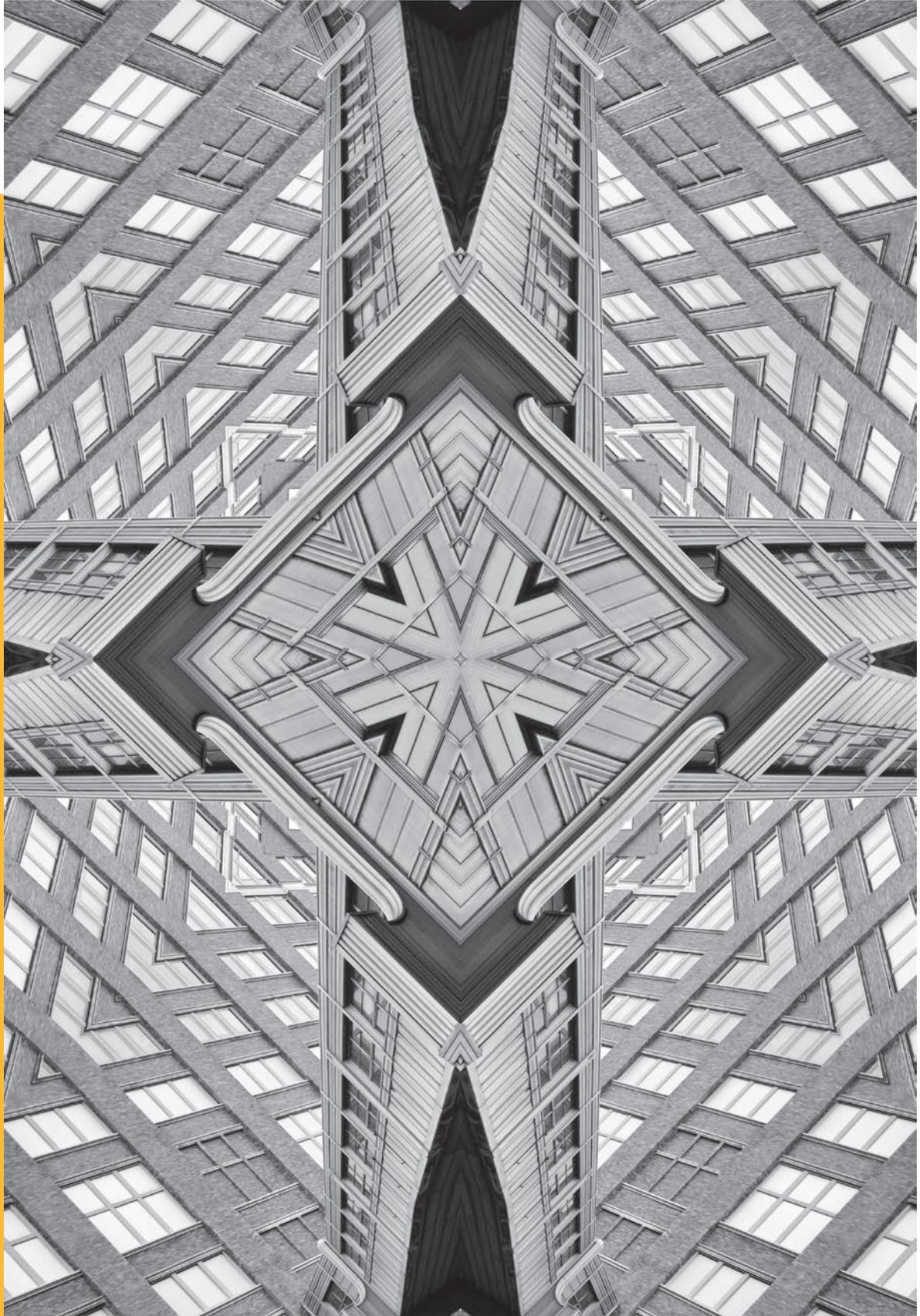


# Occasional Paper



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# The Rise of the Xi Gang: Factional politics in the Chinese Communist Party

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## Abstract

As the global debate on the Chinese model, and especially its domestic political system intensifies, there is a tendency to regard the Chinese Communist Party (CCP) as a monolith. This paper corrects such a view and argues that any attempt to comprehend elite politics in China requires an understanding of the factional dynamics within the party. The paper outlines the evolution of factional politics in China, and shows how two factions – the Shanghai Gang and the Chinese Communist Youth League (CCYL) – have dominated the country's politics over the past three decades. The rise of President Xi Jinping in the last few years has run parallel to the emergence of his own new faction—now the dominant one in the party.

The People's Republic of China (PRC) has become increasingly assertive in its foreign policy over the past couple of years. This has led many scholars and analysts to conclude that such shift is directly correlated with President Xi Jinping's consolidation of power in Beijing, and his side-lining of long-established principles of political conduct in the domestic arena.<sup>1</sup> However, if one takes a longer view of domestic Chinese politics, such a conclusion, though not incorrect, rests on an unstable premise.

Pundits who argue that China's newfound aggressive economic, military, and diplomatic external policy is a consequence of a politically stronger leader, make the assumption that for decades, the Chinese Communist Party (CCP) and its leadership have been a monolith. In their understanding, China's foreign policy shift is merely a consequence of a change in preferences within the CCP. Such an understanding comes from taking the idea of a centralised one party state, quite literally. Viewing the CCP as a monolith is misleading, and impedes the understanding of domestic Chinese politics, and the dynamics of factional politics within it, which have governed the party's behaviour over the past few decades.

This paper is an attempt to correct such a view. It provides an overview of factional politics in China, showing the different phases beginning in the Mao Zedong era to the present one of Xi Jinping. The paper argues that the dynamics of factional politics within China are an effective barometer of the nature of political power in Beijing at any given time.

