

# The Emergence of Wen Jiabao

BARRY NAUGHTON

---

Wen Jiabao is not yet formally premier of China, but he has been acting as premier since December. Evidence is accumulating that Wen will present a large-scale government reorganization plan to the National People's Congress (NPC) in March 2003. Wen is making a fast start and intends to make his mark on China's government. This diligence suggests that Wen will try to generate significant forward momentum on further economic reform within calendar year 2003.

---

## PROLOGUE

The lineup of personnel in the new Chinese government will be formally decided at the Second Plenum of the 16th Party Congress Central Committee. This plenum will meet for a few days just before the National People's Congress, which was scheduled to open its 10th session on March 5, 2003. The plenum initiates an elaborate set of procedures, beginning with the "recommendation" of a list of leadership names to the presidium of the National People's Congress, which in turn forwards nominations to the congress as a whole. The process ends when the president nominates the new premier and the new premier names his vice premiers and ministers.<sup>1</sup>

However, the new premier has, in effect, already begun work. Since December 2002, Wen Jiabao has been almost constantly visible in important capacities. He presided over the crucial Economics Work Meeting on December 9–10, and laid out the main tasks for 2003 at the National Finance Work Conference on January 24, 2003.<sup>2</sup> Moreover, evidence is accumulating that Wen Jiabao is developing a significant government reorganization, which will have implications both for the personnel to be selected and for the types of policies that will be followed. The Second Plenum, it appears, will have a more complicated task than simply approving a list of names. Wen is the first of the new leadership group to be publicly and unambiguously establishing his role in the new administration.

## WEN JIABAO'S PERSONAL CHARACTER

Wen Jiabao will be a very different kind of premier from Zhu Rongji. Wen is universally regarded as a responsive and highly adaptable individual. He is well known for listening well, treating subordinates well, and being sensitive to the needs and feelings of others. Colleagues do not interpret his flexibility as a sign that Wen is two-faced. He is, in short, a superb general manager who functions extraordinarily well in the shadow of a domineering personality, i.e., serving someone who attracts the spotlight to himself and away from Wen. His past record strongly reflects these characteristics, since he successfully served three very different first party secretaries and worked smoothly with Zhu Rongji, a notoriously difficult boss.

Moreover, Wen has other admirable personal qualities. His intelligence is unquestioned. He is meticulous and extremely hardworking. He is reputed to be personally honest; his personal habits seem above reproach; and his family is not tainted by accusations of corruption. His personal style is informal, and he speaks well impromptu, often departing from a prepared text. In discussion he is clear and to the point, seizes on the main ideas, and minimizes ideological boilerplate.

The main doubts about Wen, therefore, have concerned how well he will perform when he himself is the boss and thus must set and advance the agenda on his own. The most common view is that Wen is not likely to shine in this role—that he is more likely to support a great leader than to be a great leader. Wu Jiaxiang eloquently expresses this assessment: “An individual’s strength is also that person’s weakness. Wen is just like Zhou Enlai—he has the talent to assist a ruler, not the talent to be the head, to be the number one guy. He puts out fires, he doesn’t light fires.”<sup>3</sup> Because of this general assessment of Wen’s character, he has received relatively little of the attention of commentators assessing the post-16th Party Congress leadership. Whoever wins the ultimate struggle for power will be happy to have Wen Jiabao serving as his top lieutenant: at least, so goes the conventional thinking. Instead, attention is focused on Hu Jintao, Zeng Qinghong, and Jiang Zemin himself, and on their complex maneuvers and positioning for power.

Yet, Wen Jiabao is already playing an extremely important role, one that may become even more important over the next year. It may well be that the conventional assessment of Wen Jiabao implicitly assumes the continued predominance in China of personalized, charismatic

power, such as that exercised by Mao or Deng. If China's politics continues to evolve into a more routine and institutionalized mode, it may turn out that Wen Jiabao's form of governance will be more appropriate, and more important to the future evolution of China's economy and politics.

