
The Revolution in China in 1949 brought the Communists to power, and for 60 years, the single most important entity in the country has been the Chinese Communist Party (CCP). All the world knows about China’s extraordinary economic reforms, and it is also generally known that the CCP could not have moved the country to a market-based economy without abandoning much of the sacred theology of the Communist Socialist State. But what about the CCP itself—its philosophy, its policies, its organization and operations and its key people? This is the subject of a book by Dr. David Shambaugh entitled “China’s Communist Party: Atrophy and Adaptation”.

Reforms of Party Philosophy

Throughout the book, Shambaugh makes it clear: whatever is done, whatever changes occur, the absolute continuing philosophy of the Chinese Communist Party (CCP) is its own survival.

The urgent concern of the Party, after 30 years of the tyranny of Mao Zedong, was to repair the enormous, universal damage his regime had inflicted on the country. In typical Chinese fashion, the CCP continues to save face by praising the departed hero while vigorously obliterating the sins of his regime.

In the process, the CCP has had to abandon the obvious failings of the old state socialist economy – the State Plan, centrist control of all critical national enterprises, the failed State Owned Enterprises (SOE), price control, production control, job assignment for most workers, various forms of state monopoly – all have essentially been abandoned. Shambaugh emphasized the remarkable success not only of the economy itself, but of the courage required to abandon so much of the sacred theology of centrist State Socialism. He points out that much of the success of the change comes from the fact that the country was more than ready, even before the CCP felt able to act. Now, the designation as a Communist party has lost a huge degree of relevance.

But the retreat from detailed hard core centrist control – of everything – does not mean the abandonment of the philosophy of control itself. Current thinking is far more “commanding heights” thinking than in the past.1 The government has relinquished hundreds of thousands of detailed pre approvals of the activities of local governments and government agencies, but it still exerts control through a growing body of government regulations, plus bureaucratic control up the chain of command.

Shambaugh illustrates the change from “the dictatorship of the proletariat” using the example of “The Three Represents”, which were first expressed by the CCP General Secretary Jiang Zimin in 2000 and 2001. The Three Represents (p. 111) are:

---

1 See Yergin, Daniel, and Stanislaw, Joseph, “The Commanding Heights”, New York, Simon and Schuster, 1999. But the concept was originally expressed by V. I. Lenin in 1922 in defense of his New Economic Plan for the Soviet Union, in which he proposed to permit small businesses and farms to be operated privately with the State retaining only the “commanding heights” of the national economy; that is, those elements such as steel production, power, transport and banking that were critical to the control of all other elements of the economy.
BOOK REVIEW: CHINA'S COMMUNIST PARTY: ATROPHY AND ADAPTATION

1. The Party should represent the advanced productive forces in society.
2. The Party should represent advanced modern culture.
3. The Party should represent the interests of the vast majority of the people.

These apparently bland concepts are a masterpiece of Chinese official obfuscation, and their real meaning in context requires complex interpretation. But Dr. Shambaugh is extraordinarily skilled at such interpretation, and he emphasizes that they initiate a philosophical shift of fundamental importance. They signal the need to retrench the total dominance of state ownership and to permit and even encourage the emergence of a privately based economy. The State Plan has been reduced to the status of an “advisory” document. Gone was the Maoist belief only in the workers and the peasants, and now China sees the need to produce scientists, managers, and the kinds of technical skills that are needed to support the new more sophisticated economy. The Chinese are reluctant to concede publicly any failings of the State, but the Three Represents are justification for the divestiture of the huge apparatus of the State Owned Enterprises, which could provide productive work for just 20% of the workforce, and which often operated at huge losses.

According to Shambaugh, the first Represent disengages the CCP from past links only to workers and peasants, and the Maoist view that intellectuals were State enemies. Now, the Party seeks to identify itself with the entrepreneurs of the private sector and the new middle class that has emerged in the country.

The second Represent which speaks of “advanced modern culture” seems to Shambaugh to do two things: it validates the CCP acceptance of new forms of technology as acceptable and indeed necessary elements of the Socialist Revolution. Also, it seems to accept the demise of the old strictly political Party elite in favor of a confusing new elite of private entrepreneurs (with foreign investors), local political leadership, the newly educated, and local CCP officials.

To Shambaugh, the third Represent signifies a growing concern by the CCP over the stresses created by the failures and inequities within Chinese society, many of them created by the government itself. While China may have a new elite, it is still an elite. Local officials are more effective, but they are still defensive, opaque and corrupt. Cities are advancing and rural areas are retreating. The final meaning of the third Represent is still obscure. Shambaugh provides a beautiful quote from a speech by Hu Jintao in 2005, advocating a “Socialist Harmonious Society” which, he states should “feature democracy, the rule of law, fairness, justice, sincerity, trustworthiness, amity, full vitality, stability, orderliness and harmony between man and nature.”