To be sure, neither factions within the CCP nor their study are new phenomena. "No party outside the party reflects an imperial ideology; no faction within the party is an incredibly bizarre notion," said Mao during the Eleventh Plenum of the 8th National Party Congress, held at the beginning of the Cultural Revolution in 1966.<sup>2</sup> Consequently, it was the Cultural Revolution and the purging of many high-ranking CCP officials during that period, which sparked scholarly interest in factional conflict as a lens to comprehend Chinese politics.<sup>3</sup>

“The Chinese Communist Party is not a monolith, and recognising this allows for a clearer understanding of domestic Chinese politics.”

# Introduction

While the study of Chinese factional politics is not new, it has been mostly limited to media outlets in Hong Kong and Taiwan, and a few scholars in the West. The use of factional conflict and dynamics to ponder Chinese politics remains an underutilised tool among most China observers, including those in India.

The first section of this paper lays out the organisational structure in China. The second section looks at the development of collective leadership in the Deng era and the central role of factions within it. The third section provides an overview of the Shanghai Gang and the Chinese Communist Youth League (CCYL), and how the two eventually developed a power sharing arrangement, resulting in the institutionalisation of collective leadership.

The fourth section looks at the rise of a new faction in Chinese politics, headed by Xi Jinping – the Xi Gang. It looks at how Xi rose to power using his membership of the Shanghai Gang, but as he concentrated power during his first term, he used it to side-line both the other factions. The fifth section looks at the composition of the Xi faction and how Xi and his protégés now occupy almost all of the significant leadership posts in the party and the administration – both at the central and provincial level. Finally, the sixth section looks at the other political and governance measures used by Xi to further centralise power. The paper concludes by arguing that the rise of the Xi Gang has fundamentally altered the idea of collective leadership in elite Chinese politics.

# China's Organisational Structure: An Overview

The CCP was formed in 1921 with the assistance of the Communist Party of the Soviet Union. Over the next couple of decades, it quickly expanded, defeated the Kuomintang's (KMT) Nationalist Government in a civil war, and established the People's Republic of China (PRC) in 1949. The CCP has since ruled over China, making it one of the most stable single-party systems in the world. But it was during its very years of rise between 1921 and 1949, that the party developed certain institutional features which would define its character for decades to come. One of the first among these party institutions to be established was the "Organisation department".<sup>4</sup>

This internal party institution was formed right after Mao's historic Great long March. As his new Communist movement was gaining traction, there was an upsurge in the number of membership applications for the CCP. Mao established the Organisation Department to vet the new members and determine their loyalty. He feared that under the guise of inducting new members, the KMT might be placing its spies within the Communist party ranks. The department was modelled on a similar Soviet institution called Orgburo, which was established by Vladimir Lenin. Eventually, Joseph Stalin also built his political machine with Orgburo at its core. In China, since 1949, the Organisation Department has been at the heart of the CCP's organisational structure and some of the most powerful leaders in the country have headed it.

Since then, the role of the Organisation Department is to dispense patronage in the form of powerful government and party positions, making it the key forum for CCP's internal political battles. Essentially, these behind-the-scenes political battles to secure key positions for themselves or their factional members, is the central theme of Chinese politics. "As the clearing house for these disputes, the organization department has become the institutional hub of the entire political system," wrote Richard McGregor in his book *The Party: The Secret World of China's Communist Rulers*.<sup>5</sup>

While the Organisation Department is at the heart of the CCP's affairs, the decision-making power rests on a series of hierarchical central party institutions. These include (in a hierarchical order): The President (and General Secretary of the CCP), the seven-member Politburo Standing Committee (PSC), the 25-member Politburo, the 376-member Central Committee, the 2000+ member Party Congress, Chinese People's Political Consultative Conference (CPPCC), and the Central Military Commission. Other significant institutions include the Secretariat to the Politburo and the PSC, and increasingly the Leading Small Groups within the Central Committee.<sup>6</sup> In the judicial arena, the Supreme People's Court and the Supreme People's Procuratorate are the key central bodies. Meanwhile, CCP's apex institution the Central Commission for Discipline

# China's Organisational Structure: An Overview

Inspection has gained a lot of prominence in the Xi era. While these institutions represent the CCP and the judiciary, the State Council, headed by the Premier is the chief administrative authority of the country, and all provincial governments also come under it.

The key indicator of which faction is dominant is how they can comprise the majority of positions in these institutions. For instance, during Jiang's rule, members of the Shanghai Gang mostly filled the positions; today members of the Xi gang do. Conversely, if no faction enjoys a majority, then it suggests a power-sharing arrangement between factions, such as during the Hu era.

Moving to the bureaucracy of the state, while there is technically a distinction between the party officials and public administration, it is largely a mirage.<sup>7</sup> To develop a better understanding of Chinese politics, one has to begin by looking at the bureaucracy. The Chinese bureaucracy involves two vertical hierarchies, the state and the party. These two vertical hierarchies are then replicated across the five levels of government: central, provincial, county, city, and township. According to scholar Kenneth Lieberthal, such a criss-crossing lines of authority leads to a "matrix" structure.<sup>8</sup>

It is important to look at political power in China through the lens of this matrix structure, primarily because it shows how the final power lies with the party, and not the government. The party exercises this power through the Organisation Department and its ability to control appointments from the central to the township level. For instance, at the provincial level, there are two parallel leadership posts of the governor and a provincial CCP secretary. But for all practical purposes, the governor is subordinate to the party secretary.

“The distinction between CCP officials and public administration is largely a mirage.”

That said, China has grown more complex over the past few decades and so has governing the country. This has made way for a slightly more independent bureaucracy, from the township to the centre. One of the legacies of the Jiang and Hu eras was to facilitate some degree of institutional separation between the party and the government. Since Xi took charge, he has tried to bring that decision-making power back to the party.

