

## China's 'Leading Small Groups': Instruments of Governance and Control\*

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### Abstract

In the unique conjoined system of Party-State that China operates (with the Party the dominant player), Leading Small Groups, LSGs, are a governance device dating to the Ya'an days of the 1930s. They have been extensively used for a long time, to control both decision-making and execution of decisions. Bringing to one table all the Party, Government, Provincial and PLA entities involved, they have smoothed governance and policy execution. The new development in recent years is that they have assumed a hierarchical role. They also appear to represent a new way of dealing with governance, strengthening President Xi Jinping's personal control over policy-making and execution process.

**Keywords:** Party-State, policy making, execution, control, governance.

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China's 'dual-track' Party-State governance system is unique, partly replicated in Vietnam, but nowhere else. The Chinese Communist Party (CCP) has always been the dominant partner, not the 'government', represented by the State Council (roughly similar to a cabinet in a parliamentary system, but not quite the same), nor any other branch of the government. The People's Liberation Army (PLA) answers to the Central Military Commission (CMC) that is directly and *exclusively* under CCP control. China's rationale is that this arrangement is the only way to ensure the 'permanence' of Party rule.<sup>1</sup> The collapse of the Soviet Union and the communist governments of East Europe in 1990 still resonates in Beijing as their living nightmare. But China's entrenched system of Party-dominance goes back to the days of the Long March and the provisional government established in Yan'an (Shanxi), commencing in 1937.<sup>2</sup>

China also uses an unusual method for coordinating policy in selected areas which involve cross-cutting management challenges, requiring collaboration between multiple agencies. This flexible mechanism brings together leaders and top personalities from different agencies: ministries, party units, the PLA, the provinces, think tanks and research

institutes, as also parastatal agencies and individual experts.

The collapse of the Soviet Union and the communist governments of East Europe in 1990 still resonates in Beijing as their living nightmare.

Called 'Leading Small Groups' (LSGs), this mechanism harks back to the Yan'an days, when 3-member groups were tasked with coordination and execution. 'The "three-person group" (三人軍事領導小組) was a leadership team in the time of the Long March. The Central Study Group (中央學習研究組) and the Foreign Affairs Group (外事組), both predecessors of current day leading groups, were established in 1941 and 1944 respectively.<sup>3</sup> After the establishment of the PRC, an LSG for Taiwan affairs was formed in 1954, one for political science and law in 1956, and the Foreign Affairs LSG in 1958.<sup>4</sup> The LSGs are unique to China, not found in any Marxist-Leninist playbook.

A notable point. Some LSGs are formed on a temporary basis, to deal with specific issues, and wound up when the crisis or the issue to be addressed is no longer relevant. Others have been disbanded and later reconstituted, several

<sup>1</sup> China's Minister of National Defence, a serving General, used to traditionally be the Deputy Chairman of the Central Military Commission (CMC), but over the past decade, the incumbent is usually just a member of the CMC.

<sup>2</sup> See: <https://www.britannica.com/biography/Mao-Zedong/The-road-to-power#ref360860>

<sup>3</sup> Academy of Chinese Studies, Hong Kong. See: <https://chiculture.org.hk/en/china-today/1455>

<sup>4</sup> Ibid.

times. And some of the most important ones are permanent. Some features:

- The simplest way is to visualise the LSG as a *Discussion-Action Table*, that brings together Party and Government decision-makers. But there is more.
- Each LSG is backed by an office or a directorate, staffed either on a temporary or permanent basis. Their task is to prepare dossiers, handle meetings and check on follow-up actions. They play an active, assertive role.
- Membership of LSGs, and even their existence does not come up in official documents, though their meetings are sometimes announced after the event. This is simply the way China operates.
- A study notes: ‘As bodies whose decisions supersede government departments, LSG-directed efforts might be the best way to cut through entrenched interests, centralize resource allocation, and push agendas past bureaucratic road blocks... they are meant to be mechanisms to address the challenges of China’s domestic situation. As such, they follow a special logic and serve a useful purpose.’<sup>5</sup>

### **Foreign Affairs LSG**

An early study of China’s ‘Leading Small Groups’, as a method for top level decision-

making and monitoring of implementation was the 2010 SIPRI Study: *New Foreign Policy Actors in China*, by Jakobson and Knox.<sup>6</sup> It examined the working of the ‘Foreign Affairs Leading Small Group (FALSG), and the Taiwan Affairs LSG, making these points:

