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2010

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Thomas Kellogg  
*Fordham Law School*

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Kellogg, Thomas, "China's Communist Party: Two Glimpses Inside" (2010). *The China Beat Blog Archive 2008-2012*. 824.  
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# China's Communist Party: Two Glimpses Inside

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October 13, 2010 in [Books](#) by [The China Beat](#) | [Permalink](#)

By Thomas Kellogg

Richard McGregor, [\*The Party: The Secret World of China's Communist Rulers\*](#) (HarperCollins, 2010).

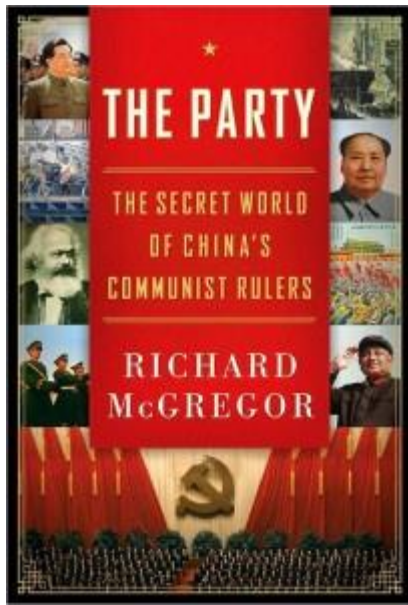
David Shambaugh, [\*China's Communist Party: Atrophy and Adaptation\*](#) (University of California Press, 2008).

On August 16, 2010, China reached yet another milestone in its decades-long breakneck run of economic development: it became the world's second largest economy. According to official economic data, China surpassed a still-struggling Japan, leaving it behind only the United States in terms of overall economic size. Some analysts predicted that China could pass the US to become the world's largest economy as early as 2030.

The ruling party that has overseen this stunning and historic economic transformation, the Chinese Communist Party, deserves much credit for transforming China from an economic backwater to a world powerhouse with massive influence on virtually every aspect of global economics and finance.

Most observers put the Party's adaptability and flexibility at the top of the list of reasons why the CCP has been able to hold on to power, even as Communist regimes elsewhere tumbled into the dustbin of history. A key question for China going forward is whether the Party can sustain that flexibility and adaptability, and engage in much-needed political reforms that match the economic changes of the past thirty years, or whether, as many observers fear, its reformist energies have ebbed. After all, for all of the changes that have taken place in China, the Chinese Communist Party itself has remained more or less the same. In many ways, the CCP of 2010 would be recognizable to a 1970s or even 1950s apparatchik, even as the country it governs has changed beyond recognition.

Any sense of where the Party might go from here must be grounded in some sense of its current status. Yet insight into what is one of the most secretive organizations in the world can be difficult to come by. Two new books, one by *Financial Times* journalist Richard McGregor, and the other by George Washington University professor David Shambaugh, attempt to describe to western audiences how the CCP functions, and how it has, amazingly, managed to preside over an incredible run of economic growth without formally renouncing its Marxist ideological stripes or reshaping itself to adapt to a 21st century economy and society.



Taken together, both books provide a detailed and balanced portrait of how political power is used in China. They are all must-reads for anyone looking to understand a country that will be one of the US' key partners—if not competitors—in the years to come. In particular, McGregor's book, *The Party: The Secret World of China's Communist Rulers*, provides the best account yet of the influence of money on politics in China, and of how the CCP manages its relations with an increasingly wealthy corporate sector.

How has the CCP succeeded? As noted above, it has shown a surprising amount of adaptability and flexibility. Over its first quarter-century in power, from the Communist takeover in 1949 until the end of the Cultural Revolution in 1976, the CCP held sway over virtually every aspect of Chinese life, so much so that distinctions between public and private were largely meaningless. The Party told people where they would live and what jobs they would have. It approved marriages, divorces, and births. It churned out approved readings for an entire country, and exercised complete control over all cultural products, from books to movies to music to theater.

Today, many middle-class Chinese live lives largely indistinguishable from their Western white-collar counterparts. Their career prospects are determined by their own skills, connections, and luck. They marry whom they choose, dress as they like, spend too much money at trendy restaurants, and see the latest Hollywood blockbusters. If they choose, they can—within limits—read up on the latest political gossip online, or read an increasingly hard-hitting array of newspapers and magazines. The Party allows their private lives to remain private. Stay away from overt political activity, keep any serious complaints to yourself, and you will be fine. Cross the line, and the Party will let you know that it is not pleased.

One reason the Party is able to respond so quickly to those who get out of line is that it has kept its socialist-era structure. "The Party is like God. He is everywhere," says a Beijing-based professor interviewed by McGregor. "You just can't see him."

