

ISSUE BRIEF

No. 3529 | MARCH 5, 2012

What China's Leadership Transition Means for the United States

Dean Cheng

As China prepares to see Hu Jintao step down from the senior Party and governmental positions, American leaders will be confronted with a new Chinese leadership cohort. While some expect significant changes in foreign policy toward the United States, the Chinese system is designed to encourage consensus and discourage major initiatives. At the same time, there is little evidence to suggest that the Chinese military will be in charge or will even be more powerful. American foreign policy—especially the greater focus on Asia—can succeed only if it follows a consistent line of persistent actions, rather than hoping for fundamental changes in Chinese behavior. American foreign policy should adhere to American principles and pursue American interests, rather than seek to alter China's opaque

foreign policy-making process in this period of transition.

Limited Precedents. To understand the limits and extent of the Chinese transition, it is essential to recognize that the true nexus of power in the People's Republic of China (PRC) resides not in the government, but in the Chinese Communist Party (CCP). Thus, Party positions (e.g., General Secretary) and ranks are more relevant in judging political power than formal political positions (e.g., Premier).

In many ways, Xi Jinping, who is expected to succeed Hu as General Secretary of the CCP in the fall and as president of the PRC in spring 2013, will be fundamentally different from previous Chinese leaders. He will be the first to rise without the guiding hand of a revolutionary-era figure providing legitimacy.

These fundamentally different circumstances make predicting the course of this transition more difficult. Moreover, there is very limited data from previous Chinese leadership transitions. The reigns of Mao Zedong (1949–1976) and Deng Xiaoping (1976–1992) were both extraordinary. Mao was seen as the driving force behind the founding of the PRC, and he was the focus of a

pervasive cult of personality. While Deng Xiaoping sought to dismantle the cult of personality, his history as a revolutionary leader and the success of economic reform gave him enormous power.

In authority and stature within the Party, Xi Jinping is hardly comparable to Mao or Deng and more akin to Jiang Zemin (1992) and Hu Jintao (2002). Even there, the comparison is limited, for both Jiang and Hu were “blessed” by Deng Xiaoping—indeed, Deng personally selected Hu to succeed Jiang. Xi is in many ways a first for the Chinese leadership, and therefore difficult to predict.

Limited Military Role. A consistent element over the past two decades is the relatively limited power of the People's Liberation Army (PLA) in the current Chinese political structure. Under Jiang and Hu, the PLA's representation on the Political Bureau of the CCP Central Committee (Politburo) has been limited to two seats of 24. In fact, it has had *no* seats on the nine-member Politburo Standing Committee (drawn from the Politburo) for the past 20 years.¹ This belies the oft-made claims that the PLA is increasing in political power.

This paper, in its entirety, can be found at <http://report.heritage.org/ib3529>

Produced by the Asian Studies Center

The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 | heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

Of course, the PLA has its own separate access to the top leadership: the Central Military Commission (CMC). The Chairman of the CMC is the CCP General Secretary. This underscores that the PLA is, first and foremost, a Party army; that is, the armed wing of the CCP. But that does not mean that the PLA runs things—instead, it merely ensures that military concerns will be aired to the top leadership, while civilian control of government remains sacrosanct. Xi Jinping is currently vice chairman of the CMC and will likely accede to the chairmanship upon becoming General Secretary.

Diversity and Consensus. Far from being a military reservation, the Politburo has been largely drawn from the Party apparatus, state organs/ministries, and regional leaders (i.e., party secretaries of provinces, autonomous regions, or provincial-level, centrally directed cities such as Chongqing).² This is likely to continue under Xi. In turn, this means the consensus-based decision-making system of the CCP will remain in place—but consensus will require reconciling the views of the Party apparatus, the various institutions of the state, and regional concerns. Decision making in the PRC, never a rapid process, may slow down.

Establishing this consensus could be further complicated by the major

turnover expected at the highest echelons of the Party. From the 15th (1997) through the 17th (2007) Party Congresses, it has become clear that senior Chinese leaders (with the exception of the General Secretary) are increasingly subject to certain norms and rules. This includes retirement at age 68 for even top Chinese leaders (arguably in order to allow younger talent to rise). For the 18th Party Congress this fall, some 14 of the top 25 leaders are expected to retire. Comparable effects will be felt in the CMC, with as many as six of the 10 uniformed members stepping down.³ The new Chinese leadership is likely to include a large number of newly elevated members. This does not mean they will be untested, since the new members are selected from a group of senior leaders. But it does suggest that many will be unfamiliar with each other and therefore will spend significant time sounding out each other's positions, vulnerabilities, and strengths.