In order to answer the inevitable question of how all of these magnificent visions are to be realized, Shambaugh cites the main objectives of the official Eleventh Five Year Program submitted by the CCP to the 2006 National People’s Congress (p. 117):

2. Markedly improving efficiency in utilizing resources, including energy consumption per unit of gross domestic product by 20% by 2010.
3. Developing a number of major enterprises into internationally competitive companies with well-known brands.

4. Improving the market economic system and achieving a basic equilibrium in the balance of international payments.

5. Universalizing and consolidating nine year compulsory education and developing a sound social security system.

6. Improving the income levels and the quality of life for urban and rural residents and keeping the overall price level stable.

7. Significantly improving living, transportation, educational, cultural, health, and environmental conditions for the population.

8. Making progress in building a harmonious socialist democracy, legal institutions, and spiritual civilization.


In addition to the above, the final program document also stressed a number of specific social goals, for example: stabilizing the low birthrate, enhancing services for the elderly, safeguarding the interests of women and children, protecting orphans, improving services for the handicapped and disabled, comprehensively raising living standards and ameliorating income gaps, introducing proactive and coordinated national employment policy, enlarging basic pension insurance coverage in urban areas, increasing poverty relief, improving nutrition, providing economical low rent housing, raising health standards and providing comprehensive universal health provision and coverage, controlling the spread of infectious diseases, strengthening work place safety, ensuring food and drug standards, and controlling crime.”

Shambaugh praises the Hu-Wen administration “for identifying and enunciating such a humanist agenda.” As a key element of attempting to realize this remarkable “dream” agenda, he notes the vital need to reform the Party and improve its governing capacity, and for the Party to direct and control all elements of the economy and society in achieving these goals. Those who were hoping for and expecting more rapid moves toward democracy will have to wait a long time. But still, Shambaugh believes that there are tides running within the CCP that ultimately will produce a new spirit of adaptability, but as of now, it remains hard not to believe that the CCP is still locked into the belief that “reform” really means to keep doing the same things, but somehow doing them better.

Reform of Party Policy

Shambaugh sees correctly that all of these utterances are at least pointed in the right direction, and they are consistent with the philosophies that drive the Western world. But the basic question remains: are they goals or are they propaganda?

The answer to that question lies in part in Shambaugh’s assessment of changes in Party policy and their implementation. What explicit steps are contemplated is summarized in a report published in 2004 entitled “Decision on the Enhancement of the Party’s Governing Capacity”
based on a Party analysis of the causes of the demise of the USSR. It stipulates the following steps:

1. Place priority on economic, material, and social development.
2. Pay attention to ideology, and make it flexible and adaptable to national conditions.
4. Rotate, retire, and change leading personnel.
5. Promote inner-party democracy and extra party consultation.
6. Reform and reinvigorate local Party branches.
7. Improve cadre competence and recruitment into the Party.
8. Combat Western attempts at subversion and “peaceful evolution”
9. Pay attention to a range of social development problems.
10. Pursue a foreign policy of openness and integration into the international community.

The track record in implementing these policies is very definitely mixed. Enormous changes in official policy have been sold and slowly implemented. Hundreds of thousands of State Owned Enterprises have been divested – by elimination, rationalization, privatization or devolution to local government, despite the politically sensitive dislocation of millions of workers. The social services roles of these SOEs have been dumped on local governments, largely as unfunded mandates. The national economy has experienced a breath-taking growth and expansion, and for the first time, the future of the country lies with its cities and not its farms and villages. China, now has almost 100 cities of a million population, 21 of these are over 2 million, and 8 are over 5 million. Urban population grows each year, and now exceeds 580 million or 45% of the population, and the urban workforce is now approximately 400 million. Local governments have quietly phased out the Maoist apparatus of communes and people’s collectives. They have become more competent and they have been forced to finance divested SOEs and new business collectives, creating a new layer of township/village enterprises (TVEs) which seem to have become very successful and they provide new potential for employment for the rural population. Shambaugh provides real insight about how extraordinary these changes are, and the skill shown by the CCP over 30 years to move the stupendous mass of China, its economy and its culture in new and better directions.

