

Epilogue

The Communist Party of China and the Future of China: In Preparation for the 17th National Congress of the CPC

The 16th National Congress of the Communist Party of China (hereafter CPC) has long been anticipated as a bellwether of the CPC in the 21st century. This chapter summarizes what the Congress has achieved and examines the challenges facing the country's new leaders based on the analysis in the preceding pages. It then attempts to forecast how the CPC will transform itself in the run-up to the 17th National Congress and how those changes will affect Japan.

6.1 Accomplishments of the 16th National Congress of the CPC

The 16th National Congress was of interest for two primary reasons. First, to what extent would there be a generational changing of the leadership? And, second, what new directions would the Party stake out on the ideological and policy fronts to deal with the rapidly changing political and economic situation? What, then, did the Congress actually achieve in these regards?

6.1.1 Drastic Regeneration of Leadership

As for the first point, the Standard Members of the Political Bureau were almost all replaced as Jiang Zemin retired with the rest of the "third generation," most of whom are seventy-years-old and above. The one holdover was Hu Jintao, at 59 (as of June 2002, in accordance with China's guidelines of age) a member of the "fourth generation," which has now taken the helm of both Party and government. As will be noted below, the succession was not without its share of problems, such as leaving Jiang Zemin with considerable influence, but a peaceful handover

of power on such a scale nonetheless deserves credit for going some way to establishing a regular system of succession.¹ The new leadership is not only younger; it is also better educated - all are university graduates - and more competent professionally in the sense that individuals who have made their mark in national and regional administration have been promoted to the top ranks. The CPC Central Committee membership as a whole is also plainly younger, better educated, and more competent professionally than before, with many officials who have practical administrative experience being appointed in the fields of Party management, the economy, and politics. That ensures continuity in policy implementation. A set of solid appointments has thus been made to deal with the increasingly complex political and economic climate on both the domestic and international fronts (see Chapter 1).

However, while retiring from the CPC Central Committee, Jiang Zemin failed to relinquish his grip on the army, retaining the post of Chairman of the CPC Central Military Commission in the status of an ordinary Party member. Although Hu Jintao is as General Secretary nominally the Party's supreme leader, in reality Jiang Zemin continues to exercise ultimate control. That leaves the transfer of power incomplete. Five of the nine members of the new Political Bureau are considered allies of Jiang Zemin, who will thus be able to be seen as building a cloister government for some time to come (see Chapter 2).

6.1.2 New Guiding Principle and Incorporation of the Rising Classes

Turning now to the second point, the thought of the "Three Represents" espoused

by Jiang Zemin himself has been enshrined in the Party Constitution as a form of "important thought." (The theory of the "three represents" asserts that the Communist Party represents the development trend of advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people.) The designation of this concept as a form of "thought" gives it even greater weight than "Deng Xiaoping Theory" - even if it is not prefixed with Jiang Zemin's own name - thereby enhancing Jiang's prestige.² Moreover, the existing clause describing the CPC as the vanguard of the Chinese working class has been supplemented with a further clause describing it also as the vanguard of the Chinese people and the Chinese nation. This revision has an important bearing on the Party's *raison d'être*, for it implies an expansion in the range of interests that the Party represents far beyond those of a particular class.

Jiang Zemin spoke as follows in his Report to the Congress (Jiang Zemin's Report, as we will refer to it below). "Entrepreneurs and technical personnel employed by non-public scientific and technological enterprises, managerial and technical staff employed by overseas-funded enterprises, the self-employed, private entrepreneurs, employees in intermediaries, free-lance professionals and members of other social strata are all builders of socialism with Chinese characteristics." He continued thus. "We should admit into the Party advanced elements of other social strata who accept the Party's line and program consciously and meet the qualifications of Party membership following a long period of test." This made plain that reforms would extend to the composition of the Party's membership. Jiang Zemin's Report gave the reason for admitting members of the rising classes to the Party as "in order to increase the influence and rallying force of the Party in society at large."

At any rate, the CPC made a clear com-

mitment to strengthen its character as China's governing party. But it is too early to tell whether that will involve transforming itself "from a class-based party to one of catch-all" or "from a party of workers and peasants to one of capitalists" (see Chapter 2).

6.1.3 Attach weight to Continuity in Foreign Policy

Other than renewing the call to the Taiwanese authorities to engage in a wide-ranging dialogue, Jiang Zemin's Report emphasized that China would adhere firmly to its present foreign policy. This was a welcome development in so far as it confirmed that foreign policy would remain unchanged, but it also clouded predictions about post-Jiang China for two reasons. First, Hu Jintao has not yet assumed charge of the body that makes foreign policy, which Jiang Zemin has controlled for so long. Some observers expect Jiang to maintain sway over foreign policy as a whole, including relations with Taiwan, for some time to come.

