

CPC Futures

*The New Era of
Socialism with
Chinese Characteristics*

Frank N. Pieke and
Bert Hofman, editors



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Introduction

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The 20th Party Congress in the fall of 2022 will be a pivotal moment for the Communist Party of China (CPC). As China is the second largest economy in the world, the decisions at the Congress are relevant not only to China, but also for the global economy and for the shape of the world order as well. Inner-party politics is complex and opaque for most outside observers, but some key trends have become clear in the months leading up to the 20th Congress. Among others, the Congress will clarify whether General Secretary Xi Jinping will obtain a third term, what the generational and factional composition of the new Politburo and Central Committee will be, and whether an heir apparent to Xi will be designated. These personnel appointments will be the first indications about the future direction that the CPC will take after the Party Congress, whether further ideological changes are in the offing, and whether new directions in CPC approaches to the economy, society and in international relations are to be expected.

Over the past few years, the CPC leadership has provided a clear vision of what China will have to become in the “New Era”, or in Xi Jinping’s words, “a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by the middle of the century”. The 20th Congress is expected to provide a blueprint for how this will be pursued over the next five years and beyond. At the previous Party Congress, the 19th in 2017, Xi introduced the New Era and “Xi Jinping Thoughts for Socialism with Chinese Characteristics for the New Era” as the major new direction for the CPC and China. Both have subsequently become part of the CPC constitution, and have been substantiated with core ideological and policy concepts, such as “common prosperity”, “dual circulation”, “national security” and “cyber sovereignty”. These concepts are likely to be further developed at the 20th Party Congress. We may also expect more clarity on the future of Xi’s anti-corruption campaign, ideological renewal, the tightening of party building and inner-party discipline, and the centralisation of power, all of which will determine the course of the Party in the years ahead.

Much of the groundwork for the upcoming Party Congress has been laid in recent years. In early 2021, the 14th Five-Year Plan (2021–2025) and Outlook for 2035 already specified many of the more concrete policy plans and priorities. The political turmoil in the summer of 2021 showed that political debates and ideological directions were far from settled in the CPC leadership. “Leftist” initiatives to curb the wealth and power of private enterprises and even a brief resurgence of Maoist ideology were used by Xi Jinping to take quickly an even firmer grip on the Party to ensure the passing of the November 2021 Third Resolution of Party History. The correction away from too much political steeage in economic policy development in the spring of 2022 also suggests that the debate on the future direction for economic management is still in flux.

Whatever serious factional opposition Xi may have faced in the summer of 2021 seems to have waned, and no serious challenge can be expected to Xi’s third term in office in the run-up to the Party Congress. Nevertheless, there still are many important decisions to make. At the time of writing, in the early summer of 2022, the economy is stuttering, bogged down by the leadership’s commitment to a zero-COVID policy, a serious real estate slump, uncertainties over the direction of economic ideology that keep investors on the side-lines, and a deteriorating international environment in the aftermath of Russia’s invasion of Ukraine. Critical questions are whether this has affected Xi’s position, and whether he will have to compromise on who will be elevated to the Standing Committee of the Political Bureau of the CPC, the party’s core leadership.

This volume brings together the highlights of the East Asian Institute online conference on CPC Futures that was held from 19 to 21 November 2021. The Institute, now in its 25th year, has been analysing China and its interaction with the world since its founding, and over the years has brought together a variety of perspectives on China for debate in its conferences, lectures, research seminars and publications.

The 2021 conference aimed to take stock of the transformation of the CPC and its leadership during the first two terms of Xi Jinping’s administration and to gauge the likely direction that the Party will take around the Party Congress in the fall of 2022. Selected speakers at the conference were subsequently invited to write a commentary for this volume, assessing the trends and likely future trajectory of the CPC’s New Era that has now officially succeeded the era of “Reform and Opening” since 1978.

The volume provides authoritative statements by leading China experts on current and future trends in CPC politics and governance, intended for a professional audience. The authors’ main focus is the significance of one or more

specific aspects of the CPC's New Era, not just for China but also for countries and societies outside of China and the international order more generally.

The volume does not offer one all-encompassing narrative or voice on the future of the CPC. Rather, a variety of different views and approaches are represented in this volume, in some cases addressing the same or similar issues, such as leadership succession at the next Party Congress, the nature and impact of national security thinking, ideological renewal, party building and party discipline, and economic policy. Readers can inform and shape their own views by reading the various articles, and by weighing the approaches and evidence that they present and views that they express.

The volume consists of six sections, each tackling a different aspect of the politics of the CPC's New Era. The first section, *Chinese Politics with Xi Jinping at the Core*, starts with an article by Jude Blanchette that provides an overview of the most important developments and challenges that the Chinese leadership will have to confront. The other three articles, by Chen Gang, Victor Shih and Lee Jonghyuk, home in on the questions that always invite the most speculation in the runup to a Party Congress, namely, what will be the composition of the next Politburo and its standing committee, and what could be the policy implications.

