



A Guide to China's Upcoming Leadership Transitions

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Summary

China, the only Communist Party-led nation in the G-20 grouping of major economies, is in the midst of a sweeping set of political transitions that began in 2011 and could conclude as late as 2014. The most important of the transitions is to take place at the next of the Party's quinquennial national congresses, the 18th Congress, scheduled to open on November 8, 2012, and at a Central Committee meeting immediately afterwards, at which the Party is to appoint a new General Secretary and a new collective leadership. Four months later, at the 12th National People's Congress in March 2013, China is to appoint new State and National People's Congress leaders. The Party's new General Secretary, assumed to be Xi Jinping, is expected to be named State President, while another member of the collective Party leadership, current Vice Premier Li Keqiang, is expected to be named State Premier. So far unclear is whether China's current top leader, Hu Jintao, will give up his post overseeing China's military at the 18th Party Congress, or whether he will retain the military job for two more years, until 2014.

The U.S. Congress has a strong interest in China's upcoming leadership transitions. China is the United States' second largest trading partner and largest supplier of imports, as well as being the largest foreign holder of U.S. debt. Both countries are major players in global efforts to tackle the European debt crisis, rein in the nuclear ambitions of North Korea and Iran, and manage instability in the Middle East in the wake of the Arab Spring. China's military modernization is now a factor in U.S. strategic planning. Who the new Chinese leaders are, the inter-personal dynamics among them, and their policy inclinations will have significant implications for U.S.-China relations and for the China's role in the Asia-Pacific region and the world. Congress also has an interest in understanding China's upcoming political transitions as a means of evaluating China's progress, or lack thereof, toward giving its citizens a meaningful role in the development of their political system.

This report is intended to provide Congress with a guide to the transitions, covering their distinct features and specific issues of interest, including the Party's next steps in the ongoing scandal involving Bo Xilai, the former Chongqing Party Secretary and Politburo member who fell from grace after his wife was implicated in the murder of a British businessman. This report also previews some of the challenges facing China's new leaders, starting with the requirement to consolidate their power. Xi Jinping would be the first top leader in the post-Mao Zedong era not personally selected by Deng Xiaoping, the dominant political figure of the era. He and his colleagues will also have to contend with not one but two retired Communist Party General Secretaries jockeying for influence behind the scenes, and with an irreverent micro-blogging Chinese public primed to pounce on their mistakes. Policy challenges for China's new leaders include determining the appropriate role for the state sector in an ambitious shift in economic growth models, re-conceiving China's foreign policy, and deciding how to respond to growing public expectations for political reform. The United States has a strong interest in how China's new leaders choose to approach all those challenges.

Subsequent reports will cover the outcomes of the 18th Party Congress and the 12th National People's Congress. For a detailed discussion of the Chinese political system, please see CRS Report R41007, *Understanding China's Political System*, by Susan V. Lawrence and Michael F. Martin. For background information about Xi Jinping, the man expected to be named General Secretary of the Communist Party at the 18th Party Congress in November, see CRS Report R42342, *China's Vice President Xi Jinping Visits the United States: What Is at Stake?*, by Susan V. Lawrence.

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Introduction

China, the only Communist Party ruled nation in the G-20 grouping of major economies, is in the midst of a sweeping set of Communist Party-orchestrated political transitions that began in 2011 and may not conclude until 2014. The most consequential political transition involves national Communist Party leaders, and is to take place at the Communist Party's 18th Congress, scheduled to open in Beijing on November 8, 2012, and the first plenary session, or plenum, of the 18th Central Committee, which is to be held immediately after the Congress closes. Party Congresses are held every five years. By the time the plenum closes, China is to have a new Communist Party General Secretary. It is to have a new Politburo Standing Committee, whose members, including the Party General Secretary, would form China's new collective leadership. It is also expected to have new military leaders, although whether the top military position will turn over this year is unclear. The second most important transition involves State and National People's Congress leaders, and is to take place at the 12th National People's Congress in March 2013. China is to anoint a new State President and Vice President, a new Premier, new Vice Premiers and State Councilors, and new government ministers. If all goes as planned, the Party and State transitions would mark only the third orderly transfer of power from one top leader to another in China since the 1976 death of Mao Zedong, and only the second institutionalized transfer of power.¹

The Communist Party has long sought to depict the political transitions as predictable and uncontroversial, but they have proved to be neither. For much of 2012, the transitions have been overshadowed by a spectacular political scandal involving one of China's 25 most powerful officials, Bo Xilai.² Bo championed a different set of priorities from the Party leadership in Beijing, deployed his public relations savvy to build a national following, and was believed to be angling for a position on China's most elite governing body when he fell from grace, in part because of his wife's alleged involvement in the murder of a British business associate. Lingering support for Bo at high levels in the Party and the military may have complicated the Party's efforts to put the scandal behind it. Adding to the uncertainty surrounding the transition was the fortnight-long disappearance from public view in September 2012 of the man designated to become China's next Communist Party General Secretary, Xi Jinping. With the Chinese government offering no public statement addressing his absence, Chinese social media users speculated that he had suffered a heart attack, been the target of an assassination attempt, lost out in political infighting over the leadership transition, or, more prosaically, injured his back, as a Chinese official reportedly told U.S. officials. Xi eventually resurfaced; Chinese authorities have yet to explain what happened to him.

Congress and the United States have strong interests in the outcome of China's political transitions. Economically, the United States and China are heavily interdependent. China is the United States' second largest trading partner and largest supplier of imports, as well as being the largest foreign holder of U.S. debt. Both countries are major players in global efforts to tackle the European debt crisis, rein in the nuclear ambitions of North Korea and Iran, and manage instability in the Middle East in the wake of the Arab Spring. China's military modernization is now a factor in U.S. strategic planning. With such weighty issues at stake, the United States has

¹ The two previous orderly transfers of power were from strongman Deng Xiaoping to then-Communist Party General Secretary Jiang Zemin upon Deng's death in 1997, and from Jiang to current Party General Secretary Hu Jintao in 2002.

² In Chinese names, the family name comes first, followed by the given name. Thus Bo Xilai's family name is Bo and his given name is Xilai.

an interest in the identities of the officials who will make up China's new collective leadership, as well as in their policy portfolios, how they view the U.S.-China relationship and China's role in the world, and how effectively they can work together and with the United States.

The United States has a particular interest in the position that China's new leaders take on three major debates underway in China:

- As China attempts to transition from its economic model of the last 30 years to a new model focused on higher value manufacturing, an expanded service sector, and greater domestic consumption, what is the right place for the state sector? Should China end preferential policies for state-owned industries and look to the private sector to drive growth, or should it continue its "state capitalism" approach? At stake is potentially whether China will continue to be an engine of global economic growth far into the future, or if its economy will stagnate and drag the global economy down with it.
- What should be China's role in the world? Should it lie low and focus on domestic economic development, as former leader Deng Xiaoping counseled? Or, as a global economic heavyweight, should it take a more proactive and even assertive position on the world stage? If the latter, should China assume the role of a responsible stakeholder or of a revisionist power that wants to set and operate by its own rules?
- How should the Chinese Communist Party address popular dismay with political corruption and new calls for political reform? Will incremental moves toward greater accountability suffice, or should the Party heed calls for more substantive changes, such as easing controls on the media and requiring that all laws and Party directives comply with China's constitution?

Finally, Congress and the United States also share an interest in understanding the mechanics of the political transitions. Given the frequency of U.S.-China official interactions, for example, it may be helpful for Congress to understand that top Party officials are scheduled to step down from their Party posts in November 2012, but not from their State posts until March 2013, meaning that they will continue to represent China on the international stage in the interim. It is possible that control of the Chinese military may not change hands until 2014.

