing Committee members are new to the body.<sup>8</sup>

Beneath the surface, however, the story appears to be more complex. Although Jiang officially stepped down as Party Secretary, the makeup of the new Standing Committee suggests that he will remain influential, contrary to earlier predictions to the contrary. If precedent holds true, Jiang is likely to continue to wield substantial influence over future Standing Committee decisions, even though not a Politburo member himself. Of the nine new Standing Committee members, at least five are considered to be Jiang's proteges. This raises questions about the future power and influence of the remaining members, particularly newly elected Party Secretary Hu Jintao and Wen Jiabao (the latter named Premier in March 2003 to replace Zhu Rongji).<sup>9</sup> The fact that the senior leader of the Party and the anticipated senior leader of the government are in a minority on the Standing Committee suggests to some that these positions have been diminished.

A further uncertainty has to do with the Secretariat, another important Party vehicle officially listed as immediately under the Politburo. The role of the Secretariat has been inconsistent in PRC history. Originally the supreme decision-making body (in the 1940s), the Secretariat evolved into an administrative rather than a decision-making body under the PRC's 1982 Constitution. As such, its role was largely to oversee the implementation of decisions made by the Politburo. But the new leading member of the Secretariat after the 16<sup>th</sup> Party Congress is Zeng Qinghong, for many years Jiang Zemin's closest advisor and widely considered to be an exceptional political operative. Some have suggested that giving such a position to Zeng, who went from Politburo alternate to full member of the Standing Committee at the 16<sup>th</sup> Party Congress, signals that the Secretariat will have a more powerful, more assertive future role in Chinese policymaking.

## Changes in Government Leadership

The substantial leadership changes made at the Party level in late 2002 led most observers to conclude that similar changes would undoubtedly be reflected in leadership of the government and cabinet in 2003. Under the PRC constitution, government officials are chosen by the full National People's Congress, which meets only annually — generally in March — for approximately two weeks. As a result of these two different timetables, PRC leadership was oddly bifurcated for four months until the March 2003 NPC meeting, technically frozen part-way through a

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<sup>8</sup> Of the 8 new Standing Committee members, all but one — Zeng Qinghong — served previously as full Politburo members. Zeng was only an alternate to the previous Politburo, making his ascension to the new Politburo Standing Committee particularly noteworthy.

<sup>9</sup> A third and fourth non-Jiang faction Standing Committee member are Luo Gan, a close associate of Li Peng, and Wu Guanzheng, thought to be close to Hu Jintao.

generational leadership change. During that period, neither the head of the military, the president of the country, nor most of the PRC's still-serving senior government officials were members of the Party's most powerful decision-making body. In addition, this leadership transition period coincided with the outbreak in China of the new disease known as Severe Acute Respiratory Syndrome, or SARS, which surfaced in November 2002, reached its apex in March-April 2003, and continued through early June 2003. The SARS outbreak presented a serious crisis to the PRC central government at a time when the country's overall leadership structure was perhaps least equipped to respond.

The results of the NPC selection process for government offices, conducted from March 15-17, 2003, were as most had expected: Hu Jintao was named PRC President; Zeng Qinghong was named Vice-President; and Wen Jiabao was named Premier. In the only real decision that was still the subject of speculation early in March, the NPC also voted for Jiang Zemin as Central Military Commission (CMC) Chairman, although the make-up of the CMC itself was decided upon by the Party at the 16<sup>th</sup> Party Congress. (See *Military Leadership*, below.) Finally, the NPC approved a host of other government and bureaucratic positions, State Council vice-premiers, state councillors, and cabinet-level government officials.

## **The National People's Congress**

The PRC's National People's Congress (NPC) is a unicameral legislative body whose approximately 3,000 deputies meet annually for about fifteen days, usually in March.<sup>10</sup> Unlike the U.S. Congress, the NPC does not stand alone in its legislative functions, but is the uppermost part of a nation-wide system of "people's congresses" which represent various levels of government in the PRC and which are loosely linked together in process and function. The NPC's deputies are not popularly elected, but instead are elected for five-year terms by the next lower tier of "people's congress" deputies at the provincial and municipal level, as well as by members of the armed forces. The candidate pool for these elections is a list of candidates approved by the Chinese Communist Party (CCP), the entire process being overseen by CCP "election committees." Deputies in the people's congresses at the provincial and municipal levels, in turn, are elected by lower-level people's congress deputies at the county and township level. Deputies for the lowest level of people's congresses are directly elected.