#### WEN JIABAO'S BACKGROUND AND EXPERIENCE

Wen shares many characteristics with the other eight members of the Politburo Standing Committee. They are all about the same age, and all trained as engineers. Wen, at 60, is three months younger than Hu Jintao. All the Standing Committee members were educated before the Cultural Revolution and sent out to the provinces during the Cultural Revolution. Like Hu Jintao, Wen Jiabao was sent to Gansu. Wen—like the others—shifted from engineering to party work, and was selected for rapid promotion during the early 1980s.<sup>4</sup>

Wen graduated from the Beijing Institute of Geology in 1965, and did graduate work there in surveying and geologic structure. He was sent out to Gansu Province to work in the surveying office there in 1968, and he coordinated work on the geological structure map of Gansu. He also published several articles in specialized geology journals. During the 1970s, he shifted to party work in the Gansu Provincial Geological Bureau, and rose in the ranks. In 1982, Wen gave a briefing that so impressed the new minister of geology during the latter's visit to Gansu that Wen was brought to Beijing to serve in the ministry's Policy and Law Research Office. Three years later, when arrangements were being made for the 1985 Special Party Congress, Wang Zhaoguo, then head of the General Office of the Chinese Communist Party Central Committee, had a number of talented young individuals—including Wen—seconded to the temporary preparatory group for the congress, which he also headed. Impressed with Wen's work, Wang subsequently brought him into the General Office as vice director.

The next year, Wang Zhaoguo got into a tussle with the Chinese Communist Party's revolutionary elders when he tried to insist that children of party leaders shouldn't engage in business. He was forced out of his job in April 1986, and Wen moved up into his place as head of the General Office. Wen served in this position from 1986 until 1993, under three successive party heads: Hu Yaobang, Zhao Ziyang, and Jiang Zemin. This entrenchment is very unusual because party

heads generally want their own people to head the party General Office.<sup>5</sup> The General Office supervises day-to-day party actions, so it has a huge impact on implementation of party policies, as well as on the living conditions of top officials. Moreover, the party General Office supervises the units that provide security to the top leadership. The head of the General Office thus occupies a very sensitive position. The fact that Wen Jiabao was able to staff it through three different party secretaries is the strongest empirical support for the characterization of him as a superb assistant. This assertion is particularly true given the fact that his tenure extended to both sides of the June 4, 1989, divide.

The events at Tiananmen in 1989 also provided Wen with his first dramatic and public visibility. At four in the morning on May 19, Zhao Ziyang, knowing he had already lost the intra-party struggle, went to visit the students in Tiananmen Square and urge them to leave the square peacefully. Wen Jiabao accompanied Zhao, and in film of the event, both men's faces

clearly show the emotion they were experiencing. Zhao cried, and Wen looked melancholy and exhausted. The incident reflects Wen's complex response to an overwhelming and difficult situation. Since Zhao had already ceded his formal authority as party secretary, Wen was not obliged to accompany him. Wen's presence in the square seems to signify a genuine concern for the students and for Zhao. At the same time, it was and is clear that Wen's ultimate loyalty was to Deng Xiaoping. Wen was a favorite of Deng and a frequent bridge partner. When Deng gave the orders, Wen fell in line quickly. Wen's decision helped preserve the existing political structure even without Zhao's cooperation, and also maintained Wen's subsequent viability.

Although Jiang Zemin worked with Wen Jiabao, as soon as he felt secure enough to make his own personnel decisions, he replaced Wen as General Office head with his close client, Zeng Qinghong.<sup>6</sup> The appointment of Zeng Qinghong was rather abrupt and unexpected, just before the Eighth NPC meeting in 1993, and a couple months after the 14th Party Congress. Understandable in terms of Jiang's

---

The main doubts about Wen Jiabao have concerned how well he will perform when he himself is the boss and thus must set and advance the agenda on his own.

---

desire to have his own man control this key position, the move displaced Wen Jiabao and seemed to leave him at loose ends for a while. He had just been promoted to alternate member of the Politburo and full member of the party Secretariat at the 14th Party Congress. These are positions the head of the General Office might have expected to hold all along; Wen had not attained them previously, presumably because of the abrupt and unexpected nature of his succession to the

---

If anybody can be said  
to understand how the  
central government  
actually operates, Wen  
Jiabao is that person.

---

post in place of Wang Zhaoguo and because of doubts over the depth of his loyalty after Tiananmen.<sup>7</sup> In 1992 he finally did attain this formal status, only to lose the functional job that, in a sense, entitled him to that rank.