Congress and the United States also have an interest in understanding the mechanics of the transition as a way of evaluating progress, or the lack thereof, toward participatory politics in China. The U.S. government frequently articulates an interest in China's citizens having "a lawful way to voice legitimate grievances and have a meaningful role in the political development of their own society."³ Arrangements for the current political transition suggest that the role of ordinary Chinese citizens in their country's political development remains minimal.

For a detailed discussion of the Chinese political system, please see CRS Report R41007, *Understanding China's Political System*, by Susan V. Lawrence and Michael F. Martin. For background information about Xi Jinping, the man expected to be named General Secretary of the Communist Party at the 18th Party Congress in November, see CRS Report R42342, *China's Vice President Xi Jinping Visits the United States: What Is at Stake?*, by Susan V. Lawrence.

³ U.S. Department of State, "Assistant Secretary Michael H. Posner Briefing on the 17th U.S.-China Human Rights Dialogue," press release, July 25, 2012, <http://www.state.gov/j/drl/rls/rm/2012/195498.htm>.

Significant Characteristics of the Transitions

A Drawn-Out Process

By design, the set of Chinese political transitions currently underway extend over a relatively long time-frame and involve all China's major political institutions: the Communist Party, which dominates China's political system; the People's Liberation Army, which is not a state army but rather an appendage of the Party; the State, to which the Communist Party delegates responsibility for implementing Party policies; the National People's Congress, China's Party-controlled legislature; and the Chinese People's Political Consultative Conference, a Party-controlled advisory body. (See **Figure 1.**) The transitions also involve every level of the Chinese political system, from the township all the way up to national Party and State governing bodies. The most significant of the transitions are expected to be spread out over at least 18 months, and potentially as long as three years.

The first significant transition has already been completed. It involved the selection of new Communist Party Committees, including Party Secretaries, for China's 31 provincial-level jurisdictions. Candidates were approved by the Party's personnel arm, the Beijing-based Central Organization Department, and ratified by delegates to provincial Party Congresses held between October 2011 and July 2012.

The second major transition, and also the most consequential, is to take place at the Party's 18th National Congress, scheduled to open on November 8, 2012, and the First Plenum of the 18th Central Committee, held immediately afterwards. The Party's constitution requires it to hold Congresses every five years. At the 18th Party Congress, 2,270 Congress delegates, elected by the 82.6 million Party rank and file in a process closely managed by the Party's Central Organization Department, are to elect a new Central Committee, comprised of China's top 350 or so officials, and a new Central Discipline Inspection Commission, the body responsible for fighting corruption within the Party.⁴ The election of the new Central Committee

Key Leadership Transition Dates

10/2011-12/2012 and 4/2012-7/2012: Provincial Party Congresses selected provincial Party committees, headed by Party Secretaries.

8/2012: Conclusion of elections among Party members for 2,270 delegates to the 18th National Party Congress.

11/8/2012: Opening of the **18th National Party Congress**, at which Congress delegates are to elect a new Central Committee.

Mid-November 2012: At the **First plenum of the 18th Central Committee**, held immediately after the closing of the Congress, the Central Committee is to elect the more elite new Politburo and Politburo Standing Committee, as well as a new General Secretary, and approve a new Central Military Commission.

Early 2013: Provincial People's Congresses are to select new provincial governors and other provincial-level State leaders, as well as new leadership teams for the provincial People's Congresses.

3/2013: Delegates to the opening session of the **12th National People's Congress** are to elect a new State President and State Vice President, ratify the President's nomination of a Premier, and decide on the Premier's nominations of Vice Premiers, State Councilors (including China's top diplomat), and government ministers. They are also to elect a new leadership for the Congress.

Fall/winter 2014: If China's new Communist Party General Secretary is not appointed head of the Party's Central Military Commission at the first plenum of the 18th Central Committee in November 2012, the Central Committee will likely appoint him to the post at a later plenum in the second half of 2014.

⁴ For information about the election of Congress delegates, see Jiang Xueqing and Tang Yue, "Party Congress to reflect a sense of greater choice," *China Daily*, August 24, 2012. This year, Party members in each of 40 electoral units voted on ballots that included 15% more candidates than delegate positions. For the current number of Party members, see (continued...)

is expected to be very modestly competitive. At the 17th Party Congress, the leadership reportedly presented Congress delegates with 8.3% more candidates than full member positions, and 9.6% more candidates than alternate member positions.⁵ The current leadership is expected to offer a slightly higher percentage of additional candidates this year.

When the new Central Committee meets for its first plenum immediately following the closing of the Congress, it is to elect members of the most elite governing bodies, the Politburo and the Politburo Standing Committee, as well as a new General Secretary. It will also approve the membership roster of a new Central Military Commission, the Party body that oversees the military.⁶ Central Committee members are expected to be offered only as many candidates as available positions, with no competition in the process.

A third transition, scheduled for early 2013, is to involve the selection of provincial Governors and other provincial State leaders at provincial People's Congress meetings. China's Leninist political structure features interlocking Party and State bureaucracies at every level of administration. In that structure, provincial Party Secretaries, who run the provincial Party bureaucracy, outrank Governors, who run the provincial State bureaucracy.

A fourth transition, second only to the Party leadership transition in importance, is to unfold at the first session of the 12th National People's Congress in March 2013. National People's Congress delegates are to "elect" the State President, who is expected to be Xi Jinping, the same man expected to be named Party General Secretary. Delegates are also scheduled to elect a Vice President, "decide" on the President's nominee for a Premier of the State Council, and "decide" on the Premier's nominees for Vice Premiers, State Councilors, and government ministers. The U.S. government usually interacts with senior Chinese officials in their State capacities, so these State personnel changes are likely to have a major impact on U.S.-China dialogues and other bilateral interactions. Among the positions expected to turn over at the 12th National People's Congress are those of State Councilor for foreign affairs—China's top diplomat—and Vice Premier for foreign trade, the official who has in recent years served as the counterpart to the U.S. Secretaries of Treasury and Commerce. Delegates to the 12th National People's Congress will also "elect" the President of the Supreme People's Court; the head of the national prosecutor's office, the Supreme People's Procuratorate; and a new Standing Committee for the National People's Congress, including a Chairman and Vice Chairmen.⁷ Top officials of the Chinese People's Political Consultative Conference, the Party-controlled advisory body, are to be selected the same month.

Between the First Plenum of the 18th Central Committee in November 2012 and the First Session of the 12th National People's Congress in March 2013 are four months in which China's new

(...continued)

“中国共产党，8260 万党员：汇聚精英和“最美”的集体，” (“The Chinese Communist Party, 82.6 Million Party Members: A Collective that Brings Together the Brightest and ‘Most Beautiful’”), 人民日报海外版 (People's Daily Overseas Edition), July 5, 2012.

⁵ Cheng Li, “Preparing for the 18th Party Congress: Procedures and Mechanisms,” *China Leadership Monitor*, no. 36 (January 6, 2012), p. 7.

⁶ These procedures are outlined in the Party's constitution, which was most recently revised in 2007. It is available in English at http://news.xinhuanet.com/english/2007-10/25/content_6944738.htm and in Chinese at http://news.xinhuanet.com/ziliao/2002-11/18/content_633225.htm.

⁷ These procedures are outlined in the PRC's 1982 Constitution, available, with its subsequent amendments, at <http://english.people.com.cn/constitution/constitution.html>.