The second section of the volume, *Ideology and Legitimacy*, consists of four articles, by Heike Holbig, Lance Gore, Yang Yao and Wang Zhongyuan. Ideology provides more than a language, code of political communication and agenda setting. Under Xi Jinping, ideological renewal again occupies centre-stage in Chinese politics. Differently put, CPC ideology has again been "ideologised". CPC ideological renewal draws both on Marxism and Confucianism in an effort to fuse China's "excellent traditional culture" with socialism and communism. The leadership insists that grand concepts like socialism and cultural and national greatness are not mere slogans, but lofty yet concrete aims that give CPC rule its purpose and an enduring legitimacy, both domestically and internationally. Communist ideology has often been dismissed abroad as no longer relevant to reform-era China. This denial went so far that current competitors and rivals of China overreact when they "discover" that the CPC is still very much a communist party. This lack of understanding of communism requires a fundamental reappraisal of the role of ideology in Xi's tremendous efforts in party building, especially in areas of shoring up central authority; anti-corruption and party discipline; cadre loyalty and compliance; organisational cohesion and efficacy; and regime legitimation.

The third section, *Building the Party-state's Governing Capacity*, consists of articles by Nis Grünberg and Vincent Brussee, Diana Fu and Rui Hou, Frank

Pieke and Li Nan. Under Xi Jinping, the party's presence, leadership and direct governance across the government, military, business and society have been further expanded. The CPC has made systematic efforts at building and upgrading its own membership, organisation and governing capacity. At the grassroots both within China and abroad, party members are recruited, trained, educated and disciplined, and party branches are built and activated. The articles in this section show that the CPC has never been a mere "governing party", but is an organisation with a mission to create a "new China" able to take its rightful place among the world's nations. Under Xi Jinping, the CPC treats China increasingly as one collective body with itself as the head that plans, directs and coordinates the actions of its parts, and with General Secretary Xi at the core. The energies and interests of individuals, business and state, as well as military and other institutions are captured by top-down plans or strategies in service of the long-term goals of the Party. Rules, regulations and the rule by law are strengthened, but serve as tools not to empower but to direct and contain the state and society.

In the fourth section, *Development, Security and the CPC*, we turn to economic policy. In response to the economic downturn in China and the more hostile external environment, the CPC has recently even more firmly taken the reins of the economy, emphasising both greater equity and fairness, and greater self-reliance for China. This is mainly achieved through market-based tools and incentives, such as government-guided funds and incentives for sanctioned activities. Meanwhile, efforts have been made to revamp regulatory institutions in response to emerging complexities in the business world. In addition, ad hoc administrative measures, together with tightening party discipline, remain important. The articles in this section, by Barry Naughton, Bert Hofman, Sarah Tong, Christine Wong and Wendy Leutert, ask several key questions about CPC economic policy making. Under Xi Jinping's "New Development Philosophy" for the New Era, China has embarked on a strategy that Barry Naughton calls "Grand Steerage", in which the market has a place, but should be a market guided by government, and in the end by the CPC. "Dual Circulation" is the broad policy under which China aims for more self-reliance, as Sarah Tong discusses, while Bert Hofman debates whether "Common Prosperity" will lead to a more equal distribution of income and wealth without slowing economic growth. Christine Wong discusses the crisis in the performance of a critical policy area, public finance, and the reforms needed. Finally, Wendy Leutert reviews recent SOE reforms (or the lack thereof) and the prospects of more reforms during Xi Jinping's reign. What are the implications of the CPC's strategising, regulating and disciplining for China's businesses and market development? Is this the end

of China's type of free-ranging market socialism? If so, what will take its place and what will be the implications for the CPC's rule and its claim of the lasting significance of socialism?

The fifth section, *Comprehensive National Security*, consists of three articles, by Joel Wuthnow, John Lee and Tai Ming Cheung. As a rising superpower, China increasingly perceives both domestic and international issues through the lens of national security. The CPC's "comprehensive national security outlook" is deliberately inclusive. Disasters, pandemics, food security and civil unrest are as much a part of national security as defence, cybersecurity and intelligence. China's civil-military fusion policy also infuses a security dimension into government-business relations, whereas economic security plays a critical role in China's five-year plan. The shrinking space for debate and discussion in society and academia could also be interpreted in the light of national security. Yet despite the explicit link made between foreign and domestic national security threats, the new national security bureaucracy overwhelmingly limits its work to domestic issues. There is little evidence that military or defence planning is being incorporated into the work of the new National Security Commission, despite the frequent references to "national security" in defence and foreign policy planning and documents, begging the question whether this will continue to be so in the future.

In the final section, entitled *The CPC, China's Rise and Geopolitical Shifts*, the articles by Richard McGregor, Xiaoyu Pu and Paul Haenle and Nathaniel Sher shift the focus from China itself to how the CPC's increasingly self-aware great power behaviour is perceived abroad, especially by the United States, and what the consequences for China could be. In the New Era, China and the CPC seek a global leadership role. This ranges from a proactive involvement in numerous existing international organisations to its own well-known international initiatives like the Belt and Road Initiative and the Asian Infrastructure Investment Bank. Soft and hard diplomacy assert Chinese interests and views across the world. National security in China's defence strategy has become much more expansive and proactive, preparing for the possibility of engagement with other powers, particularly in the West Pacific and Indian Ocean. Yet at the same time China is becoming much more selective in its engagement of the world. "Dual Circulation" of the economy aims to limit strategically risky dependencies on global markets for critical supplies, while remaining open for international trade in other goods. In the summer of 2022, when most countries had lifted their COVID-19 travel restrictions, China was among the few countries that kept them in place, only selectively issuing visas to visitors considered vital to Chinese interests. China's

globalisation has entered a fundamentally new phase, in which China seeks to set the terms and degree of its engagement with the world, rather than being content to ride in the slipstream of an international order determined by other, mostly Western powers.

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