# Collective leadership and the role of factions

Following the single-man leadership in the Mao era that was characterised by excesses, Deng sought to make definitive changes in how the CCP conducted itself: to make a set of individuals responsible for decision-making, as opposed to just one man. Deng issued a series of political documents to articulate this championing of collective leadership. Foremost of these was the document, “Several Principles on Political Life in the Party”, which established the principles of collective leadership, inner-party democracy, the rights of all the CCP members, and prohibiting the development of a personality cult.<sup>9</sup>

While the intent behind Deng’s idea of collective leadership was to allow different voices to function within the CCP leadership, it was also the bedrock on which factions and their idea of sharing power was built on. In the post-Deng era, as the Shanghai Gang and the CCYL became formidable political factions within the CCP, they were forced to share power with each other, guided by Deng’s idea of collective leadership. In 2007, when Hu was president, a Party Congress Communiqué defined collective leadership as “a system with a division of responsibilities among individual leaders in an effort to prevent arbitrary decision-making by a single top leader.”<sup>10</sup>

In most authoritarian regimes, a lack of electoral backing raises fundamental questions about the nature of political legitimacy for the country’s leadership.<sup>11</sup> After forming a republic in 1949, PRC’s first two leaders, Mao and Deng, enjoyed political legitimacy primarily from their participation in the revolutionary war, which led to the establishment of the republic.<sup>12</sup> However, by the time Jiang came to power 1989, there were hardly any leaders left who had participated in the Civil War of the 1940s. From then on, different ideas of political legitimacy had to be constructed.

CCP leaders chose a two-fold method to achieve political legitimacy. First, as has been argued by several scholars, the CCP leaders gained the trust of the Chinese people by consistent provision of economic growth.<sup>13</sup> Second, the CCP built a system of patronage, whereby a leader in a position of power would appoint his loyal protégés in various other positions below him. As the said leader was promoted up the ranks, he ensured that so were his protégés. This power-sharing patronage network is how China’s formidable factions were built. From 1989 to 2014, the Chinese state was ruled by either the Shanghai Gang or the CCYL, or a combination of the two. The formation of these factions was based on sound political rationale.

# Collective leadership and the role of factions

“Factions operate within a given party hierarchy,” argue Patrick Francois et al. in their paper *Factions in Nondemocracies: Theory and Evidence from the Chinese Communist Party*.<sup>14</sup> Moreover, factions play a dual role. First, factions provide support to their members in obtaining promotions up the ladder in the Chinese system. Second, they “allow the allocation of that support to be decided by senior affiliates”. Therefore, junior members are often blocked by “higher ranked cofactionals keen to avoid promoting colleagues who will compete with them for future openings.” The authors further contend that factions in the CCP emerge through “close personal connections with patrons” (such as Jiang, Hu, and Xi) and “do not necessarily represent specific territorial or economic interest groups”.

Francois and others conducted an econometric analysis of factional arrangements and dynamics within the CCP to demonstrate how factions matter in Chinese politics. Their analysis considered CCYL and Shanghai Gang as the only two factions that function in an organised fashion, leading to dividends for their members. A few of their findings help highlight the significance of CCP factions and how they operate.

First, members of CCYL and Shanghai Gang “exhibit promotion rates higher by 10 percentage points relative to neutral members”. Moreover, if a member of one of these factions is the current president of the country, these numbers go up further. “Having a cofactional leader adds 20.6 percentage points to CYLC and 19.3 to Shanghai Gang, inducing a substantial, highly significant, leadership premium in the speed at which leader’s cofactionals are promoted,” notes the paper. Second, a faction can support only one member for a position. Third, it is nearly impossible for a faction member, without the backing of his faction, to win against another one with a backing.

“Deng’s idea of collective leadership was meant to allow different voices to function within the CCP hierarchy.”

# Collective leadership and the role of factions

Fourth, under Jiang and Hu, the opening in the Politburo and the Central Committee were filled with mostly the top leaders of their respective factions – highlighting how factions accumulate power once their chief becomes the paramount leader. Fifth, factions observe a “seniority veto”, which allows them to avoid intra-factional fighting. However, it is important to note that such vetoes are mostly regional in nature, so a higher up factional member cannot block the advancement of anyone below him throughout China. “Providing these limited vetoes is the faction’s way of balancing career incentives while lessening the costs of intra-faction rivalry, so that sufficient faction members in the hierarchy have a good chance of attaining the paramount leadership,” the authors argue.

Sixth, and most importantly, their analysis shows strong evidence in favour of power sharing between the Shanghai Gang and the CCYL. The authors demonstrate that if a member from of the Shanghai Gang or CCYL is sitting in the top two leadership positions of national or provincial institution/organ, then the likelihood of the other position being held by a co-factional member is extremely low.

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Throughout the 1990s, Chinese politics was dominated by Jiang and his Shanghai Gang.<sup>15</sup> The subsequent decade saw Hu and his CCYL faction at the helm of Chinese affairs, but their power was balanced by the Shanghai Gang. Jiang and his faction represented elite and coastal interests within China, resulting in more market-friendly policy preferences in the Jiang era.<sup>16</sup> Meanwhile, Hu and his faction mostly hailed from the Chinese hinterland, and demonstrated their preference for more populist policies, that aimed to restore the balance of power between the wealthy eastern coastal provinces and the poorer interior ones.<sup>17</sup>

After Hu's tenure ended, the appointment of Xi – who belonged to the Shanghai Gang – was considered by most observers as the two factions alternating in the “driver's seat”, the top-position in the CCP. The near complete domination over Chinese politics between these two factions has been categorised as “one party, two factions” by Cheng Li. The following section looks at what these factions are, their origins, and how they eventually entered a de facto power-sharing arrangement.

### Shanghai Gang

The Shanghai Gang comprises members who rose to prominence because of their association with Jiang Zemin while he was in Shanghai.<sup>18</sup> There is also a geographic component to this faction, as a large number of its members hail from the provinces of Shanghai, Zhejiang, and Jiangsu.

