

# What's left of communism in China?

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**Capitalists, once detested, are now welcomed with open arms into the Chinese Communist Party — as long as they pledge allegiance to an institution which now has more professionals than workers.**

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Has the Chinese Communist Party (CCP), 100 this year, become capitalist? Since the introduction of Deng Xiaoping's economic liberalisation reforms 40 years ago, more than 800 million people have been lifted out of poverty and the one-party state now leads the world's second largest economy — the largest if it's calculated in purchasing power parity, with 18% of global GDP. The introduction of the market economy and the acceleration of growth have gone hand in hand with an exponential rise in inequality: the Gini coefficient, which measures the extent of inequality, rose by 15 points between 1990 and 2015 (latest available figures) [1].

These changes have facilitated growth in the private sector, but the state maintains direct control over large portions of the economy — the public sector accounts for around 30% — making China a textbook case of state capitalism. Moreover, the CCP has largely succeeded in coopting the elites produced by this liberalised economy. But if communist ideology no longer informs party recruitment, its Leninist organisational structure remains central to the relationship between state and capital.

Maoist practices are being recycled, no longer focusing on the ideological purity of party officials and members, but on their allegiance to the organisation and its leader

The CCP, which continues to grow and now has some 95 million members (around 6.5% of the population), has gradually transformed itself into a 'white-collar' organisation. In the early 2000s, then President Jiang Zemin lifted the ban on recruiting entrepreneurs from the private sector, previously been seen as class enemies, so that the CCP would no longer represent only the 'revolutionary' classes — workers, peasants and the military — but also the country's 'advanced productive forces'.

The selected businessmen and women become members of the political elite, ensuring that their businesses are at least partially protected from predatory officials. Their enrolment into the CCP has accelerated under President Xi Jinping (from 2013 onwards), with the aim of forming 'a group of individuals from the business world who are determined to march with the Party' [2].

## **A need for ‘party spirit’**

As a result, the CCP has rapidly become more and more elitist. In 2010 ‘professionals and managers’ with higher education qualifications already equalled peasants and workers in number. Ten years later, they have overtaken them, making up 50% of the membership, compared to less than 35% of workers and peasants [3].

While ‘working for communism’ was one of the main reasons for joining the party during the Maoist era (1949-76), today’s motivations are more pragmatic: primarily to facilitate one’s professional advancement [4]. Indeed, internal training courses show that the CCP presents itself as a neoliberal-inspired managerial structure, aiming at efficient management of the population and the economy.

However, the minimal importance accorded to communist ideology does not lessen the high level of allegiance and ‘party spirit’ demanded of CCP members. Similarly to corporate culture, this is focused on ensuring the success of the party itself by creating a sense of belonging. It is also tinged with nationalism. Members are regularly reminded of the party’s centrality in the transformation of China, either during training sessions or through the development of ‘red tourism’ — visiting places linked to the history of the revolution.

Under Xi Jinping, internal discipline has also got stronger. The aim is to guarantee the morality and loyalty of both leaders and members through a massive anti-corruption campaign. Not only have potential opponents of Xi’s personal power been removed, but control over officials has increased, as has the fight against the ‘four bad [professional] styles’: formalism, bureaucratism, hedonism and extravagance [5].

This injunction to loyalty and professional ethics, in line with the image the CCP wishes to present to the general public, applies to all its members, including those from the private sector. According to party guidelines, they are expected not only to remain loyal to the party line, but also to ‘regulate their words and actions’, ‘cultivate a healthy lifestyle’ and remain ‘modest and discreet’ [6]. And those who do not play the game may suffer consequences. The charismatic Jack Ma, founder of Alibaba Group, is a prime example. After openly criticising the state’s stranglehold on the banking sector, he became the target of an orchestrated attack by party authorities.

## **Pressure to show loyalty**

The initial public offering of Ant Group, a financial subsidiary of Alibaba Group, was halted at the end of 2020, and the group was ordered to limit its operations [7]. This incident demonstrates the CCP’s willingness to use pressure as a means of ensuring loyalty from entrepreneurs and as a way of maintaining a degree of control over their companies’ financial and technological resources.