It is the full NPC, then, that ostensibly selects the PRC's president, premier, and cabinet-level officials, allowing the PRC government to assert that these officials have been vetted through "elections" by representatives of the Chinese people. For much of its existence, the NPC has simply "rubber-stamped" leadership decisions made earlier and in secret by senior Party officials after a lengthy process of negotiation and maneuvering. While this is still true in many respects — an outright NPC rejection of a candidate at this level, for instance, would be unthinkable — NPC

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<sup>10</sup> The next full NPC meeting is expected in March 2003, at which it is expected to exercise one of its stated responsibilities — to select the PRC's next President to replace President Jiang Zemin, whose term of office is to expire in 2003. The new President is expected to be current vice-president Hu Jintao.

delegates in recent years have become more assertive and independent. This trend is most noticeable at local and provincial levels, where officially sanctioned candidates indeed, occasionally, have been rejected.<sup>11</sup> But it also is occurring more often at the central government level, as was the case at the March 2003 meeting to select new leaders. While the officially sanctioned candidates were still endorsed by sweeping margins, the degree of opposition to some sends signals about what the political environment behind the scenes may be. According to Taiwan and Hong Kong news reports, for instance, the March 2003 vote counts showed an erosion of support within the NPC for Jiang Zemin and his proteges, with Jiang and his allies getting the lowest votes among the candidates. Jiang's primary protegee, Zeng Qinghong, was selected Vice-President by only an 87.5% margin — with 177 NPC delegates voting in opposition to him and 190 abstaining. For CMC Chairman, Jiang received 92.4% support — nearly 6% less than his margin for the same post in 1998 — while 36 delegates wrote in the name “Hu Jintao” for CMC Chairman. By contrast, in the non-Jiang ally camp, the highly regarded Wen Jiabao was selected Premier by a 99.4% vote margin, while Hu Jintao was selected President by a 99.8% margin.

## Military Leadership Changes

Although much of the PRC's leadership transition is now officially complete, there remains the matter of head of the People's Liberation Army (PLA), a position Jiang Zemin continues to fill as re-elected Chairman of the Central Military Commission, the PRC's top military policy and decision-making body. Despite Jiang's continuing CMC chairmanship, he is no longer an official member of the senior Party decision-making process. Also, six of the Commission's previous members were retired from the CMC at the 16<sup>th</sup> Party Congress, including four of the PRC's most senior military leaders. They were replaced by three younger military leaders now regarded as rising stars in the PLA — Generals Cao Gangchuan (also named Defense Minister at the NPC March 2003 meeting), Guo Boxiong, and Xu Caihou.<sup>12</sup> Jiang Zemin is now ten years older than the rest of the rejuvenated CMC.

In what was a surprise to some, General Xiong Guangkai, deputy chief of the General Staff Department, was named neither to the CMC nor to the full Central Committee at the 16<sup>th</sup> Party Congress.<sup>13</sup> Prior to this, it was expected in some circles that General Xiong might be named PRC Defense Minister at the NPC March 2003 meeting, but that prospect dimmed significantly after he was not named to the senior Party positions. General Xiong has been a key proponent of U.S.-China military relations, and frequently has met with U.S. military officials.

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<sup>11</sup> One such case is described by John Pomfret, “Delegates take on one-party rule in China's heartland; communists spurned in local elections,” in *Washington Post*, March 4, 2003, p. A14.

<sup>12</sup> Stepping down from the CMC were Generals Fu Quanyou, Yu Yongbo, Chi Haotian (also Minister of Defense), and Zhang Wannian.

<sup>13</sup> General Xiong was named an alternate to the Central Committee.