Before rising to the top position as CCP general secretary in 1989, Jiang served his time in the metropolis of Shanghai as mayor, and then party secretary. It is during his time in Shanghai that he developed an extensive political network, and after his appointment as general secretary, many of his close contacts took up prominent leadership positions at the central and provincial level.<sup>19</sup>

Most significantly, Zeng Qinghong, his chief-of-staff in Shanghai accompanied Jiang to Beijing. Throughout the 1990s – during Jiang's presidency – Qinghong headed the sensitive CCP General Office and the Organisation Department. In this period, Qinghong established his own network, and appointed proteigèis at the provincial and central level. Once Jiang retired in 2002, Qinghong became the de facto head of the Shanghai Gang. He entered the Standing Committee in 2002, headed the important Party School of the CCP, and served as the 7th vice president of China from 2003 to 2008.<sup>20</sup> This highlights how key loyalists of a factional patron form their own network – helping further the reach of their grouping.

Other than Qinghong, among Jiang's personal staff, You Xigui (bodyguard), and Jia Ting'an (personal secretary) also moved to Beijing with him. Xigui was appointed director of the Bodyguards Bureau and then the deputy director of the CCP general office. Meanwhile, Ting'an was appointed director of the president's office and of the General Office of the Chief Military Commission. "These three (Qinghong, Xigui, and Ting'an) constituted the most crucial figures in the inner circle of Jiang's administration. A few years after Jiang moved to Beijing, two of Jiang's deputies in Shanghai, Wu Bangguo and Huang Ju, were promoted to Politburo members and later served as members of the PSC," writes Cheng Li in his book *Chinese Politics in the Xi Jinping Era*.<sup>21</sup>

Appointing key confidants from Shanghai was not the only way Jiang established his faction and then expanded its control over China. To begin with, over the past three decades, a majority of leadership positions in Shanghai have been occupied by either Jiang or Qinghong's loyalists. For example, Xi Jinping who served as Shanghai's party secretary was a loyalist of Qinghong. "In addition, a significant number of municipal leaders in Shanghai have been promoted to the national leadership or transferred to other provinces and cities where they served as top leaders," writes Li.<sup>22</sup> For example, former deputy party secretary of Shanghai Meng Jianzhu served as Jiangxi party chief and entered the CCP Politburo.

Jiang ensured that while he served in Shanghai, all key leadership positions went to his confidants. Eventually, when he made it to Beijing, he ensured not only that all key leadership positions in Shanghai would continue to be filled by his loyalists, but also that many of these loyalists from Shanghai would take up significant leadership positions across China. By the end of Jiang's tenure, he and Qinghong had established a comprehensive patron-client network that would ensure that Shanghai Gang continues to be a formidable political alliance long after the two leaders had left active politics.<sup>23</sup>

However, it is not just through appointments that the Shanghai Gang dominated Chinese state during the Jiang years. For as long as Jiang was in power, eastern coastal provinces, and especially Shanghai, continued to receive highly preferential economic treatment from the central leadership. A study conducted in 2002 showed how over the 12 years prior (1990-2002), Shanghai received 19.8 billion yuan more in state grants and loans than its chief domestic competitor, the city of Tianjin.<sup>24</sup> This preferential treatment also resulted in more flows of Foreign Direct Investment (FDI) into Shanghai than any other Chinese city. Another figure helps provide a broad sense of how the Shanghai Gang's preferential treatment of Eastern coastal China aided its rapid economic growth: between 1978 and 2002, 86 percent of FDI inflows into China went to

the East coast, even as the country's West accounts for 71 percent of the total land area.<sup>25</sup> Most of China's export-led growth came from these provinces, and this process started under the leadership of Jiang and Zhu Rongji, former premier of China. Rongji had also advanced his career through the route of Shanghai, and is considered the political mentor, as well as patron of Jiang.<sup>26</sup>

If Rongji was the de facto founder of the Shanghai Gang, Jiang institutionalised the faction during his tenures, Qinghong continued to represent its interest when power moved to Hu and the CCYL, and finally, with the appointment of Jinping as the CCP general secretary in 2012, the power came back to the Shanghai Gang.

In scholarly studies of elite Chinese politics, there is a lot of debate regarding the nature of “princelings” as a faction—the political leaders who come from a veteran communist revolutionary family or has a high-ranking official family background.<sup>27</sup> Some consider them to be an independent faction, while others see them as part of the Shanghai Gang; still others do not consider them a faction at all. For instance, the econometric analysis by Francois et al showed that princelings are not organised enough to function as a “unified faction”.<sup>28</sup> However, other scholars such as Li contend that over the past three decades, princelings have formed the core of the Shanghai Gang, also known as the elite coalition in Chinese politics.

### **Chinese Communist Youth League**

As Jiang's tenure ended, Hu Jintao was appointed general secretary of the CCP, and China's president. His appointment marked the rise of the Chinese Communist Youth League (CCYL) as the second major political faction in Chinese politics. CCYL is essentially the youth wing of the CCP, and had long been a source of recruitment for the party. The Chinese Socialist Youth League, precursor to the CCYL, was established in 1922 – just a year after the party was founded – and was renamed CCYL in 1925. Its members ranged from ages 14 to 28, and the idea behind its formation was to introduce “new blood” into the party and government.<sup>29</sup>

Regardless of the CCYL being the party's youth wing, power remained elusive for its cadre for nearly eight decades. In the first few decades of PRC, elite politics was dominated by Mao and his fellow revolutionaries. After Mao, over the subsequent decades, elite politics came under the grip of Xiaoping, and then the Shanghai Gang. In these periods, there were hardly any leaders with a CCYL background who were appointed to top leadership positions. It was only

in 2002 that the CCYL rose to power under the leadership of Hu. The only exception to this trend might be Hu Yaobang, who was a close associate of Deng and a member of the CCYL. Hu eventually made it as party general secretary and member of the PSC in the 1980s.