Second, the external environment could change considerably from when Jiang was in charge. Jiang did not launch his own distinct foreign policy until after the 15th National Congress of the CPC in September 1997. That policy displayed several features: (1) While based on Deng Xiaoping's policy of pursuing omnidirectional diplomacy, creating an international climate conducive to economic growth, and giving priority to three-way relations with the United States and Japan, it also involved (2) extensive summit diplomacy and (3) strengthened engagement in regionalism. However, as far as (1) is concerned, there is no practical alternative to Deng's line. And neither (2) nor (3) has yet faced a real test; hence it is unclear whether either can survive. Moreover, during Jiang era, China's economic growth served as a tail wind for the country's diplomacy, but there is no guarantee that such favorable conditions will continue (see Chapter 3). Grappling with the new interna-

tional situation should prove a major challenge for China's new leaders.

6.1.4 Legislative and Judicial Policy

In the field of legislative and judicial policy, the 16th National Congress reasserted the principle unveiled at the 15th Congress of building a socialist constitutional state and took the idea one step further. This can be seen in Jiang Zemin's Report, which explicitly identifies the following as indicator of the building of "a well-off society in an all-round way": "Socialist democracy and the socialist legal system will be further improved. The basic principle of ruling the country by law will be implemented completely. The political, economic and cultural rights and interests of the people will be respected and guaranteed in real earnest." The Report also includes a section entitled "Improve the socialist legal system" in the chapter "Political Development and Restructuring." Thus concrete advances can be expected in this area.

Nonetheless, the Report also contains elements that could undermine the rule of law: for example, it lists among the "ten principles which the Party must follow" the idea of "combining the rule of law with the rule of virtue." But what are the criteria for "virtue," and how are they determined? What kind of country is "the rule of virtue" meant to achieve? In the end it will be up to the leaders of the day to provide the answers, and the upshot could be a reversion to so-called "rule by men" (see Chapter 4). By reviving the idea of the "rule of virtue," which has not been heard in a while, Jiang Zemin has left the new leadership with the difficult task of pursuing the "rule of law" and the "rule of virtue" simultaneously.

6.2 Challenges Facing the New Leadership

Most members of the Hu Jintao's leading group - the new leadership, as we shall call

it - are expected to serve two terms for a total of ten years (through 2012). However, for the reasons cited in the previous section, the five-year period until 2007 will be dominated by the transfer of power from the old ruling clique under Jiang Zemin and the need to frame policies to deal with the tasks identified in Jiang Zemin's Report. In the following pages we examine challenges with which the new leadership faces.

6.2.1 Domestic Politics

With the unveiling of the concept of the "Three Represents" and the revision of the Party Constitution, the first and foremost challenge confronting the new leadership is how to bring private entrepreneurs and other members of the new classes into the Party. No private entrepreneurs were elected to the Central Committee during the 16th National Congress, but they are, it is said, making inroads into politics at the regional level. It will be interesting to see how rapidly these gains translate into influence at the center. The second challenge will be grappling with social problems, such as reducing the economic gap between regions and between city and rural area and creating new jobs for the unemployed and laid-off workers. These two challenges could present the CPC with a difficult choice, for they pull in contradictory directions. Should the Party support businessmen who raised its head and richened - in other words, the economic strong? Or should it give priority to providing relief to the economic weak?

The drastic regeneration of leadership has prompted hopes that the new leading group will implement bold political reforms in some form or another. But considering the fact that all the members of the new leading group themselves have climbed the ladder of power one rung at a time inside the existing political edifice, it is no use to have excessive expectations. The section on political restructuring in Jiang Zemin's Report states that "the

key to developing socialist democracy is to combine the need to uphold the Party's leadership and to ensure that the people are the masters of the country with the need to rule the country by law." It then avers, "We should never copy any models of the political system of the West." As long as the fundamental assumption of upholding the Party's leadership is maintained, there appears to be little prospect of China's permitting direct elections at the national level or bringing in a multiparty system on western models (see Chapter 2).

In the field of legislative and judicial policy, the Jiang Zemin Report declares that a socialist judicial system must aim to "guarantee fairness and justice in the whole society." It then goes on to identify specific directions in judicial reform, including (1) separating adjudicative and prosecutorial powers, (2) improving judicial proceedings, and (3) separating adjudicative and administrative functions within judicial organs. But, as suggested by the mention of the "rule of virtue" in the same breath as the "rule of law," it will likely still take time for respect for the law to take root. Even so, now that China is a member of the WTO, it must lose no time in establishing a more transparent legal system and tightening up trial procedures (see Chapter 4).

