

CNBC – “China: The Next Decade”

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Robert Lawrence Kuhn, international corporate strategist, investment banker, China political and economics commentator and expert on the China business market.



Lisa Oake (HOST): We are counting down to when China reveals the members of the Politburo Standing Committee where, of course, Xi Jinping and Li Keqiang have their spots secured. We take the leadership in China very seriously, as you can tell, with our countdown clock. Let’s get over to Beijing now where all the action is unfolding this morning with CNBC’s China correspondent, Eunice Yoon, who has more.



Eunice Yoon, CNBC Beijing Correspondent: Lisa, the guesswork is almost over. The 205 members of the Central Committee have chosen the members of the all-powerful Politburo Standing Committee, and those people are going to be revealed in just a couple of hours. Like you said, we’re quite certain that the top spot is going to go to Xi Jinping.

Let’s get some more insight into this next generation of leaders from Dr. Robert Lawrence Kuhn, who is here and is a senior adviser to the Chinese government.



Kuhn: It’s an exciting day. All the speculation disappears. Now we have reality.

Eunice Yoon, CNBC Beijing Correspondent: It is a very exciting day! What are your thoughts on this new leadership? How hopeful are you that they will push through some of the economic reforms that people want?



Kuhn: The first thing to understand is that all members of the Standing Committee of the Politburo are really all equals. We expect seven today – there have been nine (since 2002), but it will be reduced to make it more efficient. And each of the individuals is a power center in his own right.

People think the Standing Committee is like an American cabinet, and the head of China, who is the head of the Party, is like a dictator, with absolute authority. This is not at all true. All of Standing Committee members are equal; they each have equal votes. The head of the Party is certainly first among equals, but they’re all equal. That’s why it’s really important who the others are, what positions they hold. Because this affects coalitions, for example, on how and when to reform. I believe that, right now, not to reform is more risky than to reform.



Eunice Yoon, CNBC Beijing Correspondent: So Xi Jinping is the one getting the top job, and I know it’s a collective leadership, but the system is still the same. So no matter what happens, these guys are still in the same system as Hu Jintao and Wen Jiabao. So how difficult is it for them to navigate, especially if its collective leadership, like you said?



Kuhn: First of all, it's brought down to seven, which makes decision-making more efficient. But we need to look at who these people are. The large majority will have run two major provinces or cities. That's like independent countries. China provinces, in terms of population, would be in the top 20 in the world; in terms of GDP, in the top 30 or 35.

So these are all individuals who, for four or five years each, have run two separate provinces. That's almost a decade. And when they come together, they will appreciate all of the complex problems that China has. The economy, political reform, social issues... all the diverse complex issues that China faces. So we're hopeful that they will recognize that reform is critical, but it will not be the kind of grand reform that many people in the West hope. Reform in China is more complex, more nuanced.



Eunice Yoon, CNBC Beijing Correspondent: You authored a book on Jiang Zemin, the former president. There's been talk about how he's been able to retain so much influence in not only this current administration, but also the future generation. How much influence is he going to have?



Kuhn: First of all, it's a Chinese tradition for thousands of years, long before communism, to respect your elders. And this virtue has taken on a special characteristic, where China's current leaders always not only respect, but really listen to, China's previous leaders. And Jiang Zemin, obviously, was number one in the past and has retained great influence because of this respect. And also because, frankly, the members of the previous Standing Committee -- and the members of the new Standing Committee -- are people whose careers have flourished under his leadership. Some are mentees of his; many have been promoted by him.



So through several of these factors -- nothing official -- but through respect, through appreciation of his work, and also because the Standing Members are people whom he has mentored, former President Jiang will maintain influence.

Eunice Yoon, CNBC Beijing Correspondent: Well, that's interesting for our business audience because President Jiang is really known for being quite business friendly. He opened up the Party to more capitalism, as well as to entrepreneurship.



That was Dr. Robert Lawrence Kuhn, giving us his insights into the next leadership, which will be revealed in just a couple of hours from now.

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