

## One Party, Two Factions: Chinese Bipartisanship in the Making?

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I am honored to speak to such a distinguished audience, and I am also delighted to be on a panel with America's two leading experts on Chinese politics. The focus of this conference is the Chinese leadership and elite politics. In my view, Chinese elite politics has been experiencing some fascinating and far-reaching changes during the past few years. But unfortunately, both the mass media and the scholarly community in the United States have been very slow to grasp the changing nature of Chinese elite politics, much less to understand its implications. I want to applaud Minxin and David for organizing this conference and providing the conceptual leadership and research initiatives on this important subject.

My assignment is to identify factions or coalitions in the Chinese leadership and to highlight the importance of factional analysis in our understanding of Chinese politics and policies. But, as we know, factional politics in the Chinese leadership is neither legitimate nor transparent. There have always been more myths, rumors, and speculations than reliable data, verified sources, and facts-based analysis. As distant China watchers, we have to live with complexity, tolerate ambiguity and expect uncertainty. At the same time, however, as Susan Shirk once said, "Cynicism, like dogmatism, can be an excuse for intellectual laziness."<sup>i</sup>

If one studies the Chinese leadership long enough and carefully enough, one will come to recognize that China's decision-makers are by no means a monolithic group of elites who share the same views, values and visions. But instead, I believe that two factions coexist in the Chinese leadership. Members of these two factions often contrast sharply in terms of their personal backgrounds, professional expertise, and political careers. These two factions compete against each other for power, influence and policy initiatives.

I argue that this emerging bipartisanship in the Chinese Communist Party (CCP), which is characterized by checks and balances between two informal, and almost equally powerful, coalitions in the leadership, is an important political development in China that deserves greater attention. In the absence of any strong, organized opposition force in the People's Republic of

China (PRC), it is unlikely that the country will have a multi-party political system in the near future. But this should not obscure some recent and profound changes within the CCP, especially the trend towards what I call “one Party, two factions.”

In this talk, I will outline four general observations about this emerging “one Party, two factions” phenomenon in China, including: 1) the formation of the two coalitions, 2) core evidence of bipartisanship, 3) policy differentiations of the two coalitions, and 4) the new features and implications of Chinese factional politics today.

First, to explain the formation of two competing coalitions. Two political coalitions are presently balancing one another in the CCP leadership. The differences between these two coalitions are reflected not only in their leaders’ distinct personal careers and political associations, but also in the socio-economic groups and geographical regions they represent.

One coalition might be called the “elitist coalition,” led by former Party chief Jiang Zemin, and now largely led by Vice President of the PRC Zeng Qinghong. The core faction of this elitist coalition is the so-called Shanghai Gang, including prominent leaders such as Huang Ju, Wu Bangguo, Chen Liangyu, Zeng Peiyan, and Chen Zhili. Like their patrons, Jiang Zemin and Zeng Qinghong, many rising stars in the elitist coalition are princelings (those who rose to leadership via family connections). Examples include: Minister of the State Development and Reform Commission Ma Kai, Minister of Commerce Bo Xilai, Governor of the People’s Bank Zhou Xiaochuan, and Zhejiang Party Secretary Xi Jinping. Many have advanced their careers – and, therefore, have expertise – in the areas of finance, trade, foreign affairs, information technology, and education. Some are returnees from study abroad (so-called *haiguipai*). An overwhelming majority of returnees come from, and work, in the coastal regions. These leaders often represent the interests of entrepreneurs, the emerging middle class, and the economically advanced coastal provinces (China’s “blue states”). The elitist coalition occupies more seats on the Politburo than the opposing coalition, but just the opposite is true on the 356-member central committee of the CCP.

The other coalition can be identified as the “populist coalition” led by President Hu Jintao and Premier Wen Jiabao. The core faction of the populist coalition is the Chinese Communist Youth League (CCYL), the so-called *tuanpai* who worked in the national or provincial leadership

in the League in the early 1980s when Hu Jintao was in charge of that organization. Four front-runners for membership on the next Politburo, Liaoning Party Secretary Li Keqiang, Jiangsu Party Secretary Li Yuanchao, Director of the CCP United Front Department Liu Yandong, and Shanxi Party Secretary Zhang Baoshun, all served on the 11-member secretariat of the Youth League's Central Committee under Hu in the early 1980s. Among the 15 provincial chiefs (who are Party secretaries or governors and who were appointed or designated after 2004), nine (or 60 percent) were Youth League officials, or *tuanpai*. These *tuanpai* leaders have had close contact with Hu Jintao for more than two decades

Most of the populist coalition's members have advanced their political careers through local and provincial administration, many have leadership experience in rural areas, and many have worked in the fields of Party organization, propaganda, and legal affairs. Like Hu Jintao and Wen Jiabao, leaders of the populist coalition often come from less-developed inland provinces (China's "red states" or more commonly known in China as "yellow states"); they usually have humble family backgrounds. According to the Hong Kong-based scholar Ding Wang's study, since 1983, no princeling at the ministerial or vice-ministerial level of leadership ever served in the national leadership of the Youth League.<sup>ii</sup> Leaders of the populist coalition are more effective in addressing the concerns and needs of the population at the grassroots, especially the so-called "vulnerable social groups" such as farmers, migrant laborers and the urban unemployed.