6.2.2 Economic Management and Structural Reforms in the Economy

In the economic field, plans call for quadrupling the year 2000 GDP by 2020, which makes it imperative to sustain annual growth rate of 7%. That presumably means that reforms will need to be carried out that are conducive to a transition towards market economy and internationalization of economy. As noted in Chapter 1, there appear to be no major bones of contention over the course of macroeconomic management. Although there are numerous factors that could dampen growth, 7% should still be achievable.³ Nonetheless, plenty of thorny problems are

lurking in specific fields. As a case in point, let us examine the question of reforming state-owned enterprises.

As indicated by the 16th National Congress's decision to admit private entrepreneurs into the Party, the CPC is no longer as draconian as it once was about the ownership of capital; hence the privatization of state-owned enterprises looks set to pick up steam. However, even though the authorities were relying on the stock market to provide the cash to fund its privatization program, share prices plummeted in 2001 due to speculation on the shares of state-owned enterprises. That has forced the government to suspend the share sales process. The only option left is to sell shares on an individual basis to insiders like managers and employees and to private-sector firms, foreign-owned companies, institutional investors and the like. But, considering the sheer size of China's state-owned enterprises as compared to the fundraising capacity and management resources of these potential private-sector buyers, the task of privatization is going to take time. It appears certain, therefore, that there will be a fairly prolonged transitional phase during which a mixed ownership structure prevails in which state and private capital rub shoulders (see Chapter 5). If, under these circumstances, the country manages to establish an effective system of corporate governance for its state-owned enterprises and overhaul the way they are run, then it will have succeeded in putting into practice the "Three Represents." But the prospects for that happening are slim.

6.2.3 Foreign Policy

The first challenge confronting the new leadership in the field of foreign policy is when and how to assert control over the body that makes it. In specific terms, that involves the question of appointments to the Central Leading Group for Foreign Affairs (Zhongyang Waishigongzuo Lingdao Xiaozu). This body's current head is Jiang Zem-

in, but he did not assume the post until June 1998, nine years after he acceded General Secretary - which fact testifies to the difficulty of the bringing in younger blood in this field. To complicate matters, Jiang is widely believed to be eager to maintain his influence over external policy (especially when it comes to Taiwan). So it is too early to say whether or not the change of generations will proceed smoothly on the diplomatic front.

The second challenge facing the new leadership is girding itself for changes on the international scene while remaining faithful to the policies staked out during Jiang's rule. Jiang's foreign policy, while rooted in the pragmatic approach of Deng Xiaoping described above, was characterized by an emphasis on summit diplomacy and a growing tendency to regionalism, the latter exemplified by China's active involvement in ASEAN and the launch of the Shanghai Cooperation Organization. But, as noted in the previous section, there are doubts about whether this approach will remain effective (see Chapter 3). Since the 9/11 terrorist attacks the United States has shown an increasing tendency to act unilaterally, and Jiang's summit visit to that country in October 2002 was nothing more than an opportunity for "face time" with President Bush. Meanwhile the American military presence in central Asia could wreck the achievements of the Shanghai Cooperation Organization. The new leadership has to wrestle with these fresh problems within the framework of Jiang's foreign-policy appointments, and that places it in a very tight corner (On March 14th 2003, the Asahi Shimbun reported that Hu assumed the Head of Central Leading Group for Foreign Affairs of CPC. But the author has not affirmed this information).

6.2.4 External Economic Policy

A year has lapsed since China joined the WTO, yet the biggest challenge on the external economic front remains implementing in-

stitutional reforms as required by WTO membership. The promises that China made to the international community in return for admission to the WTO have a deadline, and the country will need to pull out all the stops to fulfil them.

The second challenge is coordinating the "bringing in" of foreign capital and the "going out" of domestic capital abroad. The "bringing in" strategy aims to encourage multinational corporations to invest in the agricultural, manufacturing, and high-tech sectors by linking foreign investment to structural adjustments at home and the overhaul and reorganization of state-owned enterprises. The "going out" strategy chimes in with the tendency to regionalism noted in the section on foreign policy. China has already begun talks with ASEAN on concluding a free-trade agreement (FTA). Jiang Zemin's Report asserts that China must "make the best use of both international and domestic markets, optimize the allocation of resources, expand the space for development and accelerate reform and development by opening up." By clearing these hurdles the new leadership can put itself in a position to implement domestic structural reforms.

6.3 Outlook for the 17th National Congress of the CPC

The 16th National Congress of the CPC accomplished a great deal. It implemented a drastic regeneration of central leadership. It also unveiled a new guiding principle, that of the "Three Represents," and enshrined it in the Party Constitution. Still, as we have seen, some worrying problems remain, not least of all with the political succession itself. In closing we examine how these problems may develop in the future.