Its reach is indeed pervasive. The Party controls all organs of government, the armed forces, and the police. It selects the directors of several state-owned enterprises, or SOEs. It appoints the heads of all of major universities, and is intimately involved in their day-to-day operations. The media is overseen by the Party's Propaganda Bureau, which regularly issues (non-negotiable) guidance on what to cover and what not to. Professional groups, including the All-China Lawyers Association and the All-China Journalists Association, monitor and, if necessary, discipline their members on behalf of the Party.

The key tool for overseeing such a vast empire is the Organization Department, the massive Party organ which handles personnel matters. It is the human resources arm of the Party, responsible for keeping files on millions of senior officials, tracking their public and private statements, their job

performance, and, not incidentally, their political reliability. It plays a role in filling key Party, government, academic, and corporate posts nationwide.

In recent years, the Organizational Department has sought to update its approach to professional evaluation. Following in the footsteps of private sector human resource departments the world over, the Department has sought to quantify the performance of government officials, measuring success on the basis of economic growth targets, air and water quality statistics, and data on social unrest.

Yet Department officials were careful to make sure that there were enough loopholes in the system to give the Party a free hand. "There is no scientific system," one official told McGregor. "Nearly everyone gets the same points in all of these elaborate assessments anyway, because for you not to do so would reflect badly on your superior" (81).

Instead, appointments serve to both nurture and promote talented young officials, and to maintain Party control. The Party regularly rotates younger officials around the country, to ensure both that they don't establish a personal power base in one particular city, and not incidentally so as to remind cadres who holds the reins.

The Party takes the same approach to the appointment of CEOs of state-owned enterprises. As far as the CCP is concerned, there is no difference between finding someone to run a large city or a large conglomerate. In both cases, the goal is to maintain Party control and protect its interests. The one difference that might give pause—corporations, unlike cities, have boards which are supposed to pick the CEO—is more often than not ignored. "Operating costs, capital commitments and the like are discussed at the board meetings," a prominent Chinese banker told McGregor, "but personnel remains in the hands of the Party" (85).

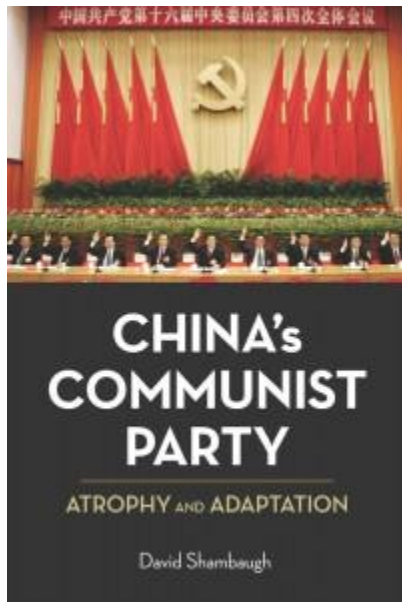
Just as the Party rotates officials around the country, it will play musical chairs with corporate heads as well. In 2004, for example, with virtually no advance notice, the Party shuffled the leadership of the top three Chinese telecoms companies, China Mobile, China Unicom, and China Telecom. Executives were literally moved from one company to another overnight. "The view was that we have to keep these (companies) in the box," one observer told McGregor after the shuffle was announced. "The idea was to break emerging centers of power" (86).

Inevitably, the Party's presence in every area of Chinese life creates conflicts, many of which are seemingly impossible to resolve. One of the strengths of McGregor's book is his use of firsthand reporting to illustrate these conflicts, and how individual Party members attempt—and all too often, fail—to resolve them.

McGregor rightly dedicates an entire chapter to the Party's struggles with corruption: the practice has become so pervasive that one cannot talk about governance in China without talking about corruption. Long acknowledged to be the Party's biggest and most dangerous challenge, corruption has continued to mushroom in China, resisting repeated attempts by the Party to stamp it out. As McGregor notes, despite years of efforts, "(o)nly one thing has altered dramatically over time—the size of the bribes, which now routinely run into millions of dollars, even for relatively low-level officials" (139). McGregor managed to tally up a number of cases from the first few months of 2009 alone, all of which involved relatively low-level officials being caught with eye-popping amounts of ill-gotten cash, including the village party secretary in Sichuan who raked in 2.5 million *dollars*—not yuan—in bribes; the railway official in Urumqi who embezzled \$3.6 million; and the local police chief in Guangdong province who was caught with \$4.4 million in cash in his home.

