

Insights

The People's Republic at 70: Resilience, Reforms, and Challenges

On October 1st, the People's Republic of China will turn 70. From its founding back in 1949, to the Great Leap Forward and the Cultural Revolution, the Party-State, now under the leadership of Xi Jinping, has been able to adapt and change according to its own historical circumstances. The People's Republic has become a critical case study in the fields of "regime resilience and transformation" and "democratization". That said, the People's Republic – often said to be on the verge of collapse – has consistently baffled critics and even forced some of them to contemplate the existence of competing regimes, escaping the established democratization paradigm. The Party, which was able to resist the third wave of democratization, went from a revolutionary to a governing party in a matter of three decades. Since then, it has implemented reforms aimed at legitimizing its rule and insuring its continuity. The Party-State, sometimes dubbed the "organizational emperor"¹, steered China, through a state-led "developmental program" – which was less a "program" than a reactive approach to gradualism – on a double-digit growth path, delivering millions from poverty. After a bit more than four decades of reforms and opening up, the Party propelled China into a "post-communist" era (capitalism mix with Leninist bureaucratic control that we know today) which aims at creating a well-off society under the auspices of "socialism with Chinese characteristics".

That said, all is not harmonious (yet far from the class struggle ideology), and the Party constantly needs to push ideological work in order to remain relevant as a "communist" Party. The latest example of that would be the now-famous "Chinese dream" – or nightmare for others – which highlights the actual limits of, in the word of Minxin Pei², "developmental autocracy": the post-reform generations (born from the 1990s onwards) are set to accomplish less than their predecessors, and will stand to benefit less – in terms of absolute benefits – from the reforms.

However, the atmosphere, slightly tainted by the ongoing trade war and the Hong Kong protests, remains focused on what is yet to come; that is, the great revival of the Chinese nation, as articulated by the Party-State. To this effect, this short article focuses on the main challenges faced by the Party-State in its quest for constant institutional adaptation.

The Party in motion: survival or resilience?

Since the early 1980s, the Party-State has implemented economic reforms, while at the same time trying to distance itself from the Maoist legacy (to which it remains tied even to justify the implementation of the reforms), in order to actually produce development in a country left in the rubble in the wake of ideological campaigns. From that moment onwards, under the tutelage of Deng Xiaoping (always negotiating with the more conservative reformers such as Chen Yun), the Party focused on developing China's economy – instead of keeping it in a state of constant deprivation – which required a complete rethinking of its own institutional (Leninist) structure. As such, new commissions and ministries were established in order to 1) control the transition (speed) towards market reforms; and 2) provide post-decollectivization social services and public goods. These initiatives, in addition to the initial decentralization, led to exponential economic growth, changing the face of China's East Coast (into an economic powerhouse), pulling millions out of poverty, and at the same time, consolidating the Party's position as the legitimate ruler of China.

Of course, this abridged story does not account for all the details, hiccups and unintended consequences of the reforms or the social tensions created along the way. That said, economic growth – and the opportunities that came with it (e.g. increase purchasing power, salaries, access to material goods, creation of new economic sectors, etc.) – became the main source of the Party's legitimacy, alongside the provision of public goods. As long as it could actually deliver on its words and keep fostering growth or implementing great development programs (for other regions in China), which in turn would trickle down under the form of investments, employment, etc., the Party could easily justify its existence. The real test would be to see how the Party would react under economic duress, such as an economic crisis or a trade conflict.

¹ Zheng, Yongnian. 2009. *The Chinese Communist Party as Organizational Emperor: Culture, reproduction, and transformation*. New York: Routledge.

² Pei, Minxin. 2009. *China's Trapped Transition. The Limits of Developmental Autocracy*. Cambridge: Harvard University Press.

Insofar as the Party-State more often than not creates its own economic crisis (e.g. the real-estate bubble, the local bond market, etc.) – and solved them most of the time with very similar solutions (e.g. bailing out financial institutions, injecting liquidity into the system, etc.), a trade conflict would bring in new uncontrollable factors with which the central leadership would have to deal with.

As it stands now, the Party still have some options (e.g. further reforms and liberalization), yet remains ideologically torn in its process. Despite also putting the Chinese economy under a lot of pressure (which is now felt by the consumers), the Party tries to keep on track with the announcement of new public projects – to stimulate State-Owned Enterprises (SOE) and the private sector – and insistence on reforming the pension system and general poverty alleviation (which was one of the main points to take away from Xi's visit in Chongqing back in mid-April 2019). To this effect, the Party-State remains, for the time being, able to maintain socio-political order, while juggling with further institutionalization and political “participation” (by trying to respond to public grievances where it can). However, patterns of “participation” – if any – are not institutionalized (and some might argue they have regressed since 2013) nor stable at this time. In addition to that, the Party remains the sole political player in town, the sole provider of public goods, with no viable opposition or replacement (by design of course) leaving the population under the paradoxical choice of “choosing” to “act as if”³ under the authoritarian rule or an uncertain, maybe chaotic, future. As such, any sudden drastic changes under this general context might actually fall back into antidemocratic tendencies.