Ant Group holds valuable personal and financial data on the hundreds of millions of people who use its payment tools and online loans; the equivalent of billions of dollars flows daily through its platforms. The increased control over the private sector is in line with the CCP’s hegemonic tendencies, characteristic of the Xi era. The Party’s charter was amended in 2017 to emphasise that ‘in government, the army, society and schools — in the east, west, south and north — the Party leads on all fronts.’

In companies, this translates into an increase in the number of grassroots organisations or party cells. As early as 2012 the CCP’s Organisation Department, whose mission is to manage human resources, issued a directive calling for ‘exhaustive coverage’ of the private sector, and since 2018

companies listed on the Chinese market have been obliged to set up a party cell: now 92% of China's 500 largest companies have one. Although no precise figures have been made public, regular leaks reveal the high presence of members and cells in foreign companies operating in China [8].

### **Rooting out 'disloyal' officials**

This presence provides the party with leverage even beyond the large parts of the economy it owns. The CCP's disciplinary apparatus, embodied by the Discipline and Inspection Committee, is able to hand out extrajudicial punishments to members who have failed to comply with its rules, and its powers have been enhanced by the anti-corruption campaign. Sessions of criticism and self-criticism, known as 'democratic life meetings', have been revived as a means of rooting out 'corrupt' or 'disloyal' officials. Traditional Maoist practices are thus recycled, no longer focusing on the ideological purity of party officials and members, but on their allegiance to the organisation and its leader.

Until now, party cells played a minor role in companies: they mainly recruited members and organised courses or social and cultural activities. Now, with the aim of developing a 'modern enterprise system with Chinese characteristics', guidelines have been issued requiring private companies to 'adhere to the principle that the Party has decision-making power over human resources'. It is too early to know what form this will take, but to Ye Qing, vice-chairman of the CCP-led China Federation of Industry and Commerce, it is clear that this means the party will have control over the management of staff.

Party approval would be required for hiring and firing, to stop 'managers promoting whoever they want', says Ye. He also recommends setting up a monitoring and auditing structure within companies, under the authority of the party, to ensure that companies comply with the law and to deal with breaches of discipline and 'abnormal behaviour' by employees. The party's disciplinary apparatus is thus expanding to include everyone, even non-communists.

According to the new guidelines, the management of party cells should be formally incorporated into company statutes, with a specific budget reserved for their activities. This amounts to legally codifying the CCP's requirements so that they become binding, even for companies that are not under its direct control. Thus the CCP's role in the private sector increasingly resembles the one it has in state-owned enterprises. Focused on its own survival, displaying pragmatism, and even an ideological vacuum, it is bringing a growing number of capitalists into its ranks, as it becomes ever more present in companies.

This asymmetrical alliance is found outside national borders: the Belt and Road Initiative (BRI) is accelerating the internationalisation of Chinese companies, both private and public, which are creating party cells abroad to supervise their employees. While it has set aside Maoist internationalism, the CCP is now exporting its organisational mode and disciplinary tools.

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## Footnotes

[1] Sonali Jain-Chandra, Niny Khor, Rui Mano, Johanna Schauer, Philippe Wingender and Juzhong Zhuang, '[Inequality in China — Trends, Drivers and Policy Remedies](#)', IMF Working Papers, no 2018/127, International Monetary Fund, Washington DC, June 2018.

[2] 'Opinion on strengthening the work of the Unified Front within the private economy of the new era', Chinese Communist Party Politburo, Beijing, 15 September 2020 (in Mandarin).

[3] Nis Grünberg, '[Who is the CCP? China's Communist Party in infographics](#)', Mercator Institute for China Studies, Berlin, 16 March 2021.

[4] Bruce J Dickson, 'Who wants to be a communist? Career incentives and mobilized loyalty in China', *The China Quarterly*, vol 217, Cambridge University Press, March 2014.

[5] See Jérôme Doyon, '[The end of the road for Xi's mass line campaign: an assessment](#)', *China Brief*, vol 14, no 20, Jamestown Foundation, Washington DC, 23 October 2014.

[6] 'Opinion on strengthening the work of the Unified Front...', op cit.

[7] See Jordan Pouille, '[China's emperor of e-commerce](#)', *Le Monde diplomatique*, English edition, March 2021.

[8] Sharri Markson, '[Party insiders in the ranks: Communists infiltrate Western consulates](#)', *The Australian*, Sydney, 15 December 2020.