Corruption has become so profitable that a market has opened up in official positions, and prices, even for low-level positions, aren't cheap. "Many people seek administrative positions precisely because they can monetize them," McGregor writes. Wang Minggao, a government researcher on corruption, put it even more bluntly, noting that the "whole idea of being an official is to become prosperous" (140). One official paid 300,000 RMB for his post as party secretary in a small, relatively poor rural county in China's northeastern Heilongjiang Province, and within two years had pulled in some five million yuan in bribes. Anti-corruption investigators noted that his return on his initial investment was a mind-boggling 1,500 percent (99).

For all its anti-corruption rhetoric, the Party is unwilling to adopt approaches that have worked elsewhere. Independent investigators and independent courts, two staples of anti-corruption efforts in other countries, have been rejected by the Party as not right for China. The Party has also blocked the development of a truly free media, one that could expose officials who are on the take. While the Party's anti-corruption body—the Central Commission for Discipline Inspection—does have wide-ranging investigatory powers, it is far from independent, and can only move on those who have been marked by the Party itself for investigation.



George Washington University political scientist David Shambaugh also warns of the dangers of unchecked corruption in his book, *China's Communist Party: Atrophy and Adaptation*. Shambaugh's book lacks the rich, visceral detail and the telling anecdotes of McGregor's book. But what it lacks in firsthand reporting, it makes up in historical and comparative perspective. According to Shambaugh, the CCP has based much of its internal reform efforts on its own intensive study of the collapse of communism in Eastern Europe and the former Soviet Union. The lessons learned from include many of the trends highlighted by McGregor, including a need for ideological flexibility; a strong commitment to economic growth; vigorous efforts to stamp out corruption; and a willingness to learn from Western capitalist states.

Shambaugh's central thesis—that the Party is simultaneously adapting to new circumstances and in decline—well describes attempts by the CCP to evolve while at the same time leaving the antiquated Soviet-style architecture of the Party-state largely intact.

Shambaugh is at his best in describing the Party's various incremental reforms, all of which are meant to ensure that the CCP avoids the fate of the Soviet states. Recent reforms include rebuilding grassroots-level Party committees, giving its rank-and-file members better access to educational opportunities; and expanding mechanisms for discussion and debate within the Party itself.

Shambaugh is less persuasive in his attempt to argue for the continued relevance of Party ideology. For years, outside observers have suggested that the CCP, having long since abandoned its Marxist bona fides in pursuit of market reforms, operates in an ideological vacuum. "We know there are those abroad who think we have a 'crisis of ideology,'" a senior Party theorist told Shambaugh, "but we do not agree" (104).

Neither does Shambaugh. Instead, he writes, "ideology did not die after the reforms began ... but its nature and functions fundamentally changed." Shambaugh argues that ideology in China serves as an important "post hoc rationalization device," which supports decisions made on the basis of other, presumably more solid, grounds.

To some extent, he's right. If you are looking for general shifts in the Party's direction, you can pick them up by wading through the largely soporific speeches of China's top leaders. When Hu Jintao

coined the phrase “harmonious society” in 2005, for example, he was signaling a renewed emphasis on the needs of those left behind by China’s economic miracle. Concerted efforts to improve social services, especially for China’s poorest, followed.

But what is missing from the CCP’s ideological pronouncements is any vision for China’s future, one that could potentially address China’s very real systemic and institutional shortcomings. Where will political reform in China go over the next ten years? What steps are need to stamp out corruption once and for all, and to get ride of officials who don’t get the job done? Chinese leaders won’t say.

Reading both McGregor’s and Shambaugh’s books, one senses that the CCP has perhaps over-learned the lessons of the collapse of the Soviet Union. Yes, economic growth is important. But there are other goals that a governing party, and a country, should strive for, many of which can only be achieved through meaningful political reform.

Double-digit economic growth is about to enter its third decade, which must be some sort of record. Yet the costs of that growth—in terms of environmental pollution, social unrest, rampant corruption, and decaying social values—are becoming all too apparent.

Even so, the political system has not yet adjusted, because both the system itself and the men and women inside it remain largely the same, decade after decade. Many Chinese have begun to wonder whether the Party itself, which has overseen the Chinese economic miracle, is part of the problem. “The last thirty years have been great on one level. The economy has advanced, but culture, society and politics have not,” one disillusioned former official told McGregor. “In essence, it is the same old system. People go up level by level. In the west, a politician might be elected for just a few years. In China, they have a lifelong career. We are stuck with them for life” (96).

*[Thomas Kellogg](#) is Program Director and Advisor to the President at the Open Society Institute. He is also Adjunct Professor of Law at Fordham Law School.*

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