**Table 1. Former Leadership Line-up, September 2001**  
(rank order)

Chinese Communist Party			
Politburo (22 members) bold = Standing Comm. * = alternates	Secretariat (7 members)	Central Military Commission (CMC) (11 members) (** = Vice Chairs)	Key State Ministers (VP = Vice Premier) (SC= State Councillor)
<b>Jiang Zemin (Sec)</b> <b>Li Peng</b> <b>Zhu Rongji</b> <b>Li Ruihuan</b> <b>Hu Jintao</b> <b>Wei Jianxing</b> <b>Li Lanqing</b> Chi Haotian Ding Guangen Huang Ju Jia Qinglin Jiang Chunyun Li Changchun Li Tieying Luo Gan Qian Qichen Tian Jiyun Wen Jiabao Wu Bangguo Wu Guanzheng Zhang Wannian Xie Fei (deceased & not replaced) Wu Yi* Zeng Qinghong*	Hu Jintao Wei Jianxing  Ding Guangen  Luo Gan  Wen Jiabao  Zhang Wannian  Zeng Qinghong	Jiang Zemin (Chair)  Hu Jintao **  Chi Haotian **  Zhang Wannian **	Jiang Zemin (Pres) Zhu Rongji (Premier) Hu Jintao (Vice-Pres.) Li Lanqing (VP) Chi Haotian (SC, DefMin)  Luo Gan (SC) Qian Qichen (VP) Wen Jiabao (VP) Wu Bangguo (VP)  Wu Yi (SC)
		Cao Gangchuan Fu Quanyou Guo Boxiong Wang Ke Wang Ruilin Xu Caihou Yu Yongbo	Tang Jiaxuan (ForMin)  Ismail Amat (SC) Wang Zhongyu (SC)

(Shaded area = non-Politburo members.)

Source: Both Table 1 And Table 2 were compiled from official PRC documents and press statements.



## About New PRC Leaders

**Hu Jintao.** The 59-year old Hu Jintao is now the only person in the leadership who holds senior positions in all three key decision-making bodies — at the Party as Party Secretary, in government as President, and in the military as a vice-chairman of the CMC. While little is known about Hu Jintao in the West, he has been on a leadership track for over a decade, and is thought to have been hand-picked by Deng Xiaoping. He served as secretary-general of the Communist Youth League and president of the Central Party School, making these two important Party training bodies his principal power bases.

Hu's accession to the post of Party General Secretary after a lengthy vetting period is a testament to his political survival skills. But articles and commentators over the years have suggested that Jiang himself would have much preferred maneuvering his own protege, Zeng Qinghong, into the top Party spot. This may be a key reason why Hu kept such a low profile in both domestic affairs and international relations — to avoid making “mistakes” that could derail his chances. Others have suggested instead that Hu's minimal appearances on China's policy stage hint that he may be a relative political lightweight. Prior to his advancement, he had limited overseas travel and little experience in foreign affairs, leading many to wonder what the implications of this will be for the foreign affairs portfolio — particularly the all-important U.S.-China relationship.

**Wu Bangguo.** Age 59, Wu Bangguo graduated from the radio-electronics department of Qinghua University. Part of the so-called “Shanghai Faction,” he worked with Jiang Zemin in Shanghai during the 1980s, and he became a Politburo member in 1992. Some early Hong Kong news reports pegged Wu as the front-runner to replace Zhu Rongji as Premier in 2003, but these reports quickly faded and ultimately were proven unfounded.<sup>16</sup> As many had expected, Wu also was named head of the National People's Congress when Li Peng stepped down from that position in March 2003. Despite reports over the last year that some senior leaders doubted Wu's experience for the job, his elevation means he is likely to remain a top leader for the next decade, until his retirement age.

**Wen Jiabao.** Premier Wen Jiabao, age 59, has been on both the Party Politburo and the Party Secretariat. Throughout the year preceding the 16<sup>th</sup> Party Congress, his name consistently was reported to be on various circulating lists of potential new candidates for Standing Committee membership in 2002, and indeed he did achieve this.<sup>17</sup> Even before the 16<sup>th</sup> Party Congress, there was little doubt in the minds of most observers that Wen was the most likely leader to be named Premier to replace Zhu Rongji in March 2003. Wen's responsibilities in government, which include agriculture and finance, make him particularly qualified for the position of Premier.

