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China's Leadership Gap

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Summary: After 28 years of reform, China now faces accelerating challenges of an unprecedented scale. Of these, none is more critical -- or more daunting -- than nurturing a new generation of leaders who are skilled, honest, committed to public service, and accountable. Without them, Beijing's public promises of a prosperous, democratic future will go unfulfilled.

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RECRUITING THE NEXT GENERATION OF REFORMERS

After 28 years of reform, China faces challenges of an unprecedented scale, complexity, and importance. China has already liberalized its markets, opened up to foreign trade and investment, and become a global economic powerhouse. Now its leaders and people must deal with popular dissatisfaction with local government, environmental degradation, scarce natural resources, an underdeveloped financial system, an inadequate health-care system, a restless rural population, urbanization on a massive scale, and increasing social inequality. Most of these problems, of course, have existed throughout the period of reform. What is different now is that the pace of change is accelerating while the ability of the state to manage that change is not keeping pace.

Solving any one of these problems by itself would be a formidable task. But Beijing must deal with all of them at once. Because China's government is a one-party system with minimal popular participation, success depends on the energy and ideas of its leaders. Yet the Chinese government today finds it harder than ever to attract, develop, and retain talent. Graduates from the country's top universities, who once would have filled government posts, are instead choosing to take jobs in the private sector. Ironically, by creating new opportunities for talented people, China's three decades of reform have made undertaking new reforms more difficult. Moreover, the structure of the country's bureaucracy stifles initiative and promotes mediocrity. Worse, many officials, from the village to the central government, are corrupt, eroding the government's effectiveness and feeding popular discontent with the system.

Of all of China's challenges, none is more critical -- or more daunting -- than that of nurturing a new generation of leaders who are skilled, honest, committed to public service, and accountable to the Chinese people as a whole. Unless China manages to produce such leaders, Beijing will fail to meet the country's challenges, and its public promises of a more prosperous and democratic future will remain unfulfilled.

MANDARINS AND MULTINATIONALS

For much of China's history, the central bureaucracy attracted the country's best and brightest. The famous imperial testing system for identifying future mandarins provided what was, at least in part, a merit-based route to social advancement: government service, especially when combined with personal connections and keen political skills, was the fastest path to power and wealth. Although the powerful state that emerged after the ascendancy of the Chinese Communist Party (CCP) in 1949 changed much in Chinese society, it only reinforced the bureaucracy's near monopoly on talent. Today, however, many ambitious Chinese no longer regard a government job as the best route to success. And those who try to pursue careers in government after spending time in the private sector often find

that their way is blocked.

China's educational system continues to identify the best minds (or at least the best test takers) and send them to top universities. Once there, however, most students now study what they find most interesting or what they think will be most lucrative instead of taking courses designed to prepare them for government work. Top graduates of Tsinghua University, the alma mater of many CCP leaders (including four of the nine members of the Standing Committee of the Politburo) and the school where I now teach, tend to prefer graduate school, overseas study, jobs in multinational firms, and even jobs with local firms to government posts. And some who want official positions find it difficult to get them. One student I know, who had been among the best in his class at Tsinghua, wanted to pursue a career in the central government. But when he graduated, his only public-sector choice was to return to his low-level provincial post because no one in Beijing could find a place for him in the national bureaucracy. Rather than shuffle papers in the provinces, he decided to avoid government service altogether.

Many of those who do manage to enter public service do not stay there for long. Some central government ministries -- notably the Commerce and Foreign Ministries -- still attract top graduates, but those agencies' employees are also the most vulnerable to poaching by multinational firms, which prize those employees' language abilities, worldliness, and contacts. For their part, young officials can expect to quintuple their salaries in the private sector. Thus, even as the problems of reform grow harder, the leadership talent pool is becoming shallower.

Students at universities such as Tsinghua are strongly patriotic and often justify working abroad or for multinational firms as a way to prepare themselves for a future in public service. This assumes, of course, that they will be able to enter the government later in their lives. But power in China is still firmly in the hands of careerists. There remains a virtually impermeable wall between those who are what the Chinese call *tizhinei* (inside the system) and those who are *tizhiwai* (outside the system).