These considerations in combination suggest that the policies of the new Chinese leadership led by Xi will be more difficult to predict. Further complicating forecasting are fundamental issues of reform and policymaking.

Wealth and Power in Government. Under Hu Jintao, the Shanghai faction epitomized by former Premier and top economic

reformer Zhu Rongji is a shadow of its former self. It may be further weakened if former President Jiang Zemin dies during the transition. Economic reformers have effectively been sidelined, and many of the efforts at decentralization have been turned back. Indeed, China's top leaders now control more wealth than their American counterparts. The top 70 members of China's legislature are worth 10 times the *combined* net worth of the entire U.S. Congress, President, and Supreme Court.⁴

However, further Chinese economic development arguably requires restarting reform. The World Bank's "China 2030" report emphasizes the need to scale back metastasizing state-owned enterprises.⁵ The very people who control the wealth of China, in essence, must choose to divest themselves of much of that, if China is to progress.

Just as China's wealth is concentrated at the top, so too is Chinese power. Hu Jintao has concentrated leadership of the Leading Small Groups (LSGs), responsible for coordinating policy oversight and implementation across Party and government ministry boundaries within the Politburo Standing Committee (PSC) itself. This is in sharp contrast with Jiang Zemin's rule, when some of those LSGs were within the Politburo but not the Standing

1. Alice Miller, "The Politburo Standing Committee Under Hu Jintao," *China Leadership Monitor* (#35), at <http://media.hoover.org/sites/default/files/documents/CLM35AM.pdf> (March 1, 2012).

2. *Ibid.*

3. Alice Miller, "The 18th Central Committee Politburo: A Quixotic, Foolhardy, Rashly Speculative, But Nonetheless Ruthlessly Reasoned Projection," *China Leadership Monitor* (#33), at <http://media.hoover.org/sites/default/files/documents/CLM33AM.pdf> (March 1, 2012).

4. Robert Frank, "Are China's Politicians the Richest in the World?" *The Wall Street Journal*, February 27, 2012, at <http://blogs.wsj.com/wealth/2012/02/27/are-chinas-politicians-the-richest-in-the-world/> (March 1, 2012); and "China's Billionaire Lawmakers Make US Peers Look Like Paupers," *Bloomberg*, February 27, 2012, at <http://mobile.bloomberg.com/news/2012-02-26/china-s-billionaire-lawmakers-make-u-s-peers-look-like-paupers> (March 1, 2012).

5. "China Faces Crisis Without Economic Reforms—World Bank," *Daily Telegraph*, February 27, 2012, at <http://www.telegraph.co.uk/finance/financialcrisis/9108296/China-faces-crisis-without-economic-reforms-World-Bank.html> (March 1, 2012).

Committee.⁶ If Xi continues this trend, understanding the PSC and the personalities on it will be indispensable if the U.S. is to have any chance of influencing Chinese decision making.

Seeing the Big Picture Means Knowing Where to Look. With so much riding on understanding the shape of the new Chinese government, the U.S. needs to do a better job of fathoming the new leadership.

■ **Seek better understanding of how the PRC decision-making system works.** Too often, there is a tendency to rely on tropes and mirror-imaging when examining Chinese politics. Rather than imposing American concepts (e.g., military hardliners versus civilian soft-liners), the U.S. should follow Deng Xiaoping's dictum to "seek truth from facts." Too often, assessments of China appear to be rooted in caricatures of how

militaries and civilians think or, worse, in self-interested claims that ignore basic facts.

■ **Look beyond Beijing (and Shanghai).** Its consensus-based system, including explicit incorporation of regional leaders, means that Chinese decisions are not based solely on the perspectives of the political and economic centers. It is therefore essential to recognize that Beijing and Shanghai are not the only voices that matter; rather, it is important to gauge how the provinces view issues. China seems to be pursuing "federalism with Chinese characteristics."⁷

■ **Understand who matters and who does not.** What matters is the Party, in many ways more than the government. Thus, the PSC matters, in many ways, much more than the State Council (a

rough equivalent to the American President's Cabinet). The PLA, as a Party army, is one of the few institutions that straddles the line. It is a Party entity, and as such is engaged in policy-setting, with access to China's top leader through the CMC. But because it is also engaged in policy implementation, it acts as a governmental entity. By contrast, the Foreign Ministry has a far lower level of influence and no comparable access to decision makers since Hu Jintao took power; in essence, the diplomats are voiceless. If this remains true under Xi, foreign policymakers should approach the Chinese accordingly.

—*Dean Cheng is Research Fellow in Chinese Political and Security Affairs in the Asian Studies Center at The Heritage Foundation.*

6. Miller, "The Politburo Standing Committee Under Hu Jintao."

7. The author thanks colleague Derek Scissors for this phrase.