Secondly, to present core evidence of bipartisanship. One interesting phenomenon is that in each of the five most important leadership bodies in the PRC, the top two positions are filled by one leader from each of the two different coalitions, thus creating a situation of checks and balances. In the state presidency, we find President Hu Jintao versus Vice President Zeng Qinghong; on the Central Military Commission, Chairman Hu Jintao versus First Vice Chairman Guo Boxiong (who is Jiang's protégé); on the Politburo Standing Committee, Secretary General Hu Jintao versus the second highest ranking member Wu Bangguo (who is a member of the Shanghai Gang); on the State Council, Premier Wen Jiabao versus Executive Vice Premier Huang Ju (another member of the Shanghai Gang); in the National People's Congress, Chairman Wu Bangguo versus First Vice Chairman Wang Zhaoguo (a long time colleague of Hu Jintao in the Youth League).

This interesting arrangement is by no means coincidental. It reflects the trend in the Chinese political establishment to maintain a balance of power. Also, the two senior leaders who were dismissed as a result of the SARS crisis in the spring of 2003, former Minister of Health Zhang Wenkang and former Beijing mayor Meng Xuenong, were from two different coalitions. It will be interesting to see whether the 17<sup>th</sup> Party Congress will select one single younger leader as a successor to Hu, or will choose two to four leaders from the next generation to wait in line for succession to top posts.

Whereas Jiang's protégés dominate the Politburo, especially its powerful Standing Committee, the leaders of the Hu-Wen coalition are much more popular in intra-Party elections and among the general public. The electoral performance of the members of the elitist coalition is not nearly as impressive as that of the members of the Hu-Wen coalition. For example, at the election held at the Tenth National People's Congress in 2003, while both Hu Jintao and Wen Jiabao lost very few votes in the confirmation of their posts as the president and the premier respectively, members of the Shanghai Gang, including Vice President Zeng Qinghong, Executive Vice Premier Huang Ju, State Councilor Chen Zhili and Governor of People's Bank Zhou Xiaochuan all lost several hundred votes. Some of Jiang's protégés and princelings failed to be elected. Delegates of the Chinese political establishment used their limited "democratic rights" to express their views through their votes, demonstrating the new dynamics of bipartisanship.

Thirdly, to characterize policy differentiations of the two coalitions. As we know, despite rapid economic growth, the Jiang era was also known for the growing economic gap between urban and rural areas, coastal and inland regions, and new economies and traditional sectors. Jiang allocated disproportionate economic resources to Shanghai and other coastal cities while allowing many inland provinces to lag behind. Within a generation, China has been transformed from one of the most equitable countries in the world in terms of income distribution to one of the least equitable. In addition, China has paid an enormous cost for single-minded economic growth in terms of a lack of environmental and ecological protection.

Hu Jintao quickly sensed that his mandate was to fix the serious problems associated with Jiang's leadership. Hu's populist policies include three main components: first, more balanced regional economic development; second, increased concern for social justice and so-called social

harmony; and third, greater political transparency and institutionalization. The emphasis on more balanced regional economic development has already placed some inland cities such as Chengdu and Xi'an on the fast track of economic growth. The shopping list of infrastructure projects for China's western region during the past three years has been very impressive. Also, the so-called northeastern rejuvenation seems to have begun, as Dalian and Shenyang had the largest increase in foreign investment in the country in 2004.

In contrast to Jiang, who was more interested in demonstrating achievements rather than admitting problems, Hu is willing to discuss challenges. Systemic problems in Chinese political institutions, possible economic and financial crises (including the threat of a real estate bubble), industrial incidents, rural grievances and urban protests, and overwhelming demographic pressures are now more openly discussed in the official media than ever before. Hu has identified himself as a populist leader who understands the socio-economic problems that the Chinese people face. During the past two years, Hu and Wen have made popular moves such as reducing the tax burden on farmers, ordering business firms and local governments to pay debts to migrant workers, punishing irresponsible officials for various kinds of accidents, visiting AIDS villages and patients, and abolishing some discriminative regulations against migrants.

Since early 2004, Hu and Wen have adopted a macroeconomic control policy (known in Chinese as *hongguan tiaokong*) to limit bank lending, land use, and fixed-asset investment in key overheated sectors such as steel and real estate. They have explicitly stated that this policy does not treat all sectors and provinces in the same way. Hu and Wen have strived to cool off the decade-long construction fever in Shanghai and the Yangtze River Delta. In Shanghai, construction projects worth approximately \$48 billion have either been halted or canceled. Not surprisingly, Chen Liangyu, Party chief of Shanghai, voiced strong dissent against the macroeconomic control policy during a Politburo meeting held in June 2004. In a broader context, the dispute between Wen and Chen reflects the tension between efficiency and fairness, between the need for rapid growth and the concern for social cohesion.