Party leaders will have taken office while the previous Party leaders remain in their State posts. China's current top leader, Hu Jintao, for example, is expected to give up the position of Communist Party General Secretary in November 2012, but he will continue in his position as State President until March 2013, and as such will continue to represent China at meetings of world leaders. Whereas U.S. Presidents often move quickly in the 100 days after taking office to set new agendas and push through new policies, and are judged on their success in doing so, the four-month gap between appointments to Party and State posts in China makes new Party leaders less likely to push through new policies in the months immediately following their party appointments.

A major uncertainty of the Party transition is whether, in addition to retiring from his post as Communist Party General Secretary, Hu Jintao will retire in November 2012 from his post as head of China's Central Military Commission, the body that controls China's military. If Hu does not give up that post in November, he could continue to hold it for as long as two more years. In that case, the last transition would be his retirement from the military job, and Xi Jinping's elevation to it, most likely at a plenum of the 18th Central Committee in the second half of 2014.

Figure 1. China's Leading Political Institutions



Source: CRS research.

Note: The People's Liberation Army is an arm of the Communist Party.

A Generational Shift

In contrast to the United States, where older presidential candidates can replace younger incumbents, in China, because of strict age and term limits for senior office adopted by the Party over the last 15 years, incoming top leaders are now always younger than their predecessors. At 59, Xi Jinping, is a decade younger than the man he is expected to succeed, Hu Jintao, and at 57, the leading candidate to become China's next Premier, Li Keqiang, is 13 years younger than the man he would replace, Wen Jiabao. The generational difference translates into stark differences in life experiences. The current generation of leaders were born before the Communist Party came to power and spent many of their most formative years in the politically turbulent era of Mao Zedong. China's incoming leaders, in contrast, have lived only under Communist Party rule and have spent almost all their working lives in the Deng-initiated reform era.

The Party's age and term limits for higher office are driving a sweeping turnover of senior leadership positions across the Chinese political landscape, with the scale of the leadership change similar to the 2002-2004 leadership transitions, when Hu Jintao was elevated to China's top leadership post. The rules for senior officials have never been publicly released, although they are believed to exist, but conventions followed at the last two Party Congresses, in 2002 and 2007, have become accepted political norms. Those norms include the requirement that candidates for new terms on China's most elite governing bodies must be 67 or younger when they take office, and that unless they serve concurrently on one of those elite governing bodies, provincial Party Secretaries and Governors and government ministers must be 62 or younger when they take office. The text box below provides more details of China's term and age limit norms.⁸

Term and Age Limits for High-Level Political Offices in China

The 16th and 17th Party Congresses, in 2002 and 2007, established norms for term and age limits for high-level officials. They include:

- No official can serve more than two terms in the same post. For Party leadership posts, a term effectively begins with a Party Congress and lasts five years, until the next quinquennial Party congress. For State and legislature posts, a term begins with the opening session of a five-year National People's Congress.
- Officials should be no older than 67 years old at the time of their appointment to new terms on three Party leadership committees—the Central Committee, the more elite Politburo, and China's most powerful decision-making body, the Politburo Standing Committee (PSC). This year, that means that to be appointed to those committees, officials must have been born in 1945 or later. Two PSC members—the Communist Party General Secretary and the State Premier—are expected to serve two consecutive terms, meaning this year that the candidates for those positions must have been born in 1950 or later. Barring illness or scandal, officials appointed to these bodies are all expected to serve out their full five-year terms.
- With one prominent exception, members of the Party Central Military Commission (CMC) are also expected to be no older than 67 years old at the time of their appointment to a new term. The exception is the CMC chairman, whose position is not currently subject to an age limit. CMC members are also expected to serve out their full five-year terms.
- Government ministers, provincial Party secretaries, and provincial governors should be no older than 62 years old when they begin a new term, meaning this year that they must have been born in 1950 or later. In addition, they are expected to retire at 65 or soon thereafter, even if they reach that age in the middle of their terms. The primary exceptions to the age limit and retirement age for provincial leaders and government ministers are those who serve concurrently on the Party Politburo or the State Council Executive Committee. In such situations,

⁸ For discussion of age limits for retirement from top posts, see Cheng Li, "Leadership Transition in the CPC: Promising Progress and Potential Problems," *China: An International Journal*, vol. 10, no. 2 (August 2012), p. 27.

ministers and provincial leaders can be as old as 67 at the start of their terms, and are expected to serve out their full terms.⁹

- The head of the National People's Congress, China's legislature, and the head of the Chinese People's Political Consultative Conference, an advisory body, are subject to an age limit by virtue of the fact that each serves concurrently on the Party Politburo Standing Committee, and so is subject to its age limit. Other top posts in the legislature and the advisory body are not subject to age limits, however. By convention, when senior officials below the level of the Politburo are forced to retire from Party or State posts because of age limits, they are often appointed to posts in the legislature or the advisory body, where, if they remain in good health, they may extend their careers by another decade.

Table 1 below indicates the scale of the personnel changes expected in 2012 and 2013 in China's leading decision-making bodies due solely to age limits. Some of the governing bodies listed here may shed additional members because of illness or because of the movement of members among leadership bodies.

Table 1. Expected Turnover in Top Governing Bodies in 2012-2013

Governing body	Current Number of Members	Minimum Number of Members Expected to Retire
Party Politburo Standing Committee (the Communist Party's most elite decision-making body)	9	7
Party Politburo (the Party's next most elite decision-making body)	24	14 ^a
Party Central Military Commission (committee that oversees the military)	12	7 ^b
Party Central Committee (broadest Party leadership group)	204 full; 167 alternate	Approx. 60%-65% ^c
State Council Executive Committee (most senior State decision-making body)	11 (Premier, four vice premiers, five State councilors, and Secretary General)	4
State Council (China's cabinet)	36 ^d (Executive Committee plus heads of 22 ministries, 3 commissions, Central Bank, and National Audit Office)	13

Source: CRS research.

Notes: Members expected to retire are considered to be those born before 1945.

- The Politburo began its current term with 25 members. One member, disgraced former Chongqing Party Secretary Bo Xilai, age 62, was suspended from the Politburo and then expelled from the Party in 2012. Fourteen Politburo members are expected to retire at the 18th Party Congress, including the seven who sit concurrently on the Politburo Standing Committee.

⁹ Beijing Party Secretary Guo Jinlong, for example, was appointed to a new term in July 2012, despite already being 65 years old, because the Beijing Party Secretary serves concurrently on the Party Politburo. All China's provinces appointed new Party leaderships in 2011 and 2012. Illustrating the seriousness with which China now enforces age limits, only 8 of the 402 individuals appointed to those provincial Party leadership committees were older than 62. All others were born in 1950 or later. "Meet China's New Provincial Party Chiefs," *China Daily.com.cn*, accessed September 19, 2012, http://www.chinadaily.com.cn/china/2012-07/20/content_15602961.htm.

- b. The minimum number of members of the Central Military Commission expected to retire—seven—does not include current CMC Chairman Hu Jintao, who is 69, but who could follow his predecessor's example and remain in the CMC post for up to two years after giving up his other posts. The Party has not so far enforced an age limit for the post of CMC Chairman.
- c. Cheng Li, "Preparing for the 18th Party Congress: Procedures and Mechanisms," *China Leadership Monitor*, no. 36 (January 6, 2012), p. 7, <http://www.hoover.org/publications/china-leadership-monitor/article/104241>.
- d. Two members of the State Council serve concurrently as ministers and as State councilors.