The CCYL, also known as *tuanpai*, was a faction comprising “those officials who worked in the senior levels of CCYL leadership (municipal/prefecture, provincial, and ministerial levels or above) anytime from 1982 to 1998, during which they likely formed close working relationships or even mentor-protégé ties with heavyweight *tuanpai* leaders Hu Jintao, Song Defu, and Li Keqiang”, according to Li.<sup>30</sup>

While power at the national level was still a distant goal, the CCYL came of age during the 1980s, especially as a consequence of the ties between Hu and Li Keqiang. Hu had already worked on provincial and national levels of the CCYL, before he was appointed member of the CCYL Secretariat (1982-84) and then its first secretary (1984-85). Keqiang also started working at the CCYL Central Committee in 1992 – the same time when Hu joined the CCYL Secretariat. By 1983, Keqiang was promoted to the position of an alternate member of the CCYL Secretariat, on Hu’s nomination. Hu and Keqiang established close ties in this period and began to form a large network of CCYL members through patron-client ties.<sup>31</sup> These handpicked protégés by Hu, Keqiang and other top-leaders of the CCYL during the 1980s would form the core of the CCYL faction. Most of the members from CCYL background who went on to take prominent leadership positions at the central and provincial level during the Hu era, were drawn from this core CCYL faction formed in the 1980s.

In terms of power, the CCYL really came of age after Hu rose to power in 2002. According to a study, by 2005 more than 150 *tuanpai* officials were serving as ministers, vice-ministers, provincial party secretaries, provincial deputy party secretaries, governors and vice-governors across China.<sup>32</sup> More specifically, in 2005, there were 13 provincial party secretaries and governors, seven ministers, and two heads of the CCP central department from the CCYL faction – constituting 21 percent, 25 percent, and 50 percent of total numbers in those three levels of leadership, respectively.<sup>33</sup>

Other than staffing positions with CCYL members, the rise of this faction had a substantial policy impact as well. The cornerstone of the Hu-Keqiang governance model was their policy of “macroeconomic control”, which essentially meant a reorientation of Chinese economy towards the interior provinces, and away from the coastal ones, that had received preferential treatment during the Jiang era.<sup>34</sup> Economists continue to debate as to which degree Hu succeeded in this fundamental economic reconfiguration; however, there were some obvious

outcomes.<sup>35</sup> For instance, Shanghai's construction boom, which primarily drove the city's economy during the late 1980s and 1990s, was substantially curtailed once Hu came to power.

Once Hu retired from active politics in 2012, Keqiang became the de facto head of the CCYL faction. After serving as party secretary in the provinces of Henan and Liaoning between 2002-2007, Keqiang was appointed Vice Premier in 2008.<sup>36</sup> Following the departure of Hu, Keqiang was appointed Premier of PRC, which is considered as the head of the government in the country. Since 2012, Keqiang, as the second-ranked member of the PSC and the premier of the country, has continued to represent the CCYL at the highest level in Chinese politics.<sup>37</sup>

In the ongoing Xi era, he has tried to play a role similar to the one played by Qinghong during the Hu regime. During the years of Hu's rule, the Shanghai Gang led by Qinghong tried to balance CCYL in all major institutions across the country. Similarly, Keqiang as the leader of the CCYL faction has been trying to balance Xi. While CCYL's balancing efforts were somewhat successful during the initial part of Xi's rule – when the latter was still the leader of the Shanghai Gang – they have had little success over the past few years, as Xi has facilitated the rise of his own new faction, what this paper refers to the Xi Gang. The weakening of the Shanghai Gang and the CCYL, and subsequent erosion of power sharing in Chinese politics shall be explored in the next section.

### **Inner-Party bipartisanship**

The sharing of power between the Shanghai Gang and the CCYL factions has been one of the hallmarks of elite Chinese politics over the past few decades. This unofficial power sharing between the two largest factions within a single party, is what led many to categorise the CCP as “one party, two factions”. Since Hu came to power in 2002, this power sharing dynamic has emerged as the key symbol of Deng's idea of collective leadership. More substantively, Li categorised this factional dynamic in the CCP as “inner-party bipartisanship”.<sup>38</sup>

In 2007, Li argued, “Factional politics is becoming less a zero-sum game in which the winner takes all, and more a power-sharing dynamic in which two factions or coalitions compete in certain arenas and cooperate in others. Within this emerging system of “inner-Party bipartisanship,” Chinese politicians are constantly engaged in coalition-building, political negotiation, compromise and deal-making to ensure that their faction maintains its relative position.”<sup>39</sup>

# One Party, Two Factions

In terms of power and politics, the idea of inner-party bipartisanship or one party, two factions has had three specific characteristics. First, the respective factions not only compete for power, but also represent specific “socioeconomic and geographic constituencies”, and consequently promote different policy agendas. Second, in procedural terms, the CCYL and the Shanghai Gang have alternated their time in power, which is signified by which faction gets to appoint the CCP general secretary (who is also the president of PRC). Therefore, the position of the general secretary moved from Shanghai Gang (Jiang) to CCYL (Hu) and then back to the Shanghai Gang (Xi).<sup>40</sup> Third, in substantive terms, the power sharing happens by the presence of leaders of the opposing faction in the highest decision-making bodies. For instance, during the Hu rule, a number of seats at the Politburo and the PSC were taken by members of the opposing Shanghai Gang. Similarly, during Xi’s first term, CCYL had a presence in these aforementioned bodies.<sup>41</sup>

However, over the past few years, Xi has attempted to overhaul these established norms of inner-Party bipartisanship. He has made an effort to subvert every single one of these characteristics that symbolised the idea of one party, two factions. While Xi has made progress, his project of subverting these norms is still not complete –evident from the fact that some norms of factional power sharing still remain in place. As a consequence, the opposing factions are no longer able to balance against Xi in either the Politburo or the PSC – leading to a fundamental watering down of factional power sharing arrangements in the CCP.<sup>42</sup>

# The Xi turn in Chinese politics

In the past few years, China observers have begun to see Xi Jinping as an autocrat—quite distinct from the previous generation of leaders who were referred to as “enlightened authoritarians”.<sup>43</sup> Such a perception regarding Xi primarily owes to an aggressive turn in Chinese foreign and security policy, the ruthless crackdown on domestic dissent, the constant attacks on the relative autonomous status of Hong Kong, and finally resetting the terms of engagement between the state and private firms in China. However, most of these analyses miss the most obvious sign of Xi’s growing authoritarian character: his attempts to water down the long-held norms of factional power sharing within the CCP. This, coupled with the rise of a new faction within the CCP, headed by Xi himself, has been one of the most fundamental shifts in Chinese elite politics in the past three decades.