In the late 1990s, Premier Zhu Rongji regularly approached the best Chinese talent in particular disciplines around the world and invited them to join the government. The experiences of these returnees have been difficult. They work surrounded by resentful "lifers," who see them as a threat. None of them has been a conspicuous success, and Zhu's experiment has for the most part been abandoned. Although it is conceivable that returnees might receive a warmer welcome in the future, in the short term, the brain drain has led to a noticeable decline in the quality of lower-level officials, on whom the success of reform policies depends. It is telling that most foreigners doing business in China are loath to deal with government officials under the rank of director general, three levels below a minister.

The difficulty returnees face is only one aspect of the structural problems of China's bureaucracy. Another is that senior officials are often asked to take on roles for which they are unprepared. The party secretary of one of China's large cities once told me that he had been directed by Beijing to privatize several hundred state-owned firms within two years, even though he had never privatized a single business and had almost no idea about how to proceed. Nor were the managers of the state-owned businesses he was supposed to sell much help; in search of buyers for their firms, they were reduced to putting up "For Sale" pages on the Internet and waiting to see who responded. As the pace of change accelerates, it is increasingly common for officials to be asked to undertake such tasks without any sort of guidance.

Compounding the difficulty, many high-level officials are moved from post to post too quickly. The CEO of a state-owned bank may suddenly find himself assigned to a provincial leadership position. To some degree, such movement represents the government's hunger for talent and its willingness to put leaders wherever they are needed. Such job-hopping, however, limits the effectiveness of leaders, since they have little time to learn about their positions or see their initiatives through, and they face resistance from subordinates who know they will soon be gone. Midlevel officials manipulate the senior officials who come through the revolving door to their advantage. Many Chinese bureaucrats sarcastically refer to this situation as "the system of ministerial responsibility under the leadership of the division chief."

Lower-level officials have the opposite problem. Most must work patiently inside a single area of government until they reach a relatively senior level before they even have a chance to experience working in another ministry or bureau. Even at the national level, it is common for directors general to have spent their entire careers rising

through the ranks of the bureaus they now lead. This further discourages risk taking and innovation and thus creates yet another obstacle to good governance. Worse, the system encourages careerism at all levels: one Chinese study published in 2000 found that government officials were more worried about pleasing their superiors than serving the people.

CONFUCIAN IDEAL, CORRUPT REALITY

Despite such systemic flaws, by some objective standards China's current leaders are far more qualified than those who ran the country a generation ago. As the Hamilton College scholar Cheng Li observes, in 1982 less than 20 percent of provincial CCP chiefs had more than a high school education. Today, over 97 percent of such officials hold advanced degrees. The country's highest political body, the Standing Committee of the Politburo, today comprises nine engineers educated at China's elite universities and technical institutes, compared with the Long Marchers who held these offices a generation ago. Even at the local level, it is not uncommon for party secretaries, governors, and mayors to hold Ph.D.'s.

At its best, the marriage of talent and power realizes the ancient Confucian ideal of the scholar-official. But although China's current leaders are better educated than were their predecessors, they are not necessarily more upright. Many talented and honest officials stay in government out of a deep sense of responsibility, but others are motivated by a desire for status and power. As a result, corruption is rife. Growing local anger at official venality belies the old CCP maxim that China's leaders "suffered first and ate last."

One of the most corrosive -- and pervasive -- forms of malfeasance is the selling of official posts. It is commonly said that becoming a municipal bureau chief costs about 800,000 yuan (roughly \$100,000). In one infamous case that implicated more than 260 officials, Ma De, the party secretary of Suihua City, in Heilongjiang Province, was given a commuted death sentence in 2005 for pocketing the equivalent of more than \$700,000 by selling government jobs. A national minister of land and resources was removed from office for involvement in the corruption. Such practices fuel a vicious cycle in which officials who have purchased their jobs feel the need to realize a return on their "investment." One of the simplest ways to do so is to sell the jobs they control because of their own bought positions, an action that weakens leadership throughout the system.