Between 1993 and 1997, Wen remained a member of the party Secretariat and an alternate Politburo member, but his exact responsibilities are vague. He was immediately named vice head of the Agriculture Small

Group, and he initially played a prominent role in this area. But, his prominence was greatly diminished after October 1994 when Qiang Chunyun was appointed head of the Rural Small Group, and subsequently vice premier in charge of agriculture. During this period, Wen appeared to be the only member of the party Secretariat without a clearly defined subordinate bureaucracy.

During the 15th Party Congress in late 1997, Wen was promoted to full Politburo member. Then at the Ninth NPC meeting in 1998, Wen was entrusted with the vice premier post that the deeply unpopular Qiang Chunyun forfeited. (This raises the possibility that Wen had been ghosting for the doomed Qiang the whole time.) Wen quickly took on an extremely broad range of responsibilities. He immediately took back responsibility for rural work from Qiang. When a Central Financial Work Commission was established in June 1998, Wen was made secretary. He was also put in charge of science and technology, as well as disaster relief (a traditional task of the General Office). During the floods of late summer 1998, Wen got substantial favorable publicity as the leader of relief efforts.

Clearly, Wen was being tested and groomed for the premier's job. The validity of this assessment is most apparent with respect to Wen's role on the Central Financial Work Commission. Wen clearly lacked

the experience to effectively run financial policy, and this was, in any case, an area in which Zhu Rongji took a lively personal interest. Nobody argues that Wen Jiabao was making financial policy between 1998 and 2002. Rather, Wen was receiving on-the-job training: his position was designed to give him experience and visibility.

Wen's tenure under Zhu Rongji was successful. He was widely regarded as the most capable of the vice premiers, and the one with the best relations with subordinates and colleagues. During the 16th Party Congress in late 2002, he was appointed to the Standing Committee of the Politburo, and as premier-designate. All of his potential competitors for the premiership turned out to have significant liabilities. It was often rumored that Jiang Zemin would have preferred that Zhu Rongji be succeeded by a premier with stronger personal loyalties to Jiang, such as Wu Bangguo or Li Changchun. But in the end, no really viable candidate emerged. Wen Jiabao prevailed because of his intelligence and diligence and because, in the end, he made many fewer mistakes than did any of his potential rivals.

#### WEN JIABAO'S FAST START

It is in many ways logical that Wen Jiabao should be off to a fast start. He has been intimately and uninterruptedly involved with central government organization, policymaking, and policy implementation since 1985. His experience as head of the General Office, and subsequently as vice premier, gives him a broader and more detailed familiarity with the workings of the central government than anybody else has. If anybody can be said to understand how the central government actually operates, Wen Jiabao is that person. In fact, conversely, Wen is the only one of the nine Politburo Standing Committee members who has had no experience as a provincial leader.<sup>8</sup>

Moreover, Zhu Rongji was clearly ready to make way for a new leader. For all his accomplishments, Zhu had begun displaying a certain exhaustion with his position which had been public knowledge ever since his June 6, 2001, speech at Qinghua Graduate School of Management. Furthermore, the feeling had been widely reciprocated, as Beijing seemed to be suffering from Zhu Rongji fatigue. (See "Zhu Rongji: The Twilight of a Brilliant Career," from *CLM* 1 [winter 2002], which also includes some details on Wen Jiabao's assumption of responsibilities in 2001, and "Evening Glow: The Final Maneuvers of Zhu Rongji," from *CLM* 4 [fall 2002].) In addition, Zhu—very much unlike Jiang

Zemin—has no real faction of supporters and followers. He has never built the network of power that Jiang has. As a result, he has no strong impetus to protect his clients, and he has no chorus of followers clamoring to have him remain influential in order to protect their interests. Zhu readily opened the way to Wen Jiabao to take the reins.