Over the past three years, most major provincial and central positions in China have been filled by either Xi’s protégés or protégés of his most loyal men. This hierarchical patron-client network has resulted in the formation of a new faction in Chinese politics—what this paper refers to as the Xi Gang. More importantly, the rise of the Xi Gang has come at the cost of the other two existing factions, the Shanghai Gang and CCYL. Not only has Xi purged several leaders of those factions during his anti-corruption drive, but he has also significantly reduced their presence in key decision-making bodies of the state such as the PSC, Politburo, and even the Central Committee.

If one needs to understand how Xi has managed to centralise power in his own new faction, then they have to begin by acknowledging the leaders’ political background. During his political career, Xi has succeeded in developing a dual image: princeling and peasant. Xi was born in a veteran revolutionary family: his father Xi Zhongxun was the first secretary general of the State Council—essentially the number two in the Mao government. However, during the Cultural Revolution, Xi was sent to work in the countryside, and he spent years working there before joining the CCP in 1974. His time spent in the countryside helped him establish a direct connection with people and empathise with them. Eventually, after Xi rose to power in 2012, he leveraged this experience to project himself as a leader who understood the countryside, and to prove his populist credentials, which would be essential to undercut the influence of the CCYL in the countryside.<sup>44</sup>

By 2007 Hu was beginning to serve his second term and the understanding within the CCP was that it was unsustainable to allow CCYL another ten years in power. Hence, Xi as a member of the Shanghai Gang was chosen as a compromise candidate, and was given a place in the nine-member PSC. “For party elders, the idea that a candidate from the youth league would take the

# The Xi turn in Chinese politics

reins for another decade was unacceptable, as that would have entrenched the power of a single faction at the expense of the others,” writes Richard McGregor in the *Foreign Affairs*.<sup>45</sup> Between 2007 and 2012, things rapidly changed in the Chinese political arena.

The Bo Xilai (former provincial party secretary of Chongqing) scandal in 2012 epitomised everything that was wrong with the party and the country’s overall political environment. The prevailing sense within the top echelons of the CCP was that the weak leadership during the Hu era had given way for free-for-all corruption, which had begun to fundamentally rot the political system and cost the party its much prized legitimacy. Xi shared these feelings.<sup>46</sup>

By the time Xi came to power, he had developed a deep fear that the key pillars of the CCP rule – the military (People’s Liberation Army), the state-owned enterprises (SOEs), the internal security apparatus, as well as the propaganda machine—were deeply corrupt and would result in the decline of the party’s rule. “So he set out on a rescue mission. He would be the Reddest leader of his generation,” writes McGregor.

The feeling that the house needed to be put back in order, was shared among the top CCP ranks. In that sense, the initial steps Xi would take – such as a massive anti-corruption drive, which saw the purging of millions of officials, and thousands of high-ranking ones, including a former PSC member – had the backing of the party leadership.<sup>47</sup> However, what the CCP leadership failed to anticipate was how far Xi would eventually go. In turn, not only side-lining a large part of the established political class, but also facilitating the rise of his own new faction.

In 2012, Xi along with the Shanghai Gang needed the support of princelings in order to curtail the influence of the CCYL. At the beginning of his term, at the 18th Party Congress, the princelings occupied four out of seven PSC seats, and nine out of 25 at the Politburo. At this time, the CCYL held the largest number of seats in these two bodies. But over the next few years, as Xi consolidated power, he attacked both the Shanghai Gang (and the princelings within it) and the CCYL, eventually succeeding in drastically scaling down their role.<sup>48</sup> He managed to do this by using a couple of tactics.

“During his entire political career, Xi Jinping has cultivated a dual image: princeling and peasant.”

# The Xi turn in Chinese politics

First, his anti-corruption drive resulted in the purging of members of both the Shanghai Gang, CCYL, as well as the military. Analysis by Xi Lu and Peter Lorentzen shows that there was a strong factional balance among the leaders purged during the anti-corruption drive.<sup>49</sup> For instance, the six most influential leaders to be purged in Xi's anti-graft includes Sun Zhengcai, Bo Xilai, Zhou Yongkang, Ling Jihua, Guo Boxiong, and Xu Caihou.<sup>50</sup> Sun was a top official of Congqing and a member of the Politburo, Bo was the former party secretary of Chongqing and also a politburo member, Zhou was a former member of the PSC, Ling was a close aid of Hu Jintao, and Guo and Xu were top military officers at the Central Military Commission (CMC). It is evident that purged Sun and Bo were part of the elite coalition. Meanwhile, Ling came from CCYL, and Guo and Xu from the military.<sup>51</sup> In this fashion, Xi managed to conduct a broad-based attack on all probable factions in Chinese politics as well as the military.