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<sup>16</sup> Lam, Willy Wo-lap, “‘Dark Horse’ on Fast Track to Top,” *Hong Kong South China Morning Post*, in English, March 17, 1999, p. 23.

<sup>17</sup> Hsiao Peng, April 19, 2001.

Wen is a graduate of the Beijing Institute of Geology and did post-graduate work at that institute. According to a profile of him in *Hong Kong Hsin Pao* (*Hong Kong Economic Journal*), Wen was a director of the General Office of the CPC Central Committee in 1989, working under then Party Secretary Zhao Ziyang, at the time of the Tiananmen crackdown of 1989.<sup>18</sup> His reported advocacy of a “peaceful approach” to the Tiananmen student movement at the time led to some reports that he may have been politically marginalized early in the 1990s because some senior leaders viewed him as overly sympathetic with the Tiananmen Square demonstrations. But his continued ascension in the PRC leadership since then has pegged him as a political survivor with what have been called exceptional “factional skills.”

**Jia Qinglin.** Many were surprised at the elevation to the Standing Committee of Jia Qinglin, Beijing party secretary and mayor. Jia, who has been a nondescript Politburo member for years, is a Jiang protege and has long-time connections with elder statesman Wang Daohan, Jiang Zemin’s own mentor. In 2000, Jia was party secretary of Fujian Province — where his wife served as a provincial customs official — when Chinese police and customs officials began investigating a substantial smuggling ring operating out of the province. The case became China’s biggest corruption case to date, leading many to conclude Jia’s career was over. But in the middle of the investigation, Jia was transferred to the Beijing party secretary position, many allege at the personal intervention of Jiang Zemin, who also is reported to have prohibited further investigation of Jia. Jia’s elevation to the Standing Committee despite this scandal illustrates the dilemmas and pitfalls of the Party’s proclamations that rooting out corruption is at the top of its internal reform agenda. Jia’s PSC selection appeared to validate Jiang Zemin’s continuing political strength, despite numerous predictions to the contrary. In March 2003, the NPC also named him Chairman of the Chinese People’s Political Consultative Congress (CPPCC).

**Zeng Qinghong.** For years, Zeng Qinghong has been Jiang Zemin’s principal protege as well as the principal architect of Jiang’s political successes. Some believe that for all his skill, Zeng’s position has been tenuous. The fact that Zeng for years was not promoted from his position as a Politburo alternate to full Party Politburo membership — a critical step in order to advance in leadership decisions — was regarded as evidence of Politburo opposition to Zeng. Others suggested that Zeng’s low profile was deliberate because he preferred to work from behind the scenes.

In any event, Zeng’s emersion from the 16<sup>th</sup> Party Congress as a full Politburo member and member of the expanded 9-member Politburo Standing Committee gave him sudden advancement beyond other more senior leaders who had long held Politburo membership. In addition to advising Jiang Zemin, Zeng has been head of the Central Committee Organization Department (similar to a Ministry of Personnel). Many have long viewed him as a potential rival to Hu Jintao and a proponent of limiting Hu’s power. In addition, he has been quietly but deeply involved in a number of foreign affairs policy decisions, reinforcing to some the notion that at least Zeng and perhaps Jiang Zemin will retain substantial influence and power over the

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<sup>18</sup> *Hong Kong Hsin Pao*, in Chinese, translated in FBIS, August 30, 2000.

foreign affairs portfolio. In what was a surprise to many, Zeng also emerged as leading member of the Secretariat, another vehicle for the Communist Party, officially listed as immediately under the Politburo. Zeng's elevation to this position suggests that the Secretariat may become more significant and influential in the future.

Some have suggested that a key to Zeng's future influence — and to the prospects of a Zeng-Hu rivalry — will be whether Zeng ultimately secures a place on the Central Military Commission. That did not happen at the 16<sup>th</sup> Party Congress. Moreover, although Zeng was named Vice-President at the NPC March meeting, his relatively low vote margin suggests that he continues to face an undercurrent of opposition. Nevertheless, his adeptness and survival skills make him someone to watch.