6.3.1 When Will Jiang Zemin Relinquish Power?

The most serious problem is the in-

complete transfer of power from Jiang Zemin to Hu Jintao. As long as Jiang remains ensconced as the Chairman of the CPC Central Military Commission, that body could choose to overturn the decisions of the new leadership at any time. The qualifications for the Commission's chairmanship are ill defined (the holder of the post need not be a member of the CPC Central Committee, and there is no age limit). This highly abnormal situation, in combination with the fact that members of Jiang's own faction form the majority of the new leadership, will probably hamper Hu Jintao in his attempts to exercise leadership.⁴ The problems are especially serious when it comes to foreign policy, which Jiang used to control (see Chapter 3). At the National People's Congress in March 2003, Jiang held down the Chairman of the PRC Central Military Commission. The transfer of power still remain half-baked.

A further problem is that no members of the "fifth generation" following on the heels of Hu Jintao's own "fourth generation" were appointed to the new leadership during the Party Congress. Hu himself was plucked from obscurity by Deng Xiaoping at the 14th National Congress in 1992, when he was appointed a Standard Member of the Party's Political Bureau. Even if Hu remains on as China's leader for another ten years, it would make sense for at least one member of the next generation to have a seat in the new leadership, but that is not how things turned out. This adds one more source of uncertainty in the lead-up to the 17th National Congress.

6.3.2 Whose Political Party Does the Communist Party Intend to Be?

On a literal reading, the content of the "Three Represents" seems to imply that the Communist Party has laid aside its claims to be the vanguard of the working class and is trying to transform itself into something else entirely. It is shocking that CPC eliminate the

clause stating "socialism will ultimately replace capitalism" from the Party Constitution, even if it is primarily intended as a sop to private entrepreneurs (see Chapter 2). But Jiang Zemin's Report and the explanation of the amendments to the Party Constitution insist that the "Three Represents" are merely an extension of Marxism. Therefore, while the policy of pursuing capitalist development currently being followed by the Party gets theoretical sanction from the "Three Represents," the all-important question of the future remains wrapped in obscurity. Whose political party does the CPC intend to be? The thought of the "Three Represents" was intended to answer this question but fails to do so. It will be interesting to see whether the new leadership provides its own answer by the 17th Congress.⁵

6.3.3 The Impact on Japan

What effect will the outcome of the 16th National Congress of the CPC have abroad, particularly on Japan? Jiang Zemin's Report offers few clues on the future of Chinese policy toward Japan. One thing is certain at the present time: the large number of outstanding issues remaining to be dealt with by the two countries, like the unsuccessful attempt of several North Korean defectors to take refuge at the Japanese consulate in Shenyang, or Prime Minister Koizumi's visits to the Yasukuni Shrine. There is little likelihood of new policies being adopted toward Japan just because of the change in leadership. For China as for Japan, Sino-Japanese relations take a back seat to those with the U.S. We will just have to wait and see what policies the new leadership hammers out vis-a-vis the U.S.

Rather, the impact on Japan will be determined primarily by how the CPC transforms itself as a governing party. Changes in the Communist Party will have a vastly greater effect now than ever before, all the more so because China has so increased its presence in Asia and on the global stage thanks to its

economic growth. While the market economy has developed beyond the point of no return, especially in the coastal regions, and a new economic class has gained ascendancy, China still remains a large developing country, where the inland and rural areas lag seriously behind. The interests of different regions and social classes will continue to clash sharply for some time to come. Jiang Zemin climbed to the pinnacle of power as a Party boss on the coast, but his successor Hu Jintao has spent much of his career in the inland area, and it is far from certain that he has the skill to guide the Communist Party's transformation while striking a balance among all these conflicting interests. The five years leading up to the 17th National Congress of the CPC could prove surprisingly turbulent.

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Notes:

1. In a series of interviews conducted by the author in China following the 16th National Congress (Nov. 17-26, 2002), China's many experts and academics gave high marks to the party for accomplishing a peaceful changeover within its top leaders.
2. For an account of the relative weight of the terms "doctrine," "thought," "theory," and "lecture" in the CPC, see Wu Jiayang (2002), pp. 152-157. Once an adviser to Hu Yaobang, Wu is known for drafting the report to the 13th National Congress of the CPC. His analysis of Chinese politics abounds in insights.
3. On the medium-term outlook for China's economic growth, see ONISHI Yasuo (2001).
4. Some commentators try to rationalize Jiang's decision to stay on as chairman by citing the precedent of Deng Xiaoping, who likewise retained the chairmanship of the CPC Central Military Commission as an ordinary Party member. But the circumstances differ, for in Deng's case the Party Central approved the abnormal arrangement in a "secret decision." No such decision appears to have been adopted this time.
5. Some observers predict that the "Three Represents" will be incorporated into the country's constitution at the 2004 National People's Congress. See <http://www5.chinesenewsnet.com>, the web site of Duowei Xinwenshe (accessed on Dec. 18, 2002). Duowei Xinwenshe is run by a group of intellectuals who defected to the US after the Tiananmen Incident on June 4, 1989.

References:

- (Japanese)
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