Opaque Procedures

Although age and term limits now allow outsiders to predict with considerable accuracy which officials are likely to be forced to step aside at each major transition moment, the process by which the Communist Party selects officials to enter top leadership bodies remains opaque. State media have indicated that the Party holds straw polls among senior officials to gauge support for candidates for high offices, but it is unknown how much weight those straw polls hold. It is unclear what other factors come into play as the leadership decides on the composition of the final candidate lists, although age, work experience, education, patron-client ties, and the interpersonal dynamics among candidates are all believed to be important. Also unclear is how broad a group is involved in the decisions, including how much influence retired senior leaders have over the process. Former Communist Party General Secretary Jiang Zemin and his close ally, former Vice President Zeng Qinghong, are believed to wield considerable influence over the current set of transitions and to be angling to fill the Party's most powerful decision-making body, the Politburo Standing Committee, with as many Jiang loyalists as possible. Jiang's former contemporaries, such as former Premiers Li Peng and Zhu Rongji, and other former Politburo Standing Committee members such as Li Ruihuan and Qiao Shi, may have a role in the process, too. Finally, it is unclear when and where decisions about final candidate lists are made. Some analysts believe that Party leaders made many of their important decisions at a summer conclave at the Beidaihe beach resort. This year, others questioned whether such a conclave even took place.¹⁰

Even when the Party introduces the members of its newly constituted Politburo Standing Committee to assembled foreign journalists and diplomats after the first plenum of the 18th Central Committee, past precedent suggests that it will not disclose each member's portfolio. All that the world will know, at least initially, is the rank of each member of the committee, divined from the order in which the members file into the room. Some portfolios may not become clear until March 2013, when top Party officials are concurrently appointed to top State and parliament posts. In the current collective leadership, the portfolios of the nine members are foreign relations and military affairs, legislative affairs, government administration, relations with non-Communists, ideology and propaganda, the Party apparatus and Hong Kong and Macau affairs, finance and the economy, Party discipline, and internal security.¹¹ Each member of the leadership is responsible for management of affairs in his portfolio, with major and/or controversial issues decided by consensus or a super-majority vote among all the members of the collective leadership.

¹⁰ Alice Miller, "A Pre-Congress Miscellany," *China Leadership Monitor*, no. 39 (October 1, 2012), pp. 2-4, <http://www.hoover.org/publications/china-leadership-monitor/article/129511>.

¹¹ Alice Miller, "The Politburo Standing Committee under Hu Jintao," no. 35 (September 21, 2011), p. 3, <http://media.hoover.org/sites/default/files/documents/CLM35AM.pdf>.

Issues to Watch

Size of the Party's Top Governing Body

China's top decision-making body is the Party's Politburo Standing Committee (PSC), which currently has nine members, each responsible for a specific portfolio. A super majority among the nine is believed to be necessary for all major decisions. Persistent reports in media based outside mainland China suggest that at the first plenum of the 18th Central Committee, the Party may shrink the PSC to seven members. Such reports suggest that the primary goal in making the PSC smaller would be to make it easier for the body to reach consensus on contentious issues.

A smaller PSC could mean the elimination of the stand-alone PSC seats currently reserved for the top leaders who oversee the internal security apparatus and the bureaucracy that censors the media and the Internet. Those portfolios would not disappear, but they might be merged into the portfolios of other PSC members or downgraded and held by officials one rung below the PSC, in the larger Politburo. The possibility of eliminating the stand-alone internal security and propaganda posts has been cheered by some supporters of political reform in China, who hope that it will reduce the bureaucratic clout of the two bureaucracies most directly associated with the policies of repression in China. Others suggest that merging internal security and propaganda into other PSC portfolios will have little impact on the power of those bureaucracies, noting that the nine-person PSC is a relatively recent innovation, introduced in 2002, and that both bureaucracies were powerful even before they got stand-alone PSC seats assigned to them.¹²

Identities of the Members of the Party's Top Governing Body

Only two members of the current Politburo Standing Committee are expected to retain their seats on the body at the first plenum of the 18th Central Committee in November 2012. One of them, Xi Jinping, is expected to move into the top ranked position on the PSC and to be named Communist Party General Secretary. The other, Li Keqiang, is expected to move up in rank on the PSC, to either the number two or number three position, and is likely to be appointed China's State Premier at the 12th National People's Congress meeting in March 2013. The identities of the other members of the PSC are less certain. **Table 2** lists officials identified by overseas scholars and Western and Asian media reports as leading candidates for PSC membership. As important as the identities of the individual members may be their relationships with patrons among China's influential retired leaders. One significant divide is believed to be between protégés of former top leader Jiang Zemin and protégés of his successor, Hu Jintao. Many of Hu's protégés previously worked for the Communist Youth League, the organization that was Hu's route to national prominence. Although members within a single camp may not share world views, the balance between the camps could determine how effectively the collective leadership works together.

¹² For discussion of the significance of shrinking the Politburo Standing Committee from nine to seven members, see Willy Lam, "Finalizing the 18th Party Congress: Setting the Stage for Reform?" *China Brief*, vol. XII, no. 18 (September 21, 2012), p. 6. Lam writes that, "It may be misguided to think that the apparent 'downgrading' of these two portfolios would necessarily mean that the authorities would adopt a more liberal or tolerant attitude toward censorship and combating 'anti-party' or 'destabilizing' agents in society. It is possible, however, that in the case of the CPLC [Central Political-Legal Commission], the unprecedented empire building of the law enforcement apparatus might be checked."

Table 2. Leading Candidates for Membership of the Politburo Standing Committee (PSC)

Listed Alphabetically by Family Name

Name	Birthdate	Current Position	Comments
Li Keqiang	July 1955	Ranked # 7 on the PSC; Executive Vice Premier	Believed certain to retain his membership on the PSC and likely to be named State Premier. Protégé of Hu Jintao.
Li Yuanchao	November 1950	Politburo Member; Head of the Party Organization Department (the party's personnel department)	Has spoken out in favor of greater accountability for officials and inner-Party democracy. Protégé of Hu Jintao.
Liu Yandong	November 1945	Politburo Member; State Councillor	The only known woman candidate; familiar to U.S. officials as the Chinese chair for the U.S.-China Consultation on People-to-People Exchange. Believed to support a greater political role for China's minor political parties and for civil society. Protégé of both Jiang Zemin and Hu Jintao.
Liu Yunshan	July 1947	Politburo Member; Member of the Party Secretariat; Head of the Party Propaganda Department	As propaganda chief, has maintained tight control of the Chinese media. Ally of Hu Jintao.
Wang Qishan	July 1948	Politburo member; Vice Premier	Familiar to U.S. officials as the Chinese chair for the economic track of the U.S.-China Strategic and Economic Dialogue and as the Chinese chair of the U.S.-China Joint Commission on Commerce and Trade. Protégé of Jiang Zemin and former Premier Zhu Rongji.
Wang Yang	March 1955	Politburo Member; Party Secretary of Guangdong Province	A rival of disgraced former Chongqing Party Secretary Bo Xilai. Credited with creative political reforms in Guangdong Province. Protégé of Hu Jintao.