**Huang Ju.** Another unexpected Standing Committee selection at the 16<sup>th</sup> Party Congress was Huang Ju, Shanghai party boss since 1994 and another close ally of Jiang Zemin. He was also named a vice-premier of the State Council at the NPC March 2003 meeting, giving him daily input into government decisions. While Huang's position as the top party boss in Shanghai for eight years means he can take credit for much of Shanghai's economic miracle, many inside observers attribute the city's economic vibrancy to Shanghai's well-liked former mayor, Xu Kuangdi, a protege of Premier Zhu Rongji. Observers of Shanghai politics say that Xu's unexpected departure as Shanghai's mayor in 2001 to take a low-profile academic position (at the Academy of Engineering in Beijing) reflected the bitterness and rivalry between Huang and Xu and, more importantly, between their mentors, Jiang Zemin and Zhu Rongji.

**Wu Guanzheng.** Politburo member Wu Guanzheng's selection to the Standing Committee appeared to be foreordained when he was named as secretary of the Central Commission for Discipline Inspection (CCDI), a position requiring Standing Committee membership and with primary responsibility for the Party's anti-corruption campaign. Unsubstantiated reports said that Luo Gan, Li Peng's only presumed supporter named to the Standing Committee, was originally thought to be in line for the CCDI position, but was opposed by too many senior leaders. According to some observers, Wu Guanzheng's three terms as a provincial leader put him in a position to promote a number of his subordinates and assistants to the Central Committee, making him well-connected to the current top leadership. In addition, Wu worked previously with both Hu Jintao and Zeng Qinghong, suggesting he may be independent of factional ties — another asset for the CCDI post.

**Li Changchun.** Age 57, Li Changchun is the Secretary of the Guangdong Provincial Communist Party Committee and is among those close to Jiang Zemin. Early on in the succession process, Li was occasionally named as a potential successor to Zhu Rongji in the position of Premier, but his star seemed to fade and his name was dropped from a number of drafts of potential Politburo Standing Committee members early in 2002. Several reasons were given for opposition to Li: that he did not sufficiently boost Guangdong's economy during his tenure; and that he was tainted through his alleged association with corruption scandals which occurred in Guangdong on his watch. In particular, according to one news report, this included scandals involving the vice mayor of Shenyang City in Liaoning

Province, described as having “connections” to Li Changchun and as being a member of Li’s faction.<sup>19</sup> Some have suggested that Li’s selection to the Politburo Standing Committee despite these concerns indicates Jiang Zemin’s intervention.

**Luo Gan.** The only supporter of Li Peng considered to have had a chance at elevation to the Standing Committee, Politburo member Luo Gan previously worked also with Jiang Zemin, and also served as chairman of the Central Committee for the Comprehensive Management of Public Order. In his latter position, he was chiefly responsible for the implementation of the “Strike Hard” anti-crime campaign, announced in April 2001. According to an official biography, Luo Gan is one of the few in the successor generation who studied abroad — in Leipzig, East Germany. A native of Shandong Province, he has held posts as provincial Party Secretary in Henan Province, vice president of the All-China Federation of Trade Unions, Minister of Labor, and secretary general of the State Council General Office — holding the latter position for 10 years. Although he was elevated to the Politburo Standing Committee at the 16<sup>th</sup> Party Congress, he was dropped from his previous government position as state councillor at the NPC March meeting.

## Policy Implications

### For PRC Decision-making Processes

Following the state of play in PRC domestic politics is a tenuous exercise at best, and certainly more so during times of leadership succession. The interested political observer must employ a combination of speculation and tea-leaf reading along with a high tolerance for sifting through the contradictory and ever-changing press reports on the activities and decisions of current leaders. Given these uncertainties, many observers focus on following a few variables that are likely to give clues about the state of play in political succession arrangements and in PRC policy decisions.

**Extent of Jiang’s Continuing Influence.** Given the personality-based nature of political history in China, some have raised questions about what Jiang’s near-unofficial but lingering presence on the PRC political scene means for future decision-making processes. While most senior leaders of significant power in China are on the Politburo, in the past, Politburo membership has not necessarily been the basis of a leader’s political legitimacy. A key example is Deng Xiaoping, who played his key role in supporting the 1989 Tiananmen Square crackdown despite being a member of neither the Politburo Standing Committee nor indeed of the Politburo itself. Jiang’s retention of the Central Military Committee Chairmanship and his success at populating the Standing Committee with his proteges suggest that he is hoping to play a similarly influential role in retirement to that played by Deng in the late 1980s.

