

# Euronews – “China: the Straining Giant’s New Leaders”

November 15, 2012



**Narrator:** A new line-up of top leaders replaces the old guard in China. How will the single-party system hold up under increasing challenges? These include population expansion, redistribution of wealth, social priorities, energy and agriculture needs, and the environment.

The new Politburo Standing Committee has been streamlined to seven, from nine members, with Xi Jinping at its head. Only some are reformists, others more traditional conservatives.



**Nial O'Reilly (Host):** So change at the top in China, but will it mean a new direction or more of the same? Joining us now is our regular commentator on Chinese affairs, Robert Lawrence Kuhn, author of “*How China’s Leaders Think.*”

Dr. Kuhn, we’ve had an idea for some time of the identities of some of the new generation of leaders. They’re younger, but will they be much different?



**Robert Kuhn:** What’s important to understand is that it’s not just the senior leader that counts, not just the head of the party – Mr. Xi Jinping, the new general secretary – but all the members of the Politburo Standing Committee, because they have equal votes. It’s really an oligarchic consensus that runs China. These seven individuals, everything in China reports to one of them. And they are all independent.

They have strong administrative experience. Six of them have run major provinces or municipalities. These are territories that have 30, 50, up to a 100 million people. If they were independent countries, they would be in the top 20 countries in the world in terms of population, and in the top 35 in terms of GDP. This means that the new leaders have worked with Western CEOs and business people, and diplomats, for many years - literally, for two four or five-year terms, eight to ten years. Several have run even more than two provinces. So, that experience, I expect, will be very effective in dealing with the tremendous problems that China has.



**Nial O'Reilly (Host):** One of the things they’re reportedly considering is a crackdown on corruption. But can we really expect the new leadership to police itself effectively? And moreover, do the Chinese people expect it to?

**Kuhn:** Corruption is really an important topic. The Chinese people are at this carefully now. Why so much corruption? Part of the reason is that China has become much more wealthy. There are much more spoils to be split by the party in charge.





The other part is one-party system – which, frankly, I believe is good for China, at least for the foreseeable future, as long as you have checks and balances, transparency... all of the things that we need – including a free media. And without that, you're never, ever, going to totally control corruption. China has had terrible scandals this year, which exposed the lack of checks and balances among the most senior leaders. People tell me personally – and I mean high leaders – “This time, we really must get it right, because the people won't stand for it.” It's going to be tough.



**Nial O'Reilly (Host):** In terms of the economy, which is the big issue at the moment? What stands out for you as the significant policy developments at the Party Conference, which has just finished?



**Kuhn:** When you look at economic growth, the problem is that everyone looks at the top line: China is growing at 7.5%. Can they sustain that? Yes, they probably can sustain that, but that's not the big issue. The big issue is, what are the components of that GDP? In the past, it has been very heavily weighted to investment (infrastructure) and exports, both of which are unsustainable, for different reasons – exports because you can't have a trade balance forever, and investment because the more investment you have, the less efficient it becomes.



China must increase its domestic consumption. You have to do that by raising workers' wages, which requires a radical economic transformation. So the fact that the growth rate is a little bit down, on itself, is actually not bad. You have to track the components. This is a very serious issue for China, because of where its economy is going, and of course the rest of the world is very much affected by it as well.

**Nial O'Reilly (Host):** Dr. Kuhn, an informative analysis as always. Thank you very much.