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[*The views expressed in this testimony are the author's and not necessarily those of his work unit.]

**LEADERSHIP DYNAMICS AT THE 16TH COMMUNIST
PARTY CONGRESS: TEN POINTERS TO CHINA'S
FUTURE**

Jiang Zemin Steps down as Party Chief but Remains the Country's "Leadership Core"

It is probable that President Jiang Zemin will observe the retire-at-70 convention and step down from the post of Chinese Communist Party (CCP) General Secretary at the 16th Party Congress. However, there is a good chance that the 76-year-old head of the so-called Shanghai Faction will remain Chairman of the Central Military Commission (CMC) – the equivalent of commander-in-chief – for a couple more years. And as was the case with Deng Xiaoping from the early 1980s to the mid-1990s, Jiang will remain the "leadership core" for the foreseeable future.

Jiang's partial retirement has significant implications for members of the so-called Fourth Generation, or cadres in their 50s to early 60s. While Vice-President Hu Jintao, 59, will become party chief at the Congress and state president at the National People's Congress (NPC) next March, he will still have to defer to Jiang particularly in foreign and military affairs. This will limit the ability of the younger generation to hack out new paths in economic and political reform.

Likely Composition of the New Politburo Standing Committee

Senior cadres who attended the informal leadership meetings at the Beidaihe resort last summer were unable to arrive at a final name-list for the Politburo Standing Committee, China's supreme ruling council. However, as things stand, the PSC – likely to remain a seven-person body – should be made up of the following cadres (*denotes near certainty, #high probability).

***Hu Jintao**, 59, Vice-President; expected to become party General Secretary and state president. Hu is the head of the so-called Communist Youth League (CYL) faction, which has close ties to the CCP's liberal tradition.

***Li Ruihuan**, 68, Chairman of the Chinese People's Political Consultative Conference (CPPCC); expected to become Chairman of the National People's Congress in 2003.

***Wen Jiabao**, 60, Vice-Premier in charge of agriculture and finance; expected to be named prime minister in March 2003.

***Zeng Qinghong**, 63, alternate member of the Politburo and head of the party's Organization Department; expected to be put in charge of party affairs after the 16th Congress.

***Luo Gan**, 67, a Li Peng protégé and Politburo member in charge of law and order; expected to become head of the country's top corruption watchdog, the Central Commission for Disciplinary Inspection (CCDI).

***Wu Bangguo**, 61, Vice-Premier and Jiang protégé; expected to become either First Vice-Premier or CPPCC Chairman in March 2003.

#**Li Lanqing**, 70, currently First Vice-Premier; the close Jiang associate may become CPPCC chairman.

#**Li Changchun**, 58, currently Party Secretary of Guangdong Province; the Jiang protégé is expected to become either First Vice-Premier or Chairman of the CPPCC.

Broad Factional Affiliation within the Politburo Standing Committee

Two broad factions are tipped to emerge within the new Politburo Standing Committee. One consists of Hu, Wen, and Li Ruihuan; all three have connections either to the Communist Youth League (CYL) or to the party's liberal faction once headed by former party chiefs Hu Yaobang and Zhao Ziyang. The Hu-Wen-Li group will be pitted against the Fourth Generation representatives of the Jiang or Shanghai Faction. Two Jiang protégés and former senior Shanghai officials, Zeng and Wu, are shoo-ins for the PSC. One other slot will go either to Li Lanqing or Li Changchun. Analysts see a fierce competition between the Jiang Faction and Hu's CYL Faction regarding the apportionment of important posts in both the party and government. The balance may be tipped by Luo, who will be current NPC Chairman Li Peng's sole "representative" in the new administration.

The strength of the Shanghai Faction is more pronounced if the entire prospective Politburo is considered. A number of powerful Jiang protégés will either remain or be promoted to the elite body. These include Beijing party secretary Jia Qinglin (who may

become an NPC vice-chairman); Shanghai party boss Huang Ju (also a candidate for NPC vice-chairman); Education Minister Chen Zhili (who will likely succeed Huang as party boss of Shanghai); Minister at the State Development Planning Commission, Zeng Peiyan; and two representatives from the People's Liberation Army (see below).