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<sup>19</sup> Hiroki Fujita, “Jiang Zemin groping for ‘Deng Xiaoping-type rule by cloistered emperor,’” — power struggle intensifying with approach of the Party Congress in the Fall next year,” *Tokyo Foresight* in Japanese March 1, 2001, pp. 32-33. Translated in FBIS online, JPP20010320000056.

Opinion differs on what the new leadership line-up means for Jiang's continuing influence. Many find it a disappointment. They feel it indicates that the 16<sup>th</sup> Party Congress did not result in the definitive transition to the "fourth generation" of leaders that some observers had anticipated and that the succession arrangements are still uncertain. They suggest that Jiang will have continuing power while Party Secretary Hu Jintao will have less, along with less scope for action and initiative. But others believe that the "stacking" of the Politburo with Jiang supporters signals the opposite — indicating Jiang's vulnerability and lack of confidence that he can continue to influence events after his retirement. According to this view, Jiang feels he will not be able to protect his own legacy and his family's interests absent strong supporters on the Standing Committee.<sup>20</sup> The relatively poor showing of Jiang and his allies in the voting at the NPC March 2003 meeting would seem to support this latter view. These observers feel that Jiang's length of tenure as Chair of the Central Military Commission will send important signals about his remaining power and influence.

**Unclear Division of Labor.** Some believe that the 16<sup>th</sup> Party Congress created three separate centers of power in the new Party line-up: Hu Jintao, as head of the Party; Zeng Qinghong, as head of the Party Secretariat; and Jiang Zemin, as head of the Central Military Commission. At the very least, the new Party Politburo line-up suggests that Chinese leadership continues to become more of a collective process — requiring compromise, trade-offs, and consultation — than in the past when the Party was dominated by an all-powerful single leader, such as Mao or Deng, with sufficient clout and leverage to work his will on the political process. But others believe the new Party leadership creates uncertainty and confusion about division of labor and Party lines of authority. They believe that this continuing diffusion of power at the highest levels places increasing constraints on senior leaders and has corresponding implications for policy decisions.

**Coastal vs. Interior Issues.** Some observers attach great importance to the geographical backgrounds of new PRC leaders. China's coastal areas — such as Guangdong Province and the city of Shanghai — have been the primary economic beneficiaries of China's modernization to date, helped perhaps by the heavy presence in the central government of leaders from Jiang Zemin's "Shanghai Faction" and from other coastal areas. Interior and western areas have lagged far behind economically, and so their populations now are both poorer and more restive than the populations in China's coastal region. In recognition of this reality and its consequences for social stability and national development, Beijing in recent years has launched the "Great Western Development" campaign, designed to funnel monies to and spur economic growth in interior and western regions. Some observers are cognizant of the implications of this growing regional "rivalry" in terms of Politburo and other leadership positions. Party Secretary and President Hu Jintao, for instance, spent many of his formative Party years in poverty-stricken Gansu, Guizhou, and Tibet — three particularly poor and backward areas in China.

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<sup>20</sup> Dr. Cheng Li, Fellow at the Woodrow Wilson Center in Washington DC and author of several books on Chinese leadership succession politics, is a proponent of this view.

**Corruption Implications.** Rampant official corruption within Party, state, and military apparatuses also has implications for future decision-making. PRC leaders are under increasing public pressure to crack down on corruption, and officials at the 16<sup>th</sup> Party Congress seemed anxious to emphasize the Party's commitment to its anti-corruption drive. Given these concerns, many thought initially that any senior officials publicly linked to graft, bribery, or other corruption scandals were unlikely to advance in the Party ranks.<sup>21</sup> But several members of the new Politburo Standing Committee, close associates of Jiang, have been linked to serious corruption scandals in recent years. That they nevertheless were named to the Politburo Standing Committee and to positions within the government reinforces the sense that the rules in China for those with powerful connections are different from those for the unconnected. Under the circumstances, the new leadership line-up could give Party and government leaders certain credibility problems as they pursue anti-corruption campaigns.