Challenges and opportunities

In this regard, the main functions of the Party (without, of course, talking about its self-serving ones), is to maintain order, provide growth and economic opportunities, and to set up and vouch for institutions able to provide social goods and respond to public grievances. Yet, operating the State and the administrative apparatus has proven to be a difficult task, especially under the remnants of the Leninist bureaucracy's influences, mixing Party politics and actual public administration (i.e. serving the Party or serving the population).

With an increasingly diverse population and an expanding middle-class expressing pragmatic concerns (over their daily lives⁴), the Party has often fallen back on its ideological toolkit, such as talking about “Rule by Law” 依法治國⁵, or on its self-regulation mechanism *par excellence*: an anticorruption crackdown. Anticorruption campaigns in closed systems usually serves two purposes: 1) deal with public grievances (mainly in regards to Party Cadres' accountability) and 2) to purge the system of competing political forces⁶. As such, anticorruption campaigns have long been a legitimizing tool used by authoritarian states to demonstrate their ability to “police” themselves. However, as shown back in 1989, or more recently under Xi, cracking down on corruption without a proper legal framework behind it (absence of the Rule of Law) only destabilizes the political system.

As such, the issue of rules, as in subjecting citizens and Cadres to a system and vouching for the process, has become a pressing one for the Party-State. For at the moment, even if the Party was able to carry out economic reforms and produce growth over four decades, it did so at the expense of a functioning judicial and legal system, leaving rampant corruption in its wake, hurting future prospects for economic development. Therefore, the main problem faced by the Party is now one of actually applying the rules to citizens and Cadres alike.

³ In direct reference to some of the early works of James Scott such as *Domination and the Arts of Resistance: Hidden Transcripts*. (1990). The latter, which focuses on the internal structures of domination in authoritarian regimes, talks about the existence of two different types of “transcripts” (discourses): 1) the public transcript, which reflects the Party-State's rules, and 2) the hidden transcript, which represents a space of autonomy for the subalterns (e.g. regular citizen, lower Cadres, etc.) to express their grievances. As such, “acting as if”, simply implies to go along with the Party rule without necessarily endorsing it.

⁴ Access to schools, quality medical care, reliable public transportation, better jobs, etc.

⁵ It implies “governing the country by using laws” 用法治國. That said, in this case, rules are made by the Party, they are used by the Party, yet they do not transcend the Party 法由党造、法任党用、法不及党.

⁶ Jiang, Junyan and Xu, Yan. 2015. “Popularity and Power: The Political Logic of Anticorruption in Authoritarian Regimes”. <http://dx.doi.org/10.2139/ssrn.2641567>; Zhu, Jiangnan., and Zhang, Dong. 2017. “Weapons of the Powerful: Authoritarian Elite Competition and Politicized Anticorruption in China”, *Comparative Political Studies* 50 (9): 1186-1220.

Doing so, in addition to more regulatory provisions regarding Cadres' accountability (to not only the Party, but also to the people) could allow Beijing to escape its current predicament (gradual reform process and economic growth without Rule of Law → rent-seeking spaces and rampant corruption → hindrance of economic development → anti-corruption campaign → destabilizing effects on the regime)⁷.

The second thing the Party-State should address in order to remain on the resilience track, and avoid the pitfalls of regime "survival" like its close neighbor, the Democratic People's Republic of Korea, is directly tied to the provision of public goods and the construction of a more extensive and encompassing welfare regime. As the economy slows down (as a result of both the trade war and other systemic issues), China will face more unemployment which could lead to social unrest, especially in its southern special economic zones. As such, reforming the taxation system in order to finance social welfare would go a long way in terms of legitimizing one Party rule. Furthermore, social investment in times of economic slowdown is not unheard of in the region. For example, we can think of Hong Kong, Singapore, Taiwan and South Korea as cases of developmental States that massively increased expenditures into welfare after the Asian economic crisis of 1997⁸. This switch from "selective welfare" – as in associated to working in a SOE, Town-Village Enterprises (TVE), etc.⁹ – to more inclusive form of welfare is, however, more often than not associated with democratic governance. Enlarging the pool of beneficiaries – which would in turn build networks of support for said benefits¹⁰ – could lead to structural reforms in the Chinese economy, reforms which the Party-State might not be ready for. Furthermore, to use these new networks (for the welfare regime) as networks of support for itself, the Party, which always closely monitors the civil society, would have to loosen its grip on possible civic coalitions that might result from welfare expansion. However, that is easier said than done.