- ‘...the Ministry of Foreign Affairs is today merely one actor in the realm of foreign policy, and not necessarily the most important one.’
- FALSG makes ‘all but the most critical foreign policy decisions, after which the Politburo Standing Committee gives formal approval’.
- The members it named were: ‘State Councillor Dai Bingguo, International Department head Wang Jiarui, Foreign Minister Yang Jiechi, Minister of Commerce Chen Deming, Minister of Defence Liang Guanglie and Minister of State Security Geng Huichang’.
- Attached to each LSG is an office that ‘conducts research, proposes policies and coordinates activities. Dai Bingguo, the presumed director of the FALSG office, was named by many interviewees as the most influential foreign policy official outside the PSC...’
- ‘While the PLA presence in the FALSG and the TALSG (Taiwan Affairs LSG), is as large as that of the Ministry of

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<sup>5</sup> Ibid.

<sup>6</sup> SIPRI Policy Paper No. 26, See: <https://www.sipri.org/publications/2010/sipri-policy-papers/new-foreign-policy-actors-china>

Foreign Affairs, the MFA representatives out-rank the military in both bodies.

Some have argued that the new ‘Commissions’ are just a change in nomenclature, with the difference that these new entities are often ‘super-LSGs’, supervising a larger network of LSGs that belong to that genre

The March 2018 reorganization of several government and party institutions brought about changes in the management of foreign affairs. The FALSG was replaced by a ‘Central Foreign Affairs Commission’, serviced by its own directorate, and supervising the work of the Ministry of Foreign Affairs and the Ministry of Commerce. The latter has traditionally handled all trade and investment issues, as also external aid, credits and foreign loans. This move was clearly designed to end the long-standing rivalry between these two ministries, as also the major flaws in the implementation of the ‘Belt and Road Initiative’ (BRI) projects; these had included cost over-runs, corruption within and outside China, and use of BRI projects for illicit capital flight out of the country. No evidence is available on the working of this new system; some have argued that the new ‘Commissions’ are just a change in nomenclature, with the difference that these new entities are often

‘super-LSGs’, supervising a larger network of LSGs that belong to that genre (see below). Some other changes also indicate tighter party control over the Foreign Ministry.

The Chinese MFA is under Party pressure. In 2019, a rather powerful Qi Yu, with long CCP experience (including vice minister rank in the powerful Central Committee Organization Department) became the MFA Party Secretary, in the rank of Minister. This is probably the first time that a person with no foreign affairs experience was appointed to this post. In the past, the Foreign Minister was concurrently the Party Secretary. Other changes: Vice Minister Zhang Ji, Chief Inspector of the Discipline Inspection and Supervision at the MFA has long experience at the Commerce Ministry; new appointments have taken place of ambassadors from outside the MFA, which reverses a past policy that gave these posts to professionals. But even with all these changes, Chinese diplomacy remains a product of the MFA, an institution that has its own *esprit de corps*; former Premier Zhou Enlie, the first Foreign Minister (1949-56, replaced by Marshal Chen Yi), remains their icon.

## LSG Functioning

The principal features of the LSG are: 1. The choice of the LSG leader, that individual's rank clearly connotes its importance. 2. The departments and agencies that are included, again reflective of reach and status. 3. The lead ministry or department that acts as the support of the LSG. 4. The placement of the LSG office; it may sometimes be attached to the lead department, or it may be autonomous, or it might be placed within a Party entity. Typically, the LSG leader outranks the members by one level, and that distance in ranking also adds to the leader's authority.<sup>7</sup>

The director of the LSG office acts as the LSG leader's secretary; that must be a close relationship. That individual 'drafts documents, gathers information, and carries out research, supervision and inspection'.<sup>8</sup> These tasks can involve site visits and personal inspections that are carried out by the LSG office director.

Another perspective is that the LSGs allow superiors to control bureaucrats, and in theoretical terms, in an authoritarian system, this may be regarded as 'integrated fragmentation'. Perhaps that is also another

way of looking at a broad set of policy implementation methods, which are essential to any system of effective governance. A former vice-premier, Zeng Peiyan, in an article published in 2001, called these an effective method that was developed over a long period of practical implementation, and that 'special offices are created to host these'.