Second, by using his own populist credentials, Xi has tried to actively reduce the role of CCYL as representatives of the hinterland Chinese provinces and their population. He accompanied this by launching a massive "poverty alleviation" program that aimed to lift 40 million Chinese out of poverty. Over \$41 billion were allocated to this program between 2012-17 – almost double of the amount allocated over the prior five years during the Hu era. This helped Xi erode the power base of the CCYL.<sup>52</sup>

Third, Xi's attack on CCYL's mass politics has also been accompanied by an attack on its elite politics and institutions that underpin the very power of the faction. During Xi's first term, the budget of CCYL was reduced to half.<sup>53</sup> Moreover, the CCYL was attacked in the state-run central media as being "too elitist and inefficient". "President Xi's tough tactics for elbowing aside the CYL Faction were summed up by his widely-circulated internal assessment of the League, that it was "paralyzed from the neck down," noted a report in Jamestown Foundation.<sup>54</sup> Many of the provincial positions occupied by CCYL members – such as the party secretaries of Beijing, Guangzhou and Shenzhen – have been replaced by his own proteèges .<sup>55</sup>

As a consequence, during the 19th Party Congress in 2017, the presence of both the Shanghai Gang and the CCYL at the PSC, Politburo and the Central Committee had been substantially reduced. For instance, the number of princelings in the Politburo were reduced from nine to four.<sup>56</sup> Similarly, the numbers of princelings in the 376-member Central Committee went down from 41 to 20 – resulting in their lowest representation within this body over the past two decades.<sup>57</sup> Xi then staffed these positions with his own proteèges. As Xi began his second term in 2017, there was ample evidence to suggest that a new faction under his leadership had emerged, and it had managed to significantly eclipse the powers of the previous two dominant factions.

# The Rise of the Xi Gang

The rise of a new power-seeking faction under the patronage of President Xi is one of the biggest developments in elite Chinese politics over the past three decades. On one hand, the composition and the inner workings of this new faction are quite similar to the previous two dominant factions. The members of the Xi Gang are essentially party officials who have had a professional, educational, or personal connection with Xi at some point during the latter's career – much like members of Shanghai Gang and CCYL had with Jiang and Hu. On the other hand, the rise of the Xi Gang has meant a shift in the factional dynamics of the CCP, specifically resulting in the weakening of the power-sharing arrangement between factions. This section outlines these overlapping phenomena.

In a paper titled *The King's Men and Others: Emerging Political Elites under Xi Jinping*, Guoguang Wu of University of Victoria shows how a new class of political elite has experienced upward political mobility in the Xi era.<sup>58</sup> Wu focuses on “elites who have emerged in recent years at or above the deputy provincial and vice-ministerial levels” in the CCP, and then categorises these politicians into seven distinct groups based on their nature of connection with Xi: princelings, Shaanxi, Tsinghua University, Hebei, Fujian, Zhejiang, and Shanghai.<sup>59</sup> Through his research, Wu has shed light on the composition of the new Xi Gang. Each of these seven groups represent a particular stage in Xi's political career. Therefore, all the members of the Xi Gang essentially formed a relationship with the leader as Xi rose up the ranks. Additionally, some close allies of Xi such as Wang Qishan have also formed their own patron-client networks, and these are also included in the Xi Gang.

Xi's princeling connections mostly comprise of his childhood schoolmates and family. Some notable princelings to emerge include Zhang Youxia, a military leader and a politburo member and Liu He, who is believed to oversee the economy on Xi's behalf. The second category is Shaanxi, where Xi spent six years working in the fields during the Cultural Revolution and the most prominent leader in this group is Li Xi, now the party secretary of Guangdong province. Other leaders to emerge from Shaanxi include Wang Dongfeng, now party secretary of Hebei province and Jing Junhai, governor of Jilin province. Wang Qishan, former PSC member, and the key architect of Xi's anti-corruption drive, and now vice president of PRC is said to one of the closest allies of Xi. Qishan is a princeling and had forged a close relationship with Xi during their time in Shaanxi. During Xi's time at Tsinghua University, he established close ties with Chen Xi, who now heads the eminent Organisation Department and is a member of the Politburo.

# The Rise of the Xi Gang

Substantively, Xi's political career began working in the suburban county of Zhengding, in the province of Hebei. Here Xi developed a close friendship with Li Zhanshu, who now sits on the PSC and is China's third-ranked leader. Fujian province is where Xi spent the longest part of his career (1985-2002), rising up the ranks gradually. The most significant political elites to rise from Fujian include Cai Qi, now party secretary of Beijing and considered among the rising stars of the CCP, and Huang Kunming, who is now a Politburo member and heads the all-important propaganda department.

After his time in Fujian, Xi served as party secretary of Zhejiang from 2002-07, where he had complete control over all organisational and personnel affairs. "Therefore, Zhejiang represents Xi's major power base, with even more elites from Zhejiang joining the central government than elites from Fujian; the special term of Zhijiang xinjun, meaning "new troops from Zhijiang", with Zhijiang as a nickname for Zhejiang, was accordingly created to refer to those rising political stars in Xi's China with a Zhejiang background," writes Wu. Finally, the last group is Shanghai, where Xi served as party secretary for a short duration. Unlike Zhejiang, Xi was only nominally able to control Shanghai, due to the outsized influence of Jiang. Moreover, people to rise from a Shanghai background cannot be entirely attributed to their ties with Xi, predominantly because of Jiang's influence over Shanghai.

As aforementioned, the broad design and composition of the Xi Gang is similar to that of the Shanghai Gang and CCYL. Almost all its key members have close ties to the leader of the faction or one of his close protégés. However, the departure from older norms comes when one begins to look at how Xi has marginalised the other factions. The real strength of the Xi Gang becomes evident when one looks at the numerical strength of this faction – i.e. how many significant positions are currently being held by its members.

“The members of the Xi Gang are party officials who have had a professional, educational, or personal connection with Xi at some point in the latter's career.”

