

**Power Shift in China**  
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***Besieged by factions, China's leaders struggle with succession, reforms and worried foreign investors***

The spectacular fall of Bo Xilai, the charismatic but notoriously ambitious Politburo member, is only the latest episode in the Middle Kingdom's long history of power politics. Still, the prevailing views of overseas China analysts have changed dramatically in response.

Prior to the Bo crisis, many believed that Chinese political institutionalization was sufficiently developed to make the upcoming leadership succession as smooth and orderly as the previous one in 2002. Now, as the crisis unfolds, many regard Bo's dismissal as just another political purge, a restoration of the normal pattern of vicious power struggle.

Both views can be highly misleading, as neither adequately links its analysis of leadership politics to broader shifts of power in present-day China. The challenge for analysts is to provide a balanced, deep-rooted assessment of the trends underlying this recent drama. Three parallel trends in shifting power deserve special attention.

The first shift can be expressed as "weak leaders, strong factions." Over the past two decades China has gradually left behind rule by an all-powerful leader such as Mao Zedong or Deng Xiaoping and embraced a collective form of leadership. Both Jiang Zemin and Hu Jintao were no more than "first among equals" in their respective third and fourth generations of PRC leadership. Their diluted power was partly due to their lack of revolutionary credentials, but mostly a result of changing public opinion and growing institutional constraints.

For example, Chinese bloggers have criticized Hu, fairly or not, for "inaction." Some prominent Chinese intellectuals even describe his two five-year terms as "a lost decade." Premier Wen Jiabao is also often considered "weak" and "ineffective." These criticisms may, not necessarily represent the general public, but they nevertheless undermine the authority of the Hu-Wen administration.

Incoming leaders Xi Jinping and Li Keqiang, owing to their lack of achievements and increasing competition from peers, are likely to be even weaker than their predecessors and forced to rely more on collective leadership.

Collective leadership naturally makes factional politics more dynamic. The Chinese Communist Party leadership is now structured around what can be called "one party, two coalitions" in which the two balance each other's power. The two factions can be labeled the "populist coalition," led by Hu, and the "elitist coalition," which emerged in the Jiang era and is currently led by Wu Bangguo, chairman of the national legislature.

The elitist coalition consists of princelings – leaders who come from high-ranking official family backgrounds – and the so-called Shanghai gang, while the populist coalition consists of former Chinese Communist Youth League officials, known as *tuanpai*, who

comprise Hu's power base. These two coalitions have contrasting policy priorities. The elitist coalition tends to emphasize economic efficiency and GDP growth, while the populist coalition stands for social justice and social cohesion. In general, the elitist group dominates the economic sectors, representing the coastal region's interests, while the populist group prevails in party organizations, claiming to voice concerns of the inland region.

Factional politics, by no means new in the PRC, is no longer a winner-take-all zero-sum game. These two political camps are almost equal in power. They have divided up the seats in the top leadership organizations to reach a near-perfect balance. They also complement each other in terms of expertise. The meteoric falls of two rising stars in the Politburo in recent years – Shanghai Party Chief Chen Lianyu in 2006 and Bo Xilai in 2012 – are testimonials to the phenomenon of "weak leaders, strong factions." Factional leaders with scandals can easily be dismissed, but factions are too strong to be dismantled. The leaders replacing Chen and Bo come from the same camps as their predecessors.

The second power shift can be described as "weak government, strong interest groups." The PRC has tremendous financial and political resources, and yet the government faces daunting problems such as economic disparity, inflation, growing local debts, rampant corruption, environmental degradation, resource scarcity, public health insecurity, and ethnic tensions in Xinjiang and Tibet.

The State Council has become less effective in controlling provinces and even key state-owned enterprises. A barb recently circulating online, that "the premier cannot control a general manager," sums up this problem of the central government's weakness. Tensions between the two coalitions tend to make the decision-making process lengthier and more complicated, and could at some point even result in deadlock.

More importantly, never in the six-decade history of the PRC have interest groups been as powerful as they are now. For example, various players associated with property development have emerged as one of the most powerful special-interest groups, explaining why it took 13 years for China to pass the anti-monopoly law, why the macroeconomic control policy of the last decade was largely ineffective, and why the widely perceived property bubble was allowed to expand.

Perhaps the most controversial shift in power is the third one, "weak party, strong country." The CCP is the world's largest ruling party, consisting of 3.9 million grassroots branches and 80 million members. In the absence of organized opposition, the party seems unchallengeable. But a close reading of the CCP's official discourse reveals a sense of imminent crisis of legitimacy. The directives adopted at the Fourth Plenary Session of the 17th Central Committee in 2009 explicitly acknowledged that many problems internal to the party are exacerbated by new domestic and international circumstances, "severely weakening the Party's creativity, unity and effectiveness." These directives described intra-party democracy as the "lifeline of the Party."

China's political reforms, including intra-party democracy, have made almost no progress in the past three years. This may be attributed to two factors: First, the 2008 global financial crisis tarnished the Western brand, leading some left-wing Chinese intellectuals to claim credit for superiority of one-party rule in China. Second, the Arab

Spring rattled the party leadership, who worry about similar protests at home.

That China's spending on "maintaining social stability" in 2009 was almost identical to the country's total national defense budget is a sign of weakness. Coupled with the Bo episode, the party's reputation is damaged. Large-scale outflows of capital, presumably from corrupt officials, in recent years further indicate a lack of confidence among party elites. On top of that, the recent demand for constitutionalism among liberal intellectuals, as well as several military officers' call for a state army rather than a party army, constitute new challenges to CCP rule.

Troubles within the CCP leadership do not indicate that China as a whole is weak. Among the profound differences between the Tiananmen incident in 1989 and the Bo crisis is that in the latter case, at least so far, China's economy and society have been hardly disrupted. This reflects the maturity of Chinese society and the country's strength.

Although these shifts in power have caused new tensions in the PRC's governance and a sense of uncertainty, viewed from a broader perspective they should be considered encouraging developments. Factional checks and balances within the leadership, dynamic interest groups, and the widely-shared perception of China as a rising power could all become factors in a democratic transition.

In the near future, the focus of China analysts should not only be on how effectively the CCP leadership uses legal procedures to deal with the Bo case, but also whether the leadership can boldly adopt more electoral mechanisms in its selection of senior leaders and search for new sources of legitimacy.

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