By contrast, Hu is still struggling to induct more affiliates of his CYL Faction to senior councils. Hu protégés who are tipped to get into the Politburo and/or the Central Committee Secretariat include Party Secretary of Fujian Province Song Defu and the Governor of Henan Province Li Keqiang.

More Regional Representation and More Emphasis on Western China

There are four regional representatives in the current Politburo, namely the party bosses of Beijing, Shanghai, Shandong and Guangdong. This geographical distribution reflects the emphasis that the Jiang leadership – which is dominated by the Shanghai Faction – has placed on the coast.

It is likely that there will be more than four regional representatives on the new Politburo. Moreover, at least one of them will hail from the western provinces and cities to demonstrate Beijing's commitment to the "go-west program." The party secretaries of Sichuan Province, Shaanxi Province, and the directly administered city Chongqing are believed to be hot candidates for Politburo status.

Given that two major players in the post-16th Congress team – Hu Jintao and Wen Jiabao – spent quite a sizeable chunk of their careers in western provinces, it is likely the new administration will put more emphasis on west China in terms of resource allocation. Some analysts think the ascendancy of Hu and Wen could signal the gradual waning of the Shanghai Faction's domination of Chinese politics.

The Role of the People's Liberation Army

The PLA is expected to retain their usual share of around 20% of Central Committee seats. Yet it is unlikely the top brass can get more than two positions on the ruling Politburo. One of the two seats will go to the Head of the General Armaments Department, General Cao Gangchuan. Cao is a Jiang protégé who is credited with the PLA's aggressive modernization of weaponry since the mid-1990s. The other slot will either go to the likely new Chief of Staff, General Guo Boxiong, or the likely new Chief Political Commissar General Xu Caihou. General Guo has apparently made a total recovery from cancer.

A large percentage of incumbent members of the Central Military Commission are due to step down for age reasons: they include Generals Zhang Wannian, Chi Haotian, Fu Quanyou, Yu Yongbo, Wang Ke, and Wang Ruilin. In his effort to turn the PLA into a bastion of support for himself – as well as a model unit for pushing the "Theory of the

Three Represents” – Jiang has politicized the army. And in return for supporting Jiang, the generals are looking for rewards such as a bigger budget and very possibly, a larger say in foreign and Taiwan policy.

Speeding up the Rejuvenation Process: The Rise of the Fifth Generation

Despite Jiang Zemin’s apparent refusal to set an example for rejuvenation by fully retiring at the 16th Party Congress, the watershed conclave will witness the elevation of a record number of relatively young cadres to senior posts. Quite a few members of what is known as the Fifth Generation – cadres in their late 30s to late 40s – are expected to make it into the Central Committee as full or alternate members. Cadres at or below the age of 45 who have already been promoted to senior ranks include the Secretary of the Communist Youth League Zhou Qiang, 42; the Governor of Qinghai Province, Zhao Leji, 45; and the Vice-Governor of Jiangsu Province Zhang Taolin, 41.

In the wake of China’s accession to the World Trade Organization (WTO) in late 2001 – and the need for the party, government and enterprises to recruit thousand upon thousand of English-speaking, globally-minded professionals – the proportion of senior posts being given to officials in their early 40s or late 30s is expected to increase dramatically in the next decade. A sizeable proportion of Fifth Generation cadres is expected to come from three sources: the CYL; holders of foreign, mostly Western degrees; and private entrepreneurs and managers.

The Rise of the “New Classes”

The 16th Party Congress will revise the CCP constitution to enshrine the “Theory of the Three Represents” (that the party must represent the foremost productivity, the most advanced culture, and the interests of the broad masses) – and, in effect, to legitimize the rising political status of the “new classes.” The latter is a reference to private entrepreneurs, professionals, and the close to 140,000 returnees from the U.S. and other countries who hold advanced foreign degrees. A few dozen or so members of the new classes have already been picked as delegates to the 16th Congress. And it is possible that at least a few of the “representatives of the foremost productivity and the most advanced culture” may be made full or alternate members of the Central Committee.

Traditionally, the CCP leadership has appointed politically trustworthy businessmen to advisory councils such as the CPPCC. However, the “red capitalists” have made it clear they want political power – in many instances, senior government and even party positions – that is commensurate with their economic clout. And it is probable that if only because of the large number of the sons and daughters of senior cadres who have become corporate types, the new party leadership may be more favorably disposed toward meeting the political demands of private entrepreneurs.