The last point underlined here is one linked to the ongoing trade war. To a certain extent, the latter can be seen as a structure of opportunity for the top leadership to implement painful economic and financial reforms that could in turn result in future growth (e.g. liberalization of the financial sector). The Party could also pick up where it left the "one stop administrative centers" 一站式服务中心 (usually set up in industrial parks) back in the early 2000¹¹. Originally set up to streamline administrative processes for foreign investors, most of these centers were established along the East Coast and in a few southern provinces. Revisiting this idea and expanding its scope could help spread economic growth to central and west China, regions that are in dire need of investment and industries.

This list of challenges would not be complete without mentioning the intra-Party tensions made manifest during the trade war and the handling of the Hong Kong protests. Since 2013, the Xi-Wang administration launched an anticorruption campaign (now headed by Zhao Leji), which in fact targeted members of rival – in the words of the late Zou Dang¹² – informal groups; more specifically, close associates of ex-President Jiang Zemin. This all-out purge – justified in lots of cases – which took out important provincial and national level Cadres, created problems for the central leadership. It exacerbated intra-Party tensions between the remnants of Jiang Zemin still in position and Xi's power base. In addition, the anticorruption campaign cracked down on "privileges" enjoyed by local Cadres, such as cars and chauffeurs, banquets, etc. which created resentment among the wider Cadres population; and of course, the remaining associates of Jiang and his extended allies. As such, Xi, despite being surrounded by his allies from his time in Fujian, Zhejiang, the Central Party School, etc., is in a delicate position as the factional landscape post-2017 remains full of uncertainties. This explains, in part, why Wang Qishan, dubbed the "shadow of the King", stayed on as Vice President after the 19th Party Congress: to secure Xi's position.

⁷ See Li, Shaomin. 2017. "Assessment of and outlook on China's corruption and anticorruption campaigns: Stagnation in the authoritarian trap", *Modern China Studies* 24 (2): 139-157.

⁸ Lee, James. 2007. "Deciphering Productivism and Developmentalism in East Asian Social Welfare", in: James Lee and Kam-Wah Chan (eds). *The Crisis of Welfare in East Asia*. Lanham: Lexington Books

⁹ Often described as selective social investment under the productivist regime.

¹⁰ The Welfare State, as explained by Pierson, creates its own networks of supports that will in turn defend it from retrenchment. Pierson, Paul. 1996. "The New Politics of the Welfare State", *World Politics* 48 (2): 143-179

¹¹ Yang, Dali. 2004. *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China*. Stanford: Stanford University Press

¹² Zou, Dang (Tang Tsou). 1976. "Prolegomena to the Study of Informal Groups in CCP Politics", *China Quarterly* 65: 98-117

Most of the here-abovementioned issues are highly complex, and require solutions that might have unintended consequences for the resilience of the Party-State. That said, these problems are far-reaching in terms of short-term consequences and have the potential to turn into the foundation for potential regime crisis¹³.

Conclusion: Politics Under the Guise of Risk Management

On the eve of October 1st, one cannot help but notice a sense of insecurity transpiring from Chinese political discourses. From the “Political Security” slogan launched during the two sessions (in March 2019), to the admission (on September 4th) that Hong Kong and Macau are a risk to the Party¹⁴, the central leadership seems to be preparing the rest of the Party for a period of turmoil, or at least, as Xi puts it, a period of struggle. In this regard, just like the trade war¹⁵, the Hong Kong issue is a direct challenge to Beijing’s sovereignty and to the “unicity” of the territory.

2019 was a strong “ideological” year, during which the Party had to reconsider its position while becoming more aware of threats – especially foreign – to its stability. In this regard, the central leadership, locking down Beijing and its surroundings, still has much to discuss with the central committee in the upcoming plenum, especially in terms of possible short-term solutions to redress the effects of the trade war on the Chinese economy (while circumventing the existing tensions between the conservatives and the “liberals”), and on how to deal with the situation in Hong Kong (which was partially fueled by the Hong Kong – Macau affairs system). Needless to say, *Guoqingjie* – the national holiday – in 2019, which ends with the infamous “9” (in reference to certain events that happened in 1989 and in 1999), will unfold under heightened surveillance as the Party was and still remains superstitious.

¹³ Unlike governmental crises in democratic regimes.

¹⁴ <https://supchina.com/2019/09/04/xi-jinping-channels-mao-calls-on-country-to-prepare-for-struggle/>

¹⁵ The price of pork, which became a last minute addition to the list of “national threats” – as the central leadership charged Vice Premier Hu Chunhua with the task of finding a solution – might become part of the trade negotiation: China will most likely buy more pork from the US once the talks resume.