This leads me to my fourth point: the new features and implication of the emerging Chinese bipartisanship. Factional politics is, of course, not new in China. What is new is the fact that factional politics takes place at a time when strong-man politics as characterized in the Mao and Deng eras comes to an end. The decisive role of the

“strong-man” in decision-making has been replaced by a collective leadership in which the top leader, Hu Jintao, is no more than the “first among equals.” Hu, Zeng, Wen and other leaders have to be constantly engaged in coalition building, political negotiation and compromise.

What is new is the fact that these two coalitions should not be simplistically categorized in ideological terms such as liberals and conservatives, pro-market and anti-market, or reformers and hardliners. While these two factions represent different regional and socio-economic interests and divergent policy priorities, both have valid socio-political concerns. The two coalitions tend to fix each other’s problems, thus avoiding a single-minded approach.

What is new is the trend that factional politics is no longer a vicious power struggle and zero-sum game in which a winner takes all. Neither the elitist coalition nor the populist coalition is willing to, or capable of, defeating the other. Hu Jintao’s hesitance to remove Chen Liangyu from his post in Shanghai in the wake of corruption scandals in the city is a good example. Each coalition has its own strengths that the other coalition does not possess. *Tuanpai* officials are long in terms of organizational and propaganda skills and they often have had experience in rural administration, especially in poor inland regions, but they are short on skills in handling the international economy. My recent study of 22 prominent *tuanpai* leaders found that none of them has had work experience in foreign trade, foreign investment finance, or banking.<sup>iii</sup> They have to cooperate with the elitist coalition, especially the Shanghai Gang.

To a great extent, both coalitions share a common purpose: to ensure the survival of the CCP rule at home and retain China’s status as a major international player abroad. This makes Chinese bipartisanship sustainable.<sup>iv</sup> In my judgment, this “one Party, two factions” formula will remain as the dominant feature of Chinese elite politics in the next 10 to 15 years.

However, the Chinese intra-Party partisanship has some serious limitations. Let me briefly outline these limitations and prospects for future development. Factional politics and political coalitions within the Party, although not completely opaque to the public, lack transparency. Unlike factional politics in democracies such as the LDP-hegemony period in Japan, factional politics within the CCP are not yet legitimated by the Party constitution. Chinese bipartisanship may create checks and balances in the Chinese political system and thereby

revitalize the CCP leadership. But the CCP cannot survive indefinitely, partly because societal forces will become increasingly active in the Chinese political process.

It is also partly because intra-Party partisanship itself will lead to further political changes. For example, while all members of the elitist coalition apparently voted for Hu and Wen in the last election, I predict that some will not do so in the next election partly because of the need to constrain Hu-Wen's power, and primarily because Chinese politicians will be more familiar with the rules of the "new game." Political lobbying and negative campaigns, which are now officially prohibited, will likely occur. If my predictions are correct, we will soon witness a more interesting and dynamic phase of China's political institutionalization. The central question is whether the world's largest political party, which is also the longest continuously ruling party, will split along the division of an elitist coalition and a populist coalition after 10 to 15 more years of practice of this intra-party bipartisanship. If so, whether or not this split can be achieved in a nonviolent way.

I would like to end my presentation with an anecdote, which was once told by Song Defu, former party chief of Fujian and a close friend of Hu Jintao.

Two men are traveling together in a dense forest. When they stop to set up camp, they suddenly see a tiger racing toward them. One man takes the time to put on his running shoes.

The other man laughs and asks: "What's the use of wearing those shoes? Can you run faster than the tiger?"

"No, I'm not faster than the tiger," the man replies, "but I want to run faster than you."

At a time of rapid socio-economic change in the PRC, perhaps any political leader or coalition should learn how to run faster than the other.

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Notes:

<sup>i</sup> Susan L. Shirk, *Competitive Comrades: Career Incentives and Student Strategies in China*. Berkeley, CA.: University of California Press, 1981, p. x.

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<sup>ii</sup> On the 11<sup>th</sup> Secretariat of the CCYL Central Committee in the early 1980s, four of the eleven members were princelings, including Li Yuanchao, Liu Yandong, Chen Haosu and He Guangwei. Since the mid-1980s, however, princelings have been taking positions with business firms or local governments in coastal cities, which provide more opportunities for financial profits and/or political careers. Ding Wang, *Hu Jintao yu gongqingtuan jieban qun* (Hu Jintao and the successors of Chinese Communist Youth League). Hong Kong Celebrities Press, 2005, p. 262.

<sup>iii</sup> Cheng Li, “Hu’s Policy Shift and the *Tuanpai*’s Coming-of-Age.” *China Leadership Monitor*, Issue No. 15 (Summer 2005).

<sup>iv</sup> For a detailed discussion of emerging Chinese bipartisanship, see Cheng Li, “The New Bipartisanship within the Chinese Communist Party.” *Orbis* (Summer 2005): 387-400.