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## Current LSG practice

Published studies indicate that the LSGs are utilized in flexible fashion. Alice Miller of Stanford University noted that there were 44 groups in 1981, 19 in 1998 and 29 in 2009.<sup>9</sup> A 2017 CSIS study listed 57, but some were clearly defunct. The range of activities they cover can be impressive. For example, there is a 'Central Leading Group for Cryptography Work', an esoteric but important subject, covering the security of national communication networks, including diplomatic communications. Taking together the available current information, we find:

<sup>7</sup> Thanks to the pervasive, dominant role of the CCP, it is Party rank that determines the hierarchy in China's *nomenklatura* system. It is, for instance, believed that a total of 4000, who hold the rank-equivalent of vice-ministers in the Central government, form the leadership

core of the country, across all institutions, including the PLA and the provinces.

<sup>8</sup> *The China Journal*, No. 82, 2019.

<sup>9</sup> *The Economist*, 10 July 2017.

- Currently, the most important LSGs are chaired by Xi Jinping. Those less vital are chaired by Politburo Standing Committee members, and others. It has been noted that Xi now chairs the LSG ‘for Comprehensively Deepening Reform’; some call this a ‘super-group’ as this LSG has sub-groups in all the provinces. Traditionally, economic policy was the preserve of the Premier (and the de facto No. 2 in the Chinese regime). This speaks to the strong power concentration in the hands of Xi Jinping. In management studies, this would be called a ‘spider’s web’ approach, in which different management groups lead to, and are controlled by, the top personality.

The working of the LSGs is opaque and it is only through occasional media reports, and interviews with the key players that information percolates out.

- Besides decision-making, the LSG mechanism supervises policy implementation. This gives special value in any country, the more so in a large state with complex provincial and subsidiary levels, all of whom need to work together on all but the simplest of tasks.
- Under the March 2018 reforms, the titles of a few LSGs changed to ‘Commissions’, but

they still function as LSGs; examples: the one on ‘Comprehensively Deepening Reform’, and another dealing with ‘Central Cyberspace Affairs’.<sup>10</sup>

- As part of the above changes, LSGs have been partly re-organized to create a hierarchy among some of them. Three top level LSGs are identified, covering national security affairs, foreign affairs and the ‘political-legal system’; all three are headed by President Xi. These are called ‘cross-system’ LSGs. The one covering foreign affairs includes the LSGs for ‘central foreign affairs’, Taiwan, Hong Kong and Macau, Tibet and Xinjiang.<sup>11</sup>

- In May 2021, we learnt of a major new LSG, for Peak Carbon and Carbon Neutrality, headed by Executive Vice Premier Han Zheng.<sup>12</sup> A partial list of members included: Vice Premier Liu He; State Councilor Wang Yong; Foreign Minister and State Councilor Wang Yi; and Chairman of the National Development and Reform Commission (NDRC) He Lifeng. The announcement was surely calculated to underscore China’s international commitment to climate change alleviation measures.

- Provinces also set up their own LSGs. A frequently cited example is of Guangzhou which has an LSG that deals with energy conservation issues. This is an understudied aspect of the system.

<sup>10</sup> *The China Journal*, No. 82, 2019.

<sup>11</sup> *Ibid.*

<sup>12</sup> *China Tip Sheet*, 28 May 2021.

The working of the LSGs is opaque and it is only through occasional media reports, and interviews with the key players that information percolates out. It is interesting that a German think-tank called the Mercator Institute for China Studies (MERICS) also provided fresh insight into the LSGs and their make-up. It suggested, in an article dated 19 October 2019, that Xi Jinping, the country's president, is using them in a new way.<sup>13</sup>

In India, other forms of inter-ministry coordination exist, ranging from cabinet sub-committees to quasi-permanent groups of Secretaries to Government that meet at regular intervals

### Indian Practices

Comparison in methods of governance is hazardous. Each country has its context, and the China Party-State model is unique. But comparison is also useful in many ways. So, with these caveats: How might this compare with the Indian practices that have evolved, for harnessing different branches of government to work together on cross-cutting, complex issues? India had its 'groups of ministers' (GOMs); at one point, the Manmohan Singh government of 2004-14 had

some 70 of these; they were not notable for their results or success. Other forms of inter-ministry coordination exist, ranging from cabinet sub-committees to quasi-permanent groups of Secretaries to Government that meet at regular intervals. And the Cabinet Secretary chairs a permanent 'Committee of Secretaries' which meets weekly. All these are useful, but they have no built-in oversight of policy execution.