Name	Birthdate	Current Position	Comments
Xi Jinping	June 1953	Ranked # 6 on the PSC; Vice Chairman of the Central Military Commission; Member of the Party Secretariat; State Vice President	Believed certain to retain his membership on the PSC and to be named Party General Secretary in November 2012, State President in 2013, and Chairman of the Central Military Commission in either November 2012 or in 2014. Visited the United States in his capacity as State Vice President in February 2012. His daughter is an undergraduate at Harvard College. Former leader of provinces with strong private sectors and extensive international trade. Believed to have been selected as China's next top leader because he was acceptable both to Jiang Zemin and Hu Jintao.
Yu Zhengsheng	April 1945	Politburo Member; Party Secretary of Shanghai Municipality	Supporter of the private sector. His father was the first husband of Madame Mao Zedong, Jiang Qing. His brother, Yu Qiangsheng, worked for China's spy agency, the Ministry of State Security, before defecting to the United States in the 1980s. Associated with Jiang Zemin.
Zhang Dejiang	November 1946	Politburo Member; Vice Premier; Party Secretary of Chongqing Municipality	A Korean speaker who earned an undergraduate degree in economics from Kim Il Sung University in Pyongyang, North Korea, and held Party posts in the ethnic Korean Chinese prefecture bordering North Korea. Considered a strong supporter of state-owned industry. Associated with Jiang Zemin.
Zhang Gaoli	November 1946	Politburo Member; Party Secretary of Tianjin Municipality	A pro-market former oil industry executive. Associated with Jiang Zemin.

Source: Cheng Li, "China's Top Future Leaders to Watch: Biographical Sketches of Possible Members of the Post-2012 Politburo (Part 1)," *China Leadership Monitor*, no. 37 (April 30, 2012), and Cheng Li, "China's Top Future Leaders to Watch: Biographical Sketches of Possible Members of the Post-2012 Politburo (Part 2)," *China Leadership Monitor*, no. 38 (August 6, 2012).

Notes: Because of age limits for senior office, any candidates born before 1950 would likely serve only one five-year term on the PSC. The size of the new PSC is not yet known. It currently has nine members, but could shrink to seven members at the first plenum of the 18th Central Committee in November 2012.

Who Will Control the Military?

As noted above, Xi Jinping is widely expected to be elevated to head the Chinese Communist Party later this year, replacing Hu Jintao as Party General Secretary, and to be promoted to be State president, replacing Hu, in March 2013. Less certain is whether Xi will immediately replace Hu in the third top leadership position Hu currently holds, chairman of the Party Central Military Commission, the body that oversees the Party's military wing, the China's People's Liberation Army (PLA). Some scholars consider the CMC post to be the most important in the Chinese political system.¹³ Hu's predecessor, Jiang Zemin, held on to the military post for nearly two years after handing off the top Party post to Hu. Hu could do the same before handing off the job to Xi.

Those who support the notion of Hu retaining the military post present the arrangement as a way for Hu to help Xi as he works to consolidate power. Hu has headed the military since 2004, the argument goes, and so would be a seasoned and steady hand overseeing the PLA at a time when China faces high tensions with Japan over disputed islands in the East China Sea, simmering tensions with Southeast Asian countries over disputed territory in the South China Sea, the possibility of another test of a nuclear weapon by North Korea, and the challenge of responding to the U.S. rebalancing toward Asia.

Other analysts argue that the example of Hu Jintao's predecessor Jiang Zemin notwithstanding, Hu should retire completely during this political transition, allowing his successor to move directly into all three top posts. Some proponents of this view observe that Hu, who became China's top leader without the benefit of ties to the military, never developed a particularly strong grip over the PLA. One Western analyst describes Hu's role with military as "having been reduced to little more than signing documents prepared by the generals."¹⁴ In contrast, Xi is considered to have longstanding ties to the military. He is the son of a celebrated general who helped the Communists win power and spent three years in his late 20s as an active service military officer working in the Central Military Commission. Xi is also married to a glamorous folk singer who has spent her entire career with the PLA's premier song and dance troupe and now heads it, with the protocol rank of a major general. It is not clear, however, whether Xi's ties to the military will make him more able to control it, or whether his ties will make him more beholden to the military and more likely to support its ever-growing budgets and often nationalist stances on national security and foreign policy issues.

Next Steps in the Bo Xilai Saga

The scandal involving Bo Xilai, the former Party Secretary of Chongqing Municipality and Party Politburo member, has overshadowed and greatly complicated the political transition process for

¹³ William C. Kirby, *The Strange Case of Bo Xilai*, Harvard Business Review Blog Network, September 28, 2012, <http://blogs.hbr.org/hbsfaculty/2012/09/the-strange-case-of-bo-xilai.html>.

¹⁴ Chris Hughes, *The Role of the Military in China's Leadership Transition*, European Union Institute for Security Studies, August 28, 2012, <http://www.iss.europa.eu/publications/detail/article/the-role-of-the-military-in-chinas-leadership-transition>.

much of 2012. On September 28, 2012, the same day that it set November 8, 2012, as the date for the opening of the 18th Party Congress, the Party leadership announced its long-awaited decision on Bo's fate, expelling him from the Party, barring him from holding public office, and ordering him out of the Party's internal disciplinary bureaucracy and into the State's judicial system for investigation. Bo is still a National People's Congress (NPC) delegate, a position that gives him immunity from prosecution, so the next step in his saga is expected to be his expulsion from the NPC. That will open the way for him to be formally charged with crimes and tried. The case has already badly damaged the Party's image. In the coming weeks and months, as the Party discloses details of Bo's alleged crimes and the judicial system brings him to trial, the case will enter a dangerous new phase for Chinese new leaders—Bo's former colleagues—and for the Communist Party as an institution.

In its decision on Bo, the Party leadership declared that he bears “major responsibility” for his vice mayor's February 2012 flight to a U.S. consulate in Chengdu, China. The vice mayor, Wang Lijun, was convicted of various crimes, including “defection,” at a trial in September 2012.¹⁵ The Party also pronounced that Bo bears “major responsibility” for his wife's alleged murder of a British businessman in November 2011, a crime that the vice mayor revealed to U.S. diplomats during his 29-hour stay in the U.S. consulate. Bo's wife, Gu Kailai, was convicted of homicide at a trial in August 2012.¹⁶ In addition, the Party declared Bo to have violated Party rules going back 20 years, to his tenure as mayor and later Party Secretary of the eastern port city of Dalian, and continuing during his subsequent tenures as a provincial leader, Minister of Commerce, Chongqing Party Secretary, and Politburo member. Bo abused his power, took bribes, engaged in “improper sexual relationships with a number of women,” made “erroneous” personnel decisions, and may have been involved in unspecified “other crimes,” the Party alleged.¹⁷

One risk for the Party going forward is that Bo's doggedly loyal supporters may continue to rally behind him, refusing to accept that the charges against him are genuine, thereby threatening the unity of the Party and the authority of its leaders. Bo was an unusually charismatic figure in Chinese politics who adroitly tapped into widespread public anxiety about economic and social inequalities and a loss of values in China's increasingly money-driven culture. Bo is believed to have had high-level allies in the Party and military, some of them bequeathed to him by his powerful father, who was one of China's best known first generation revolutionaries. How many of those allies remain sympathetic to Bo now is unclear. Bo's most vocal supporters are politically marginalized Marxists who embraced Bo's “Chongqing model” for its professed commitment to greater egalitarianism and its support for state-owned industry, which Bo combined with a ruthless crackdown on alleged organized crime bosses and a “red” revival movement that fanned nostalgia for the Mao Zedong era.

Perhaps the bigger challenge for the Party is that the Bo saga has highlighted major flaws in the Chinese political system. As more becomes known about Bo's alleged crimes, those flaws will come into sharper relief and could feed calls for political and economic change that the Party is not ready to meet. For critics of the current system, the Bo case is at its heart an illustration of the

¹⁵ China's official news agency, Xinhua, published a 4,000-word report on the details of Wang's case: “Details of the Trials of Wang Lijun,” *Xinhua News Agency*, September 19, 2012, http://news.xinhuanet.com/english/indepth/2012-09/19/c_131861108.htm.