## GOVERNMENT REORGANIZATION

Although it is not yet clear which details of the proposed reorganization will survive the discussion and bargaining process at the Second Plenum, it is increasingly clear that there will be a large-scale reorganization. The number of ministerial-level organizations and the number of personnel will be decreased. In this arena, Wen is following the pattern established by Zhu Rongji in 1998, when he assumed the premiership. At that time, Zhu reduced the number of ministerial-level organizations from 50 to 29. According to preliminary press reports, Wen intends to reduce the number of ministerial organizations down to 21. This reduction would make Wen's plan the third major consolidation and downsizing of the government bureaucracy in the past 20 years (1988, 1998, and 2003).<sup>9</sup>

This downsizing, unlike past ones, is to be driven by a fundamental principle: to separate the three functions of policymaking, policy implementation, and regulation. Moreover, the central initiative will be to set up eight new or radically restructured commissions. Four of the eight new commissions would reflect rather routine recastings of existing or proposed agencies: a new State Agricultural Commission, a State Energy Commission, a State Transportation Commission, and a State Electricity Regulatory Commission. Four of the new commissions, in turn, represent significant departures: a new State Development and Long-Range Planning Commission, a State Banking Regulatory Commission, a new State Asset Management Commission, and a State Telecommunications Regulatory Commission. In each of these cases, the new commission would focus more on regulation and policy guidelines than past bodies have. The reorganization, it is hoped, will continue the withdrawal of the government from direct management of the sectors overseen by these commissions.

In a few cases, the new commissions represent relatively modest reorganizations of existing structures. That may be true for the agriculture and transportation commissions. Energy has been a sector subject to numerous reorganizations, amalgamations, and divisions, per-

haps because of the thorny interplay between public property rights in natural resources, government interventions in prices, and the persistence of loss-making firms, especially loss-making coal mines. The new State Electricity Regulatory Commission was initially scheduled to begin operations on December 29, 2002, but its setup has been delayed.

The new State Development and Long-Range Planning Commission involves a slight name change, which unfortunately does not translate very clearly in English (from *fazhan jihua weiyuanhui* to *fazhan guihua weiyuanhui*). This body would absorb the investment planning functions currently exercised by the State Economics and Trade Commission (SETC), which has controlled expenditure of so-called “technical renovation investments” for 25 years. That transfer of responsibility would facilitate budgetary control of those investments—when funded by the government—but perhaps more importantly, it would allow the SETC to be disbanded, as its trade regulatory functions would be absorbed into a new, expanded Ministry of Domestic and Foreign Trade and its other functions would be absorbed into the new State Asset Management Commission.

---

If Wen’s reorganization plan succeeds, it will constitute a significant redefinition of the role of the Chinese government.

---

The State Banking Regulatory Commission has been the subject of prolonged discussion for months, as reported in “Economic Policy after the 16th Party Congress” from *CLM* 5 (winter 2003). It appears that discussion is now over: even the *Wall Street Journal* has recently reported that the decision has been made in favor of the more thorough policy-reform option of setting up a new regulatory commission completely outside the structure of the People’s Bank of China. According to early rumors, Liu Mingkang, the current head of the Bank of China, is a favorite to head the new commission.

Movement on the banking regulatory front fits the pattern Wen Jiabao established immediately after the 16th Party Congress. Within a month of that congress, Wen disbanded the Central Financial Working Commission that had been set up in 1998 in the wake of the Asian financial crisis and on which he had served as secretary under Zhu Rongji’s leadership. Wen set up a new Central Finance Safety Leadership Small Group, under his own leadership. The new organization did

not simply take over the personnel from the old group, either, as numerous former staff members were moved to new jobs. These moves confirm a broader picture. Wen is clearly shifting focus, within the financial arena, away from the stock market and toward the banking system. Little substantive work on the serious problems in the banking system has occurred in the last two years, and Wen clearly feels it is time to make a major new effort.<sup>10</sup> At the same time, further actions in the stock market would probably be too controversial at this time. Moreover, Wen's most capable financial expert, Zhou Xiaochuan, has already been transferred from the China Securities Regulatory Commission to head of the Central Bank (see *CLM* 5 for discussion of both these points).