Prime Minister Narendra Modi, assuming office in mid-2014 brought in practices from Gujarat, as a dynamic, effective Chief Minister who had implemented new ideas, especially his personal supervision of development projects. Two methods are notable. The first focuses on delayed projects. These are taken up at a monthly meeting that the PM chairs, with the state ministers, top officials, and the project agencies. 'The agenda is set the previous week and usually has about a dozen stalled projects, public grievances and other governance issues...(an) official said, a majority of the projects are cleared before they come up for discussion... In the July-September (2015) quarter, projects worth 7.6 percent of India's GDP, or \$152 billion, were stalled, down from a peak of 8.5 percent in the January-March 2014 quarter, according to CMIE, a think-tank.<sup>14</sup>

<sup>13</sup> That MERICS article of 19 October 2019 is no longer accessible on the internet. The original URL was: <https://merics.org/en/short-analysis/ccps-nerve-center>

<sup>14</sup> Hindustan Times, 30 October 2015.

A second method is the direct conversations between PM Modi and batches of 20 or 30 administrative heads of districts, from across the country; India has 718 districts. The focus is both on the top performers, and the laggards. This also indirectly strengthens New Delhi's grip over the States.

India cannot get to its goal of becoming a 'pharmacy to the world' if it does not greatly expand the manufacture of APIs

A third option is the Niti Ayog, part-successor to the Planning Commission, which also works on cross-cutting issues. At times India has used a 'National Mission' approach, with mixed results. An example is the urgent, current need to kickstart domestic production of active pharma ingredients (APIs), rather than depend on imports, largely from China. In value terms, India's vital pharmaceuticals industry produces only 34% of APIs, with the balance coming from the US (18%), China (7%), and others. India cannot get to its goal of becoming a 'pharmacy to the world' if it does not greatly expand the manufacture of APIs.<sup>15</sup> Given that low-cost medicines are a vital Indian strength on the world market, that segment depends greatly on supply chains dominated by China; some years earlier, India

did manufacture most of its APIs, but that ended in the face of low-cost Chinese imports. Lots of useful actions have been taken, but what is missing is decisive, integrated action that brings together all the disparate actors.

India is partly constrained by a federal system where different political parties are in power in the States (provinces), with varying degrees of political cooperation and resistance. Also missing is rigorous discipline inherent to an authoritarian system as in China, plus automaticity in reporting back to the top authorities, and above all, permanent 'offices', typically outside the control of any single ministry, to monitor and push the entire process.

## Conclusion

China's LSGs are used as a flexible, pragmatic governance mechanism. Emulation cannot be an answer for other countries, since this method is rooted in the highly political, specific 'Chinese characteristics' of that country; those conditions do not obtain anywhere else. Context is king.

The new element in the LSGs is the strong personal imprint of President Xi Jinping, his tight, unprecedented control over the three clusters of the super-LSGs, plus the fact that

<sup>15</sup> 'India's Road to Independence in Manufacturing Active Pharmaceutical Ingredients: Focus on Essential Medicines', MDPI, <https://www.mdpi.com> › pdf



other LSGs are entrusted to those that belong to his personal coterie. 'He has established three cross-system leading small groups and integrated the work of more departments in order to make sure his policies are implemented, and his authority is unchallenged.'<sup>16</sup> Do these new types of LSGs undercut both the Party and the State Council, as the essay cited above suggests?

What we see in effect is a major, informal instrument for coordination among different state and party entities, which has been transformed into a powerful mechanism for personal control over the Party-Government system by the current Supreme Leader. The outcome is unlikely to be wholesome or to the country's long-term advantage, but that is no more than a speculative assumption. It remains to be seen how such a degree of power concentration may actually work and perform over a period of time, and the countercurrents that this might produce.

In effect, the LSG is at the forefront of President Xi's autocratic rule over China. This thought is offered as an interim conclusion. It is the powerful stallion that the Maximum Chairman now rides.

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