¹⁶ “Details of Intentional Homicide Trial of Bogu Kailai, Zhang Xiaojun,” *Xinhua News Service*, August 11, 2012, http://news.xinhuanet.com/english/china/2012-08/11/c_131776969.htm.

¹⁷ “Bo Xilai Expelled from CPC, Public Office,” *Xinhua News Agency*, September 28, 2012, http://news.xinhuanet.com/english/china/2012-09/28/c_131880079.htm.

lack of accountability for senior Party officials and the cavalier attitude toward the law that is common among them. As those critics see the case, Bo is accused of wrongdoing spanning 20 years, and yet was not subject to investigation by the Party's internal discipline authorities until his vice mayor took allegations against him to U.S. diplomats. Over those 20 years, despite his alleged misconduct, Bo was appointed to one high-profile position after another, culminating in his appointment to the Politburo, which made him one of the two dozen most powerful figures in China, and put him within striking distance of a seat on the all powerful Politburo Standing Committee. Eight of the current nine members of the Politburo Standing Committee visited Chongqing during his tenure, moreover, most of them to heap praise upon his "Chongqing model." Since the Bo case broke, suggestions for making officials more accountable have included un-muzzling the media, so that they can act as watchdogs in exposing official misconduct, and ending the practice of giving regional Party Secretaries absolute control of the police forces in their jurisdictions. Critics of the current system have also suggested reducing the role of the state in the economy, in order to reduce opportunities for officials to enrich themselves and their families.¹⁸

The Party could have saved itself from further airing of Bo's alleged sins, and from the attendant questions about the Party's inability to deal with misconduct within its ranks, by subjecting Bo only to Party sanctions, and not turning him over to State prosecutors. It apparently concluded, however, that it needed Bo to go through the judicial process in order to convince Bo's supporters that he engaged in real criminal behavior, and that the Party is not simply punishing him for speaking awkward truths about economic inequality. Yet China's judiciary is not independent. Party committees oversee the State's police, prosecutors, and courts. It is therefore unclear how much legitimization of the Party's claims the judicial system can provide. The trials of the other two major figures in the Bo affair, Bo's wife, Gu Kailai, and his vice mayor, Wang Lijun, were also intended to convince a skeptical public that the Bo case was not about Bo's politics, but both were widely criticized on China's micro-blogs for procedural and evidentiary flaws.¹⁹

What's in the 18th Party Congress' Policy Report?

The most important policy document of the political transitions is the "Report on the Work of the 17th Central Committee," which will be presented at the 18th Party Congress by China's outgoing top leader, Hu Jintao. It is a consensus document incorporating feedback from across the Party. China's incoming top leader, Xi Jinping, is believed to have been heavily involved in its drafting. In addition to reviewing the work of the previous five years, the report will outline the Party's priorities for the coming five years. If reports from previous Congresses are a guide, however, the

¹⁸ Hu Shuli, "Bo Xilai as a Catalyst for Political Reform: The Scandal Has Given Reform Advocates in China Fresh and Compelling Reasons to Press Forward," *Caixin Online*, October 11, 2012, <http://english.caixin.com/2012-10-11/100445969.html>. For information on the wealth amassed by members of Bo's family, see Michael Forsythe, Natasha Khan, and Ben Richardson, "China Murder Suspect's Sisters Ran \$126 Million Empire," *Bloomberg News*, April 13, 2012, <http://www.bloomberg.com/news/2012-04-13/china-murder-suspect-s-sisters-ran-126-million-business-empire.html> and Michael Forsythe, Wenxin Fan, and Dune Lawrence, et al., "Bo Xilai Clan Links Included Citigroup Hiring of Elder Son," April 23, 2012, <http://www.bloomberg.com/news/2012-04-22/bo-xilai-clan-links-included-citigroup-hiring-of-his-elder-son.html>.

¹⁹ See, for example, Edward Wong, "Chinese Government Scientist Raises Doubt on Evidence in a Murder Case," *The New York Times*, September 26, 2012.

18th Congress report will likely employ a coded language that obscures rather than illuminates the Party's plans.²⁰

The report is expected to argue forcefully for a continuation of Hu's contribution to the Communist Party canon, known as the "Scientific Concept of Development." Hu's predecessor, Jiang Zemin, who served as Communist Party General Secretary from 1989 to 2002, brought China into the World Trade Organization and dismantled ideological barriers to growth of the private sector, but later faced criticism for policies that encouraged officials to pursue fast-paced economic growth at the cost of growing social inequities and environmental degradation. Pushing back against the priorities of the Jiang era, Hu introduced his "scientific concept of development," which calls for a "comprehensive, coordinated, and sustainable" development model that balances urban and rural development, economic and social development, and economic growth with responsible ecological stewardship.²¹ Criticism of Hu's tenure has focused on his failure to make significant headway in addressing economic inequality. In a recent Pew Research Center poll, 48% of Chinese surveyed identified the gap between rich and poor as a "very big problem" for their society, up from 41% in 2008.²² Hu has also been criticized for policies aimed at shielding state-owned industries from competition and for doing too little to support development of the private sector.

Among the most closely parsed language in the report will be that relating to the place of state-owned industry in the economy and prospects for political reform. In Hu's report to the 17th National Party Congress in 2007, the Party reaffirmed its commitment to the state sector with the phrase, "We need to uphold and improve the basic economic system in which public ownership is dominant and different economic sectors develop side by side." The Party said it would "consolidate and develop" the state sector, while it would "encourage, support, and guide the development" of the private sector. On political reform, the 17th Congress report included only modest commitments, such as holding more public hearings for proposed laws and regulations and appointing more non-Communist Party members to senior positions.

Who Are Likely to be China's Future Leaders?

The Chinese Communist Party operates an extensive personnel bureaucracy that seeks to manage the careers of all Party cadres, grooming some for high office over decades. China's current top leader, Hu Jintao, spent a full decade as heir apparent to Jiang Zemin before stepping into the top jobs himself. Xi Jinping, who is expected to succeed Hu Jintao as China's top leader, and Li Keqiang, who is expected to be named Premier of the State Council in March 2012, have both spent five years apprenticing for the jobs they are soon to occupy. This leadership transition, while still underway, has already brought to national prominence a crop of officials born in the 1960s, whom the Party appears to be grooming for possible national leadership positions. The

²⁰ Hu Jintao's Report to the 17th Party Congress, entitled "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in All," is available at <http://www.china.org.cn/english/congress/229611.htm>.

²¹ For more about the Scientific Concept of Development see China.org.cn, *Scientific Concept of Development & Harmonious Society*, October 8, 2007, <http://www.china.org.cn/english/congress/227029.htm> and, in Chinese, 武边, 科学发展观内涵论析, 人民网-理论频道, March 30, 2012, <http://theory.people.com.cn/GB/49150/49152/17544935.html>.

²² Pew Research Center, *Growing Concerns in China about Inequality, Corruption*, Pew Global Attitudes Project, October 16, 2012, <http://www.pewglobal.org/2012/10/16/growing-concerns-in-china-about-inequality-corruption/>.

most high-profile are a group of seven who were all born in 1960 or later and who have all already attained the bureaucratic rank of provincial chiefs or government ministers. All men, they are listed in **Table 3**. One or more could be appointed to the Party Politburo at the first plenum of the 18th Central Committee in November 2012. If Xi Jinping serves two terms as China's top leader, and if the political system does not undergo profound changes in the meantime, one of the seven could emerge as the Party's choice to succeed Xi Jinping as China's top leader at the plenum following the 20th Party Congress in 2022.