Broad Policy Orientations of the Fourth Generation Leadership

Few analysts expect radical policy shifts in what can be described as the first term of the Hu Jintao administration: from this November until the 17th Party Congress in 2007. A major challenge of the post-16 Congress leadership will be to maintain stability in the face of momentous socio-economic changes. For example, unemployment, particularly in the countryside, is tipped to worsen after the country's WTO accession. Anti-government demonstrations and even riots are happening with alarming frequency in urban as well as rural areas.

Following the lead taken by Premier Zhu Rongji, the State Council to be formed next March will continue to integrate the economy with market norms and international practices. Laws and regulations will become more WTO-compatible. Beijing is hoping that enough new foreign investment will be lured into China to offset the closure of chronically uncompetitive state-held companies. The new administration will also allow private enterprises to play a bigger role in hitherto forbidden areas ranging from banking to infrastructure.

Partly to generate enough new jobs, Zhu has for the past five years resorted to deficit financing to ensure an annual growth rate of around 7 percent. However, given the already high national debt burden, Wen Jiabao, the likely new premier, will have less room to maneuver in his effort to maintain the requisite growth clip so as to head off social unrest.

The New Foreign Policy Establishment and its Likely Orientations

For more than ten years, China's foreign policy has been dominated by two figures: Jiang and Vice-Premier Qian Qichen, respectively the Head and Vice-head of the party's Leading Group on Foreign Affairs (LGFA). Jiang and Qian are also pre-eminent figures in the Leading Group on Taiwan Affairs (LGTA). It is likely that Hu will accede to the leadership of both the LGFA and LGTA after the 16th Congress. It is, however, unclear as to which cadre will fill the shoes of Qian as Politburo member in charge of foreign policy. Hu will be helped by Zeng Qinghong at both the LGFA and LGTA. While his portfolio does not cover foreign or Taiwan affairs, Zeng has from the late 1990s begun to have significant input in diplomacy particularly in relation to Asia and Taiwan.

Given that in the foreseeable future, Jiang will be very much the power behind the throne – especially in foreign and military affairs – it is unlikely that Chinese diplomacy will undergo a pronounced shift during Hu's "first term" (2002-2007). However, as Fourth Generation cadres and diplomats begin to take charge, they will have to make adjustments to existing policy particularly in several areas. These include striking a balance between China's growing economic/military prowess and the need to defuse the "China Threat" theory, which is spreading in the U.S. and Japan; fine-tuning a strategy to contain growing separatist sentiments in Taiwan – and seeking a new understanding with the U.S. over the Taiwan issue; maintaining peace and stability in the Asia-Pacific region

to facilitate economic growth, still the party's highest priority; and seeking to build a "multi-polar world order" in the face of America's continued preponderance in world affairs. Compared with Jiang, Hu may face more pressure from nationalistic elements, including the PLA, to pursue an assertive policy vis-à-vis the U.S. and Taiwan.

Possible Trajectory of Political Reform

The new leadership is expected to adopt two measures to gradually open up the decision-making process while maintaining strict one-party rule. These steps, however, do not constitute democracy as it is known in the West. One is the introduction of "elitist politics": meaning expanding the pool of talents from which the party and government will draw their senior cadres. Thus, the 16th Congress will legitimize the large-scale induction of members of the "new classes" – private businessmen, professionals, and returnees from abroad – into the party.

Bolder steps will be taken to recruit officials up to the rank of heads of department through open examination. And in the wake of the appointment in 2000 of a top Hong Kong lawyer, US-educated Laura Cha, as a Vice-Chairman of the China Securities Regulatory Commission, a number of senior posts in the banking and financial sectors in Beijing may soon be filled by "patriotic" overseas-Chinese experts.

The other reform measure is known as expanding "inner party democracy." This will at least in theory make for a higher degree of transparency and democracy within the 66-million member CCP. At the grassroots levels, several hundred village-level party bosses have been voted into office by rural residents. In the past, the provincial party chief had full authority in appointing county-level party secretaries. Now all members of the provincial party committee will meet at fixed intervals to cast their ballots for picking county party bosses. Moreover, plans are afoot to promote some form of separation of powers – and checks and balance – among party congresses, party committees and disciplinary committees at least up to county and municipal levels.