While the economic development policies seem to be a vital success, they have necessarily been accompanied by a loosening of centrist control, and the CCP still seems to be uncertain whether this is a good thing. The rest of the country seems to have no doubts. Another fear is that the implacable drive for economic development has unleashed an unsavory surge of corruption, greed, rapaciousness, and often vicious public officialdom. There is a rising tide of public protest against governments and politicians, and at the same time, governments are much less willing to use the harsh repressive measures against the people on which they have so often relied. Also, Shambaugh seems reluctant to address the fact that, in today’s China, less than 20% of the population has access to health care or any form of old age protection. Nor does he touch
on the unbelievably bad record of any government or any SOE in addressing the hideous fact that, in environmental concerns, China has the worst record of any country in the world. And it seems clear that this neglect results from deliberate policy choice. The CCP’s environmental reforms seem clearly to be merely more sophisticated “spin doctoring” and limited actual change.

Reform of the CCP Organization

Shambaugh understands better than anyone how the CCP is working to change the internal organization and operations of the Party, and his assessment casts these reforms in a positive light. But in essence, the intent of these reforms are not so much to bring about change as it is to strengthen the Party as it is now formulated. Every reform activity has the deliberate intent of strengthening the Party apparatus in some way. The CCP currently has more than 71 million registered members and 3.5 million Party organizations of all kinds embedded in almost every enterprise of consequence in the country. Yet there are constant campaigns and drives to increase these numbers. The CCP sees the real resistance to this penetration in the new private business sector, the newly “divested” state owned enterprises, and even in local governments at all levels that are becoming increasingly resistant to arrogant control from Beijing. The failure of the CCP to penetrate these establishments has not created any intent to leave them alone, but has simply galvanized efforts to force such penetration.

The CCP continues to maintain a huge education establishment, but what do these schools and training centers teach? All too often there is a heavy (and mandatory) dose of “re-education” in classic Marxist/Lenist/Maoist theology. The return of Party membership to a range of more than 70 million members is taken as an affirmation of the Party’s revitalization, but Shambaugh and others question whether membership is an evidence of Socialist zeal or of wanting the right entry on one’s resume.

There is now somewhat more latitude for debate of certain issues within the Party – but only permitted issues. The art of such debates is guardedly to push the limits of the debate and see what shifts. Voices outside of the Party may speak to these same issues – but only permitted issues – and it is safest when they are perceived as comments on the views of some Party member. Criticism of the government or questioning of issues not currently being debated within the Party remains either illegal or dangerous.

At times, the divestiture of so very many SOEs seemed like emergency surgery on a dying patient. In retrospect, the central government purged itself of thousands of incompetent and loss-making enterprises, and this was a necessary and desirable step. But it certainly did not take the central government out of control of the national economy. The government still retains ownership or control of thousands of SOEs, many of which are set up as vast holding companies with hundreds of subsidiaries. Reality is that the economy is still compellingly a State Socialist economy because the CCP has never changed its intent, while becoming more sophisticated about the means of control. Control of these SOEs and of the banking system permits the CCP to extract out of the economy a huge proportion of the growing national wealth, which it can deploy for political purposes.

The CCP also seems to have to come to terms with the People’s Liberation Army (PLA). Much of the PLA’s funding has been shifted away from its own group of SOEs (also largely
deficit producing) and onto the national budget. This gives the CCP more direct control, but only after it had committed itself to providing more money and greater funding stability. The PLA in turn has gotten what it really wanted: the ability to create a streamlined and truly modern military establishment.

The CCP is very sensitive to the decline in the effectiveness of its committee structure. Of the total of 3.5 million Party organizations of all types, about 170 thousand are Party committees, which have done most of the heavy lifting for the Party, enforcing its discipline, serving as its intelligence source about any form of unrest. Every local government official shares his power with the head of the local CCP office. Therefore, the decline of the influence of these committees in part reflects the growing strength of local government officials who must provide most of the funds and take most of the heat, and who now find the local CCP officials increasingly irrelevant.

In the new China, the power of the Party offices is being replaced with a coalition of local political leaders, government sponsored and funded business collectives, and executives of the new private sector. Shambaugh suggests that it is becoming increasingly hard to staff the 2500 top party positions and the approximately 20,000 2nd and 3rd level positions with people who are true believers in the state socialist theology, which the Party continues implacably to espouse.

China was an unremitting horror for 30 years under Mao Zedong, but the CCP did create a new start for itself, and has accomplished much over the most recent 30 years. But despite repeated announcements of anti-corruption campaigns within the Party ranks, and the occasional arrest, discharge or transfer of Party officials, it is not clear how much better the cadres have become. But even worse for the Party’s reputation is the widespread perception that Party and government officials are thieving, rapacious, self-serving, vengeful, and utterly unfair. Governments are seen to run not for the good of the people but for the benefit of some powerful and grasping elites. Mao was a tragedy on a grand scale. Current leaders are seen as hidden rats, secretly eating the Emperor’s grain. And there are hundreds of thousands of them.

Charles F. Bingman