Table 3. Up-and-Coming Leaders to Watch

All were born in 1960 or later and have attained the bureaucratic rank of a provincial Party Secretary or governor or a government minister. They are listed by age, from oldest to youngest.

Name	Birthdate	Current Position
Zhou Qiang (周强)	April 1960 (age 52)	Party Secretary of Hunan Province; Chairman of Hunan People's Congress Standing Committee
Nu'er Baikeli (努尔·白克力)	August 1961 (age 51)	Chairman of the Xinjiang Uighur Autonomous Region (XUAR); Deputy XUAR Party Secretary
Zhang Qingwei (张庆伟)	November 1961 (age 51)	Governor and Deputy Party Secretary of Hebei Province
Su Shulin (苏树林)	March 1962 (age 50)	Governor and Deputy Party Secretary of Fujian Province
Hu Chunhua (胡春华)	April 1963 (age 49)	Party Secretary of the Inner Mongolia Autonomous Region (IMAR); Chairman of IMAR People's Congress Standing Committee
Sun Zhengcai (孙政才)	September 1963 (age 49)	Party Secretary of Jilin Province; Chairman of Jilin People's Congress Standing Committee
Lu Hao (陆昊)	June 1967 (age 45)	First Party Secretary of the Communist Youth League Central Committee

Source: "60后省部级官员将影响未来中国" ("Provincial and Ministerial-Rank Officials Born After 1960 Will Influence China's Future"), 人民日报海外版 (*People's Daily Overseas Edition*), September 20, 2012, http://news.xinhuanet.com/politics/2012-09/20/c_123737021.htm.

The selection of provincial leadership teams in the current transition has also produced a crop of 13 officials who are just behind the first seven in terms of bureaucratic rank, but who are younger than six of the seven. These 13 officials were all born in 1965 or later and sit on the Communist Party committees that govern provinces. If the political system does not change dramatically, some of these officials, only one of whom is a woman, are likely to rise to national prominence. The 13 officials are listed in **Table 4**.

Table 4. Possible Future Leaders to Watch

Listed from oldest to youngest. All were born in 1965 or later and are now members of provincial Communist Party leadership committees.

Name	Birthdate	Current Position
Zhao Yide (赵一德)	February 1965 (age 47)	Member and Secretary General of the Zhejiang Province Provincial Party Committee
Mao Xiaobing (毛小兵)	March 1965 (age 47)	Member of Qinghai Province Party Committee; Party Secretary of Xining City
Chen Gang (陈刚)	April 1965 (age 47)	Member of Beijing Party Committee, Party Secretary of Chaoyang District
Zhang Anshun (张安顺)	April 1965 (age 47)	Member of Jilin Provincial Party Committee, Party Secretary of Yanbian Prefecture
Sun Shougang (孙守刚)	August 1965 (age 47)	Member of Shandong Provincial Party Committee, Provincial Propaganda Chief
Zhang Xiaolan (F) (毛超峰)	November 1965 (age 46)	Member of Gansu Provincial Party Committee, Party Secretary of the Provincial Party Discipline Commission
Mao Chaofeng (毛超峰)	December 1965 (age 46)	Member of Henan Provincial Party Committee, Party Secretary of the Politics and Law Commission
Qin Yizhi (秦宜智)	December 1965 (age 46)	Member of Tibet Autonomous Region (TAR) Party Committee, Executive Vice Chairman of TAR Government
Fan Ruiping (范锐平)	April 1966 (age 46)	Member of Hubei Provincial Party Committee, Party Secretary of Xiangyang City
Chen Gang (陈刚)	May 1966 (age 46)	Member of Beijing Provincial Committee, Vice Mayor of Beijing City Government
Zhuang Yan (庄严)	August 1967 (age 45)	Member of Jilin Provincial Party Committee, Provincial Propaganda Chief
Deng Xiaogang (邓小刚)	August 1967 (age 45)	Member of Tibet Autonomous Region Party Committee, Party Secretary of Politics and Law Commission
Yang Yue (杨岳)	July 1968 (age 44)	Member of Fujian Party Committee, Party Secretary of Fuzhou City

Source: 单学刚 (Dan Xuegang), “换届新气象：政法委书记和宣传部长频繁调整,” (“New Atmosphere of the Transition: Frequent Adjustments of Politics and Law Commission Secretaries and Propaganda Chiefs”), *中国改革 (China Reform)*, September 4, 2012.

Note: Zhang Xiaolan of Gansu Province is the only woman in the group.

Challenges Facing the New Leadership

Consolidating the Transitions

As noted above, the People's Republic of China has managed only one previous transfer of power that was both orderly and institutionalized, in 2002-2004, when Jiang Zemin yielded to Hu Jintao first the positions of Communist Party General Secretary and State President, and then the position of Central Military Commission chairman.²³ The first challenge facing China's designated new leaders now is simply to undertake and consolidate a second such transition. Although the Party has worked hard to suggest that an orderly transition is inevitable, in three important respects, the challenge this time is greater than in 2002-2004:

- In the last transition, Hu Jintao had been personally selected to be China's next top leader by Deng Xiaoping, the dominant political figure of the post-Mao Zedong era. Although Deng died in 1997, five years before the transition, Deng's imprimatur insulated Hu from all challenges. This time around, the man designated as Hu's successor, Xi Jinping, enjoys no such insulation from criticism.
- In 2002-2004, Hu and his colleagues had to manage just one powerful retired Communist Party General Secretary maneuvering for influence behind the scenes, Jiang Zemin. This time, Xi Jinping and his colleagues will begin their tenures having to manage the influence of two previous Party General Secretaries, Jiang, now 86, and Hu, age 69, as well as a whole new cohort of retired regular Politburo Standing Committee members. If Hu retains the position of Central Military Commission chairman for an additional two years, the new collective leadership will initially have to manage his influence not just behind the scenes, but also on the national stage.
- In the 2002-2004 period, China had the Internet, but not yet Twitter-like micro-blogs. Now, hundreds of millions of Chinese are micro-bloggers and political gossip travels on the micro-blogs faster than the Party can censor it. Micro-bloggers have reported in real time on industrial accidents and a high-speed train crash, spread word of protests and labor actions, and exposed corrupt officials and human rights violations, forcing on China's new leaders a level of accountability that their predecessors did not face when they took office.²⁴

Managing the Transition to a New Economic Growth Model

Assuming the political transitions unfold in a relatively orderly way, China's new leaders will immediately face the challenge of managing an ambitious shift in China's economic growth model and deciding what place state-owned industry should have in the Chinese economy going

²³ China managed another peaceful transfer of power in 1997, when Deng Xiaoping, who held no official posts but was widely viewed as China's most powerful leader, died. Jiang Zemin, who held all the top jobs at the time of Deng's death, retained those posts and took on the mantle of China's top leader. That transfer of power from Deng to Jiang was not an institutionalized affair, however.

²⁴ For more information about the Internet in China, see CRS Report R42601, *China, Internet Freedom, and U.S. Policy*, coordinated by Thomas Lum.

forward. China's economy has grown at an average of 10% annually for 30 years on the basis of an economic model that relied on booming exports of low-cost manufactured goods, high savings rates, and heavy investments in infrastructure. Now, with China's traditional export markets continuing to struggle with the effects of the global financial crisis and the European debt crisis, China's working age population predicted to begin shrinking after 2015, and environmental degradation creating natural resource bottlenecks, that model is increasingly seen to have run its course. In its 12th Five Year Plan for economic development, covering the years 2011 to 2015, China's leadership signaled its intention to adopt a new growth model focused on higher value manufacturing, an expanded service sector, support for green industries, and reliance on domestic consumption to fuel a greater proportion of growth.²⁵ The plan did not spell out, however, the mechanics of how China should go about restructuring its economy to achieve those goals.

