



Leadership Struggle in China

Nicholas R. Lardy explains what led to the ouster of a popular Communist Party official as China heads toward installing new leaders this year.

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Steve Weisman: This is Steve Weisman at the Peterson Institute for International Economics with Nicholas Lardy to talk in another of our series of conversations about the latest political developments in China, where a leadership struggle is going on as they select their next generation of leaders. Nick, tell me a little bit about it.

Nicholas Lardy: This is the run-up to the big Party Congress that's held every five years. It will be held in the fall of this year, at which the top leaders, the members of the Standing Committee of the Politburo will be identified. And there will be almost a complete turnover in the membership of this group, so it's a very substantial change in the political line-up.

Steve Weisman: But there was a interesting development in the ouster of a popular Communist Party official.

Nicholas Lardy: Bo Xilai, who was the first Party Secretary of Chongqing, a major administrative unit in southwest China, has been more or less overtly campaigning to become a member of the Standing Committee of the Politburo. He's already a member of the 25-man Politburo, but he's been campaigning to get on the Standing Committee.

He has resurrected a lot of Cultural Revolution practices: singing songs from that era, cracking down on supposed gangsters and other nefarious elements in Chongqing. And he's generally regarded as something of a populist. He's done a very good job, apparently, in developing housing for people that can't afford commercial housing. And he has run afoul of his colleagues and now has been dismissed from his position as Party Secretary in Chongqing.

Steve Weisman: What is the leadership worried about when it comes to him?

Nicholas Lardy: The system is not very transparent, so we can only speculate. But certainly they don't like people campaigning for these offices. This is all supposed to take place behind the curtain without much visibility. Regardless of whether there are major differences, they like to present an image of a unified party. The fear, of course, is that if there is a perception among the population that the Party is beginning to develop significant splits, this could have far-reaching ramifications.

At the time of the Tiananmen massacre, for example, it was widely believed among those people who were demonstrating at the time that there was a split in the leadership and they couldn't make a decision about whether or not to clear the Square. That led the demonstrators to take the kinds of actions that they might not otherwise have taken. So I think that the facade of unity is of primary importance to the regime.

Steve Weisman: But this appears to be driven by differences over economic approach, rather than political approach, as was the case with Tiananmen Square. A populist who may feel that the system is not working for the average Chinese and maybe working too well for the elite. Is that over-interpreting this?

Nicholas Lardy: I don't think so. Certainly the populist approach has been characterized also as that of [President] Hu Jintao, the Party Leader. So you might think that Bo Xilai is a populist in the same way that the top leader is, and that he should be in good company. But the problem is, there are a lot of things going on behind the scenes that we can't even guess at and that could have led to his downfall.

Certainly, one thing is that he has, at least according to his critics, abused the rule of law. He's incarcerated a lot of people that were his political opponents within the city. And certainly among intellectuals he's extremely unpopular because of the way that he has abused his personal power as First Party Secretary.

Steve Weisman: Any implications that you can see, for China's basic economic policies?

Nicholas Lardy: I don't think so. Bo was in the vanguard on promoting social housing, but again, that's a policy that's been promoted in Beijing by Hu Jintao and [Premier] Wen Jiabao as well, so in many respects his policy is fully congruent on the economic side with the central government.

I think it is worth keeping in mind, while we have a lot of speculation that the leadership may be divided and that the whole transition could even come unglued in some way that we can't anticipate, that under Deng Xiaoping, the leader that brought China out of the Cultural Revolution Period, he did establish rules.

The reason we know that their transition is coming up is that he set term limits. The very top leaders can only serve for ten years, and we're coming to the end of the ten year period. This is a transition period. In the past, of course, there was no regular transition. It was very uncertain as to when a transition would occur, how it would be accomplished. A lot of that has been changed by the reforms that Deng undertook.

He also introduced age limits, which are quite important. The reason that most of the members of the Standing Committee have to rotate off at this time is that they are now too old to serve. So they do have term limits, they do have age limits, and that does set some parameters within which this transition will take place.

Steve Weisman: The transition itself is not a sign of instability, it's a sign of observing the rules?

Nicholas Lardy: Yes. Certainly to a considerable extent, it's observing the rules. The exception, of course, is that Bo Xilai campaigned more openly than has been done in the past.

Steve Weisman: Thank you, Nick.

Nicholas Lardy: Thank you.