Another area where major reforms and reorganizations are pending concerns the envisaged State Asset Management Commission. To simplify somewhat this complicated subject, the basic objective of the new commission is to unite the government's ownership of state-owned assets with its power over personnel. The existing Company Law describes a system quite similar in its fundamentals to that governed by U.S. corporate law. Owners of the corporation—including the government—have the right to elect members of a board of directors to represent their interests. The board of directors appoints the managers of the firm and supervises their activity. In practice, though, the personnel power has been vested in the Chinese Communist Party, or in exceptional commissions that appoint managers, while oversight of state property is left to line ministries or weak government auditors. Authority over different decision areas has continued to be dispersed and imprecise, with the result that “everyone wants a piece of a successful firm, and nobody pays attention to a failure.”

A body named the State Asset Management Bureau existed between 1988 and 1998, but it was widely regarded as ineffective. The new commission would draw manpower and responsibilities from a number of different sources, of which two are most important. The first is the Central Enterprise Working Group, which has had, since 1998, the primary responsibility for appointing managers to the 190 large enterprises directly subordinate to the central government. This group has become a hotbed of patronage, with control contested between the State Council and the party Organization Department. The second source is the State Economics and Trade Commission, which serves as the general overseer and advocate of state-owned enterprises. The objective is to amalgamate these bodies and reform their procedures, in order to create a new quasi-governmental commission (*shiye danwei*),

with outside members, that oversees state property and appoints board members to represent government ownership rights.<sup>11</sup> After this body has been set up at the central level, similar agencies can be established by provincial and municipal governments.

Finally, the commission that might produce the most intense lobbying and bureaucratic resistance may well be the State Telecommunications Regulatory Commission. The bureaucrats in the Ministry of Information Industry have proven themselves capable in managing and developing their industry and aggressive in defending their (still profitable) industry against regulators and foreign competitors alike. A truly independent commission would mark the end of an era for the telecommunications firms, an era that has been quite good to them. They will no doubt conduct a powerful rearguard action in an attempt to hold on to their profits and privileges.

## DISCUSSION AND CONCLUSION

By any standard, the reorganization and redefinition of government that Wen Jiabao is promoting is ambitious. It may well turn out that only a truncated version of this reorganization will emerge from the Second Plenum, and that only some of the new commissions will be created. Yet, the odds are good that the bulk of the plan will emerge intact. The potentially most radical reforms—the State Banking Regulatory Commission and the new State Asset Management Commission—have been thoroughly discussed in recent months, and a workable consensus appears to be in sight. Changes in many of the other commissions will be seen as lying within the prerogative of the premier.

If the plan succeeds, it will constitute a significant redefinition of the role of the Chinese government. Many of the managerial functions of government will be redefined as regulatory functions and entrusted to commissions outside the regular chain of command of the bureaucratic hierarchy. There are dangers in this approach, and it may well be that such commissions will be subject to capture by the industries they are intended to regulate. It may also be the case that the commissions will become the focus of intense interest-group politics, lobbying, and patronage, as has sometimes been the case with the Central Enterprise Working Group.

Indeed, one of the most important characteristics of these new commissions is that many of them would be free of the oversight of the National People's Congress. Because most are intended to be quasi-

governmental nonprofit organizations (*shiye danwei*), they can be set up by the State Council—the executive branch—and report to the premier. They do not necessarily require enabling legislation from the National People's Congress, the nominal (but nondemocratic) legislative branch. Affording this kind of leeway to the executive branch may be necessary at this stage of China's development. The National People's Congress has a track record of taking an extremely long time to develop legislation on key issues. As was described in "The Politics of the Stock Market" from *CLM* 3 (summer 2002), the NPC took six and a half years to pass a Securities Law. It took almost a decade to get a Bankruptcy Law, and the version the NPC finally passed is now widely regarded as out of date. The NPC has been working on a Telecommunications Law for almost 20 years, but has not yet succeeded in producing one. In part, the slow progress of laws through the NPC represents the inherent complexity of some of the content areas, and in part it represents a successful strategy by the departing head of the NPC, Li Peng, to make his organization a key veto player and participant in power politics. Li Peng has had significant success in this respect, but at the cost of thoroughly gumming up the legislative process. Although additional attention needs to be paid to the way in which legal oversight and transparency requirements are applied to the new commissions, it may also be true that China needs to shortcut the legislative process in order to move forward as quickly as the situation demands.