Both the government and the party have made attempts to stem corruption in recent years. According to Ye Feng, a senior official at the Supreme People's Procuratorate (roughly China's equivalent of the U.S. Department of Justice), in 2005 state prosecutors investigated more than 41,000 corruption cases and filed charges in 75 percent of them. Between November 2004 and December 2005, according to a senior party official, the CCP conducted 147,539 investigations of its members, including 15,177 cases involving criminal conduct. But there is scant evidence that these efforts have had much effect. Despite high-profile examples of local authorities being tried, convicted, and sometimes even executed for corruption, many officials simply calculate that the payoff from malfeasance is worth the risk of being caught. According to Ye, for instance, four consecutive party secretaries in one county in the region of Guangxi have been arrested for corruption.

There are clear indications that public dissatisfaction with government incompetence and dishonesty is growing. According to the Chinese government's own figures, last year there were more than 80,000 "mass incidents" throughout the country. It is commonly believed that a great number of these were protests of local government policy or performance. A survey released earlier this year by China's largest private polling organization, Horizon Research, found that 43 percent of residents of small towns were dissatisfied with their local governments. More worrisome, over 60 percent of respondents from cities and towns believed that "the government could not solve problems even if [members of the public] complained."

CAREERS OPEN TO TALENT

President Hu Jintao and Premier Wen Jiabao understand the importance of bridging the chasm between what China needs from its leaders and what the country is receiving. Both have publicly taken steps to do so. In 2004, for instance, Wen added a new section on "government self-improvement" to his annual report to the National People's Congress, telling delegates that "it is imperative to build a contingent of public servants who are politically reliable, professionally competent and clean and honest and have a good work style." During an inspection tour of Fujian

Province in January 2006, Hu warned cadres against covering up problems or trying to pass the buck by sending dissatisfied citizens to file their complaints with the national government. Hu mentioned a December 2005 incident in the province of Guangdong, in which police opened fire on peasants protesting the confiscation of their land, as proof of the need to improve local government. The recurring educational campaigns for cadres, which exhort party members to "live plainly, struggle hard" and warn them not to "wallow in luxuries and pleasures," stem less from nostalgia for the reeducation campaigns of earlier generations than from a realization that the quality of leadership needs to be raised.

Having a capable corps of public-sector leaders is critical for Hu to achieve his goals, including his stated ambition of broadening public participation in China's governance. During his April 2006 visit to the United States, Hu said that China "will continue to reform its political structure, develop socialist democracy, expand citizens' orderly participation in political affairs, and ensure that people exercise democratic elections, democratic decision-making, democratic management, and democratic supervision in accordance with the law."

What precisely Hu has in mind is still not clear, perhaps even to him. It is probably safe to say, however, that he does not envision China becoming a Western-style liberal democracy. It is more likely that the CCP will seek ways to build greater responsiveness and accountability to citizens into the system while stopping well short of introducing direct elections for national leaders. Such reforms would likely include a more robust and independent judiciary, increasing degrees of democracy within the CCP itself, and more reliable sources of information about how people feel about local leaders and policies -- and presumably some ability for people to affect one or both.

Among the measures that are being considered are changing how party congresses operate and how deputies are selected and disciplined and introducing intraparty democracy in order to promote greater accountability. It is no longer unusual for multiple candidates to stand for local party offices, for instance. Some even speculate privately that the entire CCP membership of more than 70 million people may in the not too distant future choose the party's leader -- who is, of course, the leader of China. More significant changes are unlikely, both because the current arrangement supports the interests of those in power and because there is unease among the elite, which is shared by many ordinary Chinese, about the risks posed by instability and disorder.

Encouraging popular participation and strengthening official accountability are essential elements of the transformation that China must undergo if its modernization is to succeed. It cannot continue to rely solely on its current top-heavy political structure. If it does, the country will experience increasing outbursts of popular anger against decisions made by local officials, which citizens do not feel they help to shape.

Because the size of the current pool of government leaders and managers in China is not sufficient to carry out the next wave of reform, the party will have to tear down the wall between the government and the private sector that currently keeps many talented professionals out of public service. By opening up the leadership to new members, China could unlock the potential of those existing leaders who are often frustrated by the competing demands of politics and effectiveness. Only by freeing its managers and leaders from the shackles of organizational politics and old-line thinking will China be able to find a dynamic but stable path toward the democratic future endorsed by Hu and aspired to by ever-larger numbers of his fellow Chinese.

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