### Implications for U.S. Policy

PRC leadership changes seem unlikely to affect U.S. policy or U.S.-China relations over the short- to mid-term range. U.S. policy toward China over the past decade has not been driven by PRC leadership personalities but by Beijing's actual or perceived policy direction and by a range of American domestic considerations. These basic fundamentals have not changed as a result of recent PRC leadership decisions. On substance, in fact, both the 16<sup>th</sup> Party Congress and the NPC March 2003 meeting validated many trends in the PRC that U.S. officials support. Decisions suggested that there would be policy continuity, such as a continued emphasis on economic development, giving priority to market mechanisms over central planning, improving the quality and quantity of the judicial branch and legal apparatus, emphasizing the importance of an anti-terrorism stance, and others. "Anti-American" rhetoric and the Taiwan issue were not given undue emphasis when compared with previous Party Congresses and NPC meetings.

In addition, many point out that the Bush Administration's policies toward China have been informed largely by pragmatic rather than ideological considerations. Administration decisions have been based largely on what the White House perceives to be in U.S. long-term interests, with few or no expectations about PRC behavior and with demonstrated willingness to ignore Beijing's views when it suits U.S. interests to do so. In that sense, some suggest that it may be irrelevant to Bush Administration policies who the new leaders in China are. In addition, the Bush Administration came into office promising to broaden the focus of U.S. policy in Asia, shifting attention away from the U.S.-China relationship and toward U.S. relations with regional allies. From the outset, then, China policy was secondary — even tertiary — to Bush Administration policy goals. The terrorist attacks of September 11, 2001, further altered Administration priorities, which are now focused heavily on the anti-terrorism campaign and on dis-arming Iraq.

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<sup>21</sup> According to a Hong Kong news report, the CCP Central Commission for Discipline Inspection early in 2001 was investigating 21 senior officials for corruption. (Hong Kong *Kuang Chiao Ching* in Chinese, March 16, 2001, translated in FBIS online.)

**Implications for Congress.** Changes in PRC leadership and policy developments also are unlikely to have an impact on U.S. Congressional views about the PRC. Some Members of Congress, those who have favored engagement with China, are likely to be encouraged by Beijing's continued endorsement of economic growth, legal and judicial reform, and by the decision to open Party membership to include private entrepreneurs. They are likely to see the PRC's new leadership as a validation of positive political trends in the PRC, through an emphasis on term limits, retirement ages, and attempts to bring about an "orderly succession." These trends, they say, are continuing to move the PRC inexorably in the "right" political direction.

Other Members of Congress view the PRC as the chief U.S. threat over the longer-term. According to one proponent of this view, "We deceive ourselves if we believe the PLA is not capable of mounting a powerful blow at our armed forces."<sup>22</sup> This group generally holds that only a wholesale reconfiguration of the Chinese political system into a non-communist, politically pluralistic state will alter this PRC course. Proponents of this view, then, are unlikely to see the PRC's leadership and policy changes as sufficient to accomplish this type of reform.

One area of uncertainty that could affect Congressional views and actions is the shaky credibility that the Party's anti-corruption drive seems to have under the new PRC leadership. The close association that several members of the new leadership have with serious corruption scandals in the past few years reinforces the sense that the rule of law in the PRC does not apply to the powerful and well-connected. This kind of thinking has implications for the U.S. debate on rule of law in China, reinforcing the arguments of those who say that Beijing is only paying lip-service to rule of law, and that the effort does not deserve significant U.S. support.

Still another area of uncertainty with U.S. policy implications involves how the PRC's new leadership will handle economic and trade issues — particularly those exacerbating bilateral U.S.-China tensions, such as the PRC's currency peg to the U.S. dollar, the extent to which this may contribute to its growing trade surplus with the United States, and allegations that it is not adhering to its World Trade Organization (WTO) commitments. To date, the PRC's new leadership has not been responsive to U.S. pressure for changes in these and other economic policies, changes that some Members of Congress and other U.S. government officials allege could help improve the U.S. unemployment picture and American international competitiveness.

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<sup>22</sup> Statement by Rep. Bob Schaffer, *Congressional Record*, November 15, 2002, p. E2061.