If Wen Jiabao succeeds in pushing through his government reorganization, he will have begun his premiership with a bang. He will have established his credibility as an effective and forceful leader and laid to rest some of the doubts about his ability to serve in the top position. He will also have opened up a rich source of patronage for himself and his political allies. Wen Jiabao has already moved quickly to consolidate his position and shape his own agenda. In a sense, Wen is one step ahead of the other eight members on the Politburo Standing Committee. If he continues on this trajectory, he will surprise many with the effectiveness of his gentle and understated manner.

FEBRUARY 2003

## NOTES

1. "Zhongguo guojia jigou lingdaoren: santiannei quanbu yansheng" (National leadership lineup will emerge within three days [at NPC]), Hong Kong *Wenhui-bao*, February 14, 2003, <http://wenxuecity.com/BBSview.asp?SubID=newsdirect&MsgID=16887>.

2. “Wen Jiabao jinlai shuguanglu daceng” (Wen Jiabao’s visibility has lately increased markedly), *Renminbao*, February 8, 2003, <http://www.renminbao.com/rmb/articles/2003/2/8/25029.html>, reporting on a Hong Kong *Singdao Daily* story.

3. Wu Jiexiang, *Jueli shiliuda: Weilai Zhongguo kongzhi quan* (The 16th Party Congress trial of strength: The power to control future China) (Hong Kong: Mirror Books, 2002), 116.

4. The dates and formal positions of Wen are given in his official biography. To flesh out the story, I have relied on Ding Wang, *Wen Jiabao yu jiebanqun: Beijing xinshiji lingxiu* (Hong Kong: Dangdai mingjia chubanshe, 1999); Gao Xin and He Bin, *Shei lingdao Zhongguo: Zui you quanli de 24ge ren* (Who leads China? The 24 most powerful people) (Hong Kong: Mirror Books, 1998), esp. 503–20; and Gao Xin, *Zhongguo dangzhengjun zhongyang lingdaoceng* (China file: Biographies of Chinese Communist Party, government, and military leaders) (Hong Kong: Mirror Books, 2001).

5. Wei Li, *The Chinese Staff System: A Mechanism for Bureaucratic Control and Integration*, China Research Monograph 44 (Berkeley, Calif.: University of California Institute of East Asian Studies, 1994).

6. The office is today run by Zeng Qinghong’s assistant, Wang Gang. If Hu Jintao manages to fully establish his own personal power, he will want to replace Wang Gang with his own man.

7. Note the interesting parallels: in both cases, Wen was in a position of responsibility, but his ascent was blocked by questions about his personal loyalty to a fallen reformer—first Wang Zhaoguo, subsequently Zhao Ziyang. In both cases, he was gradually able to demonstrate his ability to work with the new team.

8. Even Luo Gan, the one ambiguous case, served as vice governor of Henan for a year.

9. Li Zhaoqing, “Guowuyuan jigou zhenghe xinshuo; Badawei yinran chengxing” (Renewed discussion of consolidation of State Council administration; Eight large commissions taking shape behind the scenes), *Caijing shibao*, February 15, 2003, <http://www.caijingshibao.com/mag/preview.aspx?magyear=2003&yearissue=5-4@treeid=41>.

10. “Shanyu yulai fangmanlou, jinrong da gaige Wen Jiabao jiangxiang yinhang kaidao” (Mountain rain is coming and wind fills the tower; Wen Jiabao is shifting the focus of financial reform to the banks), *Shangwu zhoukan*, February 14, 2003, <http://wenxuecity.com/BBSview.asp?SubID=newsdirect&MsgID=16886>.

11. Shi Dong, Zhao Xiaojian, and Hu Yifan, “Guoziwei lunkuo chuxian” (The outlines of the State Asset Commission are emerging), *Caijing*, February 24, 2003, <http://finance.sina.com.cn/g/20030224/1246313689.shtml> (first part) and <http://finance.sina.com.cn/g/20030224/1333313693.shtml> (second part). See also the earlier Ding Ding and Shen Xiaoyu, “Zhengfu xuliewai: Zhongguo chaozu ‘xin guoziwei’” (Outside the governmental array: China is setting up a new State Asset Commission), *Caijing shibao*, November 29, 2002, <http://www.caijingshibao.com/mag/preview.aspx?ArtID=2872>.