According to a study by Niel Thomas of the think-tank Marco Polo, “While the composition of the 18th Politburo (2012-2017) reflected the clout of his predecessors, Xi capitalized on the outsized power he acquired during his first five-year term to install close comrades in the 19th Politburo. Approximately 60% (15 members) of the 19th Politburo (25-member) have direct ties to Xi, up from around 20% (five members) of the 18th Politburo.”<sup>60</sup> The Central Committee is comprised of full and alternate members, and full-membership is considered a prerequisite for joining the Politburo. However, four members of the 19th Politburo were elevated from being alternate members of the 18th Central Committee and two were brought in from outside the Central Committee entirely.

In more substantive terms, the six Chinese cities – Tianjin, Beijing, Shenzhen, Shanghai, Chongqing, and Guangzhou – that dominate the country’s economy, are now all run by Xi’s men. This was not the case during Xi’s first term, and most of these appointments were only made around 2016-17, when Xi had already consolidated power. “Of the 62 provincial/municipal party secretaries and the provincial governors or mayors of China’s 31 province-level administrations, 57 (92%) have been replaced since 2017,” writes Cheng Li in his paper *Xi Jinping’s “Proregress”* for the Brookings Institution.<sup>61</sup>

Xi has not only appointed his loyalists to almost all significant positions across China, but has done so with the intent of side-lining the members of previous two dominant factions, the Shanghai Gang and CCYL. “The CCP leadership emphasizes administrative experience gained through serving as a major city party secretary during the reform era, these posts are pivotal stepping-stones for aspiring entrants onto the Politburo Standing Committee and into other top posts in the national leadership,” argues Li.<sup>62</sup> Therefore, by appointing his proteèges across key cities and provinces, Xi has ensured that the future leadership of bodies like the Politburo and the PSC would be dominated by members of his own faction – further limiting the role of the other two.

### **Xi establishes new rules**

Xi’s attempts to establish complete control over Chinese elite politics through handpicked appointments has been accompanied by a series of other measures that have further destabilised the idea of collective leadership. These measures include altering the membership recruitment patterns of CCP, rewriting the official CCP rules regarding collective leadership, and enhancing the party’s decision-making role by formalising leading small groups.

In terms of CCP’s recruitment trends, the number of new members has significantly fallen during the Xi era.<sup>63</sup> In 2012, party membership was growing by 3.1 percent, but during Xi’s first term (2013-17) the recruitment fell by 1 percent. The acceptance rate to the CCP organisation fell from 14.5 percent

in the Hu era to 8.8 percent in 2015. More substantively, under Xi the party composition has also changed, and it is now more elitist and diverse.

“Xi’s goal to improve Chinese governance by tightening Party discipline has brought slower membership growth and lower application numbers, and he has reinforced the elitist nature of previous recruitment campaigns. These efforts form part of a broader reform agenda that has recentralized power away from the local level and toward the central Party,” contends Neil Thomas.<sup>64</sup>

The most significant attack on the idea of collective leadership was brought about in 2017 by revising the contents of 1980 document “Several Principles on Political Life in the Party”, which is considered the most significant political document from the Deng era. As aforementioned, this document established the idea of collective leadership. In 2017, the second section of the document – “Adherence to Collective Leadership and Opposition to Personal Arbitrary Rule” – was removed altogether. The second section of the 1980 document began by stating, “Collective leadership is one of the highest principles of the leadership of the party”. However in the revised document, while the reference to “collective leadership” was intact, it has been moved to the body of a new section, titled, “Adherence to the Principle of Democratic Centralism”.<sup>65</sup>

“Xi ensured that the future leadership of bodies like the Politburo would be dominated by his own faction.”

“(The 2017 document) instead of framing collective leadership as one of the core principles of the party, the section begins with the statement “Democratic centralism is the fundamental organizational principle of the party” and subordinates “collective leadership” to being part of “democratic centralism,” contends Minxin Pei.

In terms of governance, Xi’s thrust has been to bring decision-making powers back to the party, and away from the government. One of the most significant developments in the Xi era has been the formalisation of leading small groups of the CCP to the level of Central Committee Commissions. Four Central Committee leading small groups, including the Central Leading Small Group for Comprehensively Deepening Reforms, the Finance and Economy Leading Small Group, the Foreign Affairs Leading Small Group, and the Cybersecurity Leading Small Group, were elevated to Central Committee commissions in 2018. “Effectively formalizing what previously had been informal policy coordination task forces,” writes Alice Miller.<sup>66</sup> Xi heads all four of these leading small groups.

# Conclusion

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This paper highlights the factional dynamics of Chinese elite politics. In the post-Deng era, Chinese politics had been dominated by two rival factions—the Shanghai Gang, headed by Jiang Zemin, and the Chinese Communist Youth League (CCYL), led by Hu Jintao. Over the years, the two factions developed an arrangement of power sharing. Seats at the country's key decision-making bodies – the Politburo and the Politburo Standing Committee – were divided between these factions. The two factions alternated their time at the top, the party's general secretary, also the president of China. The Shanghai Gang and CCYL competed for influence but also cooperated on some issues. This factional interplay has been the most substantive symbol of Deng's idea of collective leadership by the CCP. Deng had established the idea of collective leadership in the aftermath of Mao's rule, in an attempt to safeguard China from the excesses of a one-man's dictatorial rule.

The appointment of Xi Jinping as party secretary in 2012 could be seen as an outcome of this factional power sharing arrangement. Xi, a member of the Shanghai Gang had replaced Hu, the leader of the CCYL. However, as Xi consolidated power during his first term, he began to establish his own new faction, which this paper refers to as the Xi Gang. The rise of this third faction has been one of the most significant developments in elite Chinese politics over the past three decades. Xi has sought to appoint his loyalists at a majority of central and provincial positions across China. Most significantly, the rise of the Xi Gang has come at the cost of influence of the previous two factions. The idea of collective leadership has been severely watered down. As things stand, Xi's faction enjoys majority at all significant decision-making levels, and the two rival factions are unable to balance its power. ORF

“The same principle of collective leadership meant to correct Mao's excesses resulted in the growth of factions within the CCP.”

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