Early in 2012, an unusual joint report issued by the World Bank and the State Council Research Development Center (DRC), the think tank of China's cabinet, argued that for a successful transition, China must reduce the role of the state in the economy, break up state monopolies, strengthen the private sector, and give all China's citizens equal access to social services and employment opportunities.²⁶ Those recommendations challenge powerful interest groups, however, to say nothing of current Communist doctrine. State-owned corporations have benefited from their monopolies and oligopolies, while powerful Communist Party families have amassed personal fortunes from their association with those corporations. Government ministries derive their clout from their control over key levers of the economy. Governments in wealthy parts of the country, for their part, have benefitted from being able to exploit the inexpensive labor offered by rural migrants without having to extend to those migrants the social services and educational and employment opportunities enjoyed by everyone else. Because of resistance to the World Bank/DRC report from affected interest groups, a Chinese-language edition of the report has yet to be released.²⁷

Chinese critics of the World Bank/DRC report's recommendations argue that heavy state involvement in the economy—Western commentators call the approach “state capitalism”—has served China well. They point out that state-owned enterprises and their affiliated businesses are responsible for more than half of all Chinese economic output and employment.²⁸ They also argue that the global financial crisis and continued slow growth in countries like the United States have discredited the sort of private sector-led approach the report is advocating. The United States, which is looking to China's economy to continue to be an engine of growth for the global economy, has a major stake in what position China's new leaders take in the debate, and in whether they can, in fact, successfully place China on a new path to growth.

²⁵ For details of the 12th Five Year Plan, see China.org.cn (Chinese government portal site), *Full Text: Report on the Work of the Government*, March 15, 2011, http://www.china.org.cn/china/NPC_CPPCC_2011/2011-03/15/content_22143099_2.htm.

²⁶ The World Bank and the Development Research Center of the State Council, *China 2030: Building a Modern, Harmonious, and Creative High-Income Society*, February 27, 2012, <http://www.worldbank.org/en/news/2012/02/27/china-2030-executive-summary>.

²⁷ For discussion of the report and its detractors see Bob Davis, “New Push for Reform in China: Influential Report to Warn of Economic Crisis Unless State-Run Firms Are Scaled Back,” *The Wall Street Journal*, February 23, 2012.

²⁸ Charlie Zhu and David Lague, “Special Report: China's Other Power Struggle,” *Reuters*, October 16, 2012.

Re-conceiving China's Foreign Policy

For the last two decades, China's foreign policy has been guided by precepts laid down by former leader Deng Xiaoping, who decreed that China should focus on domestic economic development, keep a low profile in international affairs, and think twice before criticizing or condemning others or getting involved in others' affairs. Deng's approach to foreign policy is often summarized with the phrase, "Hide one's capabilities and bide one's time, and endeavor to achieve something."²⁹ As China's economy has expanded and become more embedded in the global economy, and as its military has modernized, however, some groups in China have suggested that the country may have outgrown Deng's counsel, and that it may be time for China to adopt a more pro-active, even assertive, foreign policy. China has already moved some distance away from Deng's dictums. It is an active participant in global efforts to manage the European debt crisis and contain the North Korean and Iranian nuclear programs, for example, and since 2008, its military has been participating in anti-piracy missions in the Gulf of Aden, far from China's shores. In its disputes with Asian neighbors over disputed territory in the South China Sea and East China Sea, moreover, it has moved from Deng's emphasis on shelving sovereignty disputes and engaging in joint development toward more forceful assertions of Chinese sovereignty and unilateral moves to exploit resources.³⁰ China's new leaders will face decisions about whether to move decisively beyond Deng's precepts and if so, whether to do so as a status quo power that seeks to work within the existing rules of the global order, or a revisionist power that seeks to change them. The United States has a strong interest in the choices the new leadership makes.

Responding to Calls for Political Reform

A particularly difficult challenge for China's new leaders is how to respond to calls for political reform both from the public and from within the Party. As noted earlier, the drawn-out case of former Chongqing Party Secretary and Politburo member Bo Xilai has shone a spotlight on the unchecked power of senior Party officials and fed renewed calls for the Party to make its officials more accountable and to strengthen the rule of law. (See "Next Steps in the Bo Xilai Saga.") Also feeding such calls are other high profile cases, including those of former Minister of Railways Liu Zhijun and former Shenzhen City Mayor Xu Zongheng. Behind those cases stand hundreds of thousands more. The Party recently acknowledged that it investigated 640,000 corruption cases in the five years from November 2007 to June 2012. Reflecting the Party's aversion to handing over its cadres for criminal prosecution, the Party disclosed that it referred only 24,000 of the cases, or fewer than 4%, to judicial authorities for criminal prosecution.³¹ In the recent Pew Research Center poll mentioned earlier, 50% of Chinese surveyed said corrupt officials are a "very big problem" for their society, up from 39% in 2008.³²

²⁹ The literal translation of the Chinese phrase, "*tao guang yang hui you suo zuo wei*," (韬光养晦有所作为) is "hide brightness and nourish obscurity to have some accomplishments." For a full discussion, see Xiao Feng, "How to Understand Comrade Xiaoping's 'Hide Brightness and Nourish Obscurity, Have Some Accomplishments' Thought," *Beijing Daily*, April 6, 2010.

³⁰ For discussion of the evolution of China's approach to its maritime disputes, see Ma Ying and Zhao Gancheng, "The Evolution of the Guiding Principles and Strategies of China's Periphery Policy," *Shanghai Institute for International Studies International Review*, no. 2 (2009), http://www.sis.org.cn/en/zhuantu_view_en.aspx?id=10012.

³¹ "Over 660,000 Officials Punished in Five Years," *Xinhua News Service*, October 8, 2012, http://news.xinhuanet.com/english/china/2012-10/08/c_131893592.htm.

³² Pew Research Center, *Growing Concerns in China about Inequality, Corruption*, Pew Global Attitudes Project, October 16, 2012, <http://www.pewglobal.org/2012/10/16/growing-concerns-in-china-about-inequality-corruption/>.

The Party is clearly aware of popular dismay over official corruption and unaccountable Party cadres. In a commentary seen as previewing themes to be included in Communist Party General Secretary Hu Jintao's report to the 18th Party Congress, the Party's theoretical journal, *Qiushi* ("Seeking Truth"), opined that, "the issue of the restraint and oversight of power has still not been fundamentally resolved and corrupt phenomena such as abusing power for personal gains and trading power for money are doing serious damage to the body of our party and our State." The commentary said that the Party needed to place more emphasis on developing mechanisms to check the power of officials, but offered no concrete proposals. It did, however, explicitly declare that China "must not practice the parliamentarian system and separation of three powers of the West" and "must not weaken and negate leadership by the Communist Party of China and practice the multi-party system of the West."³³

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³³ 北京市中国特色社会主义理论体系研究中心 (Beijing Municipal Research Center for the Theoretical System of Socialism with Chinese Characteristics), "坚持推进政治体制改革发展社会主义民主政治" ("Persist in Pushing Forward the Political Structural Reform and Developing Socialist Democratic Politics,") *Qiushi*, Issue 19, October 1, 2012.