

The Third Plenary Session of the 16th Central Committee

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The recent Third Plenary Session of the 16th Central Committee indicated that despite obvious signs of tension within the leadership over the past year, Chinese Communist Party (CCP) General Secretary Hu Jintao has begun to put his distinct stamp on policy. The “Decision of the CCP Central Committee on Several Issues in Perfecting the Socialist Market Economy” was the only document of the plenum to be made public, but it indicated a greater concern with balanced growth and the social dimensions of economic development than did the political report adopted at the 16th Party Congress in fall 2002. Although the plenum did not take up the issue of political reform in an explicit manner, it adopted a new party procedure that called for the Politburo to report on its work to the whole Central Committee. This innovation was touted as a step toward “inner-party democracy.” Recent articles in party journals indicate that discussions continue on political reform, albeit of a limited sort, and that there are likely to be significant developments in this area in the future.

The Third Plenary Session of the 16th Central Committee convened in Beijing October 11–14, 2003, and was attended by 188 full and 154 alternate members of the Central Committee, as well as by the standing committee of the Central Discipline Inspection Commission and “responsible comrades” from “relevant areas.” The First Plenary Session had convened immediately following the close of the 16th Party Congress for the purpose of naming the memberships of the Politburo, the Central Military Commission, and the Secretariat. The Second Plenary Session had met in February 2003 to approve final arrangements for the National People’s Congress (NPC), which met in March. Thus, the Third Plenum was the first meeting of the whole Central Committee since Hu Jintao was named general secretary that had a broader agenda, and thus would give the first solid indication of the degree to which Hu Jintao had been successful in imposing his mark on the CCP policy agenda.

There were three items on the plenum’s agenda, only one of which has been made public. First, according to the communiqué issued by the plenum, Hu Jintao delivered a work report (*gongzuo baogao*) on behalf of the Politburo to the Central Committee. This report introduced a new practice in party procedure and was intended as a modest first step in implementing inner-party democracy, a controversial effort to carry out at least some type of political reform, itself a topic to be addressed below.

Second, the Third Plenum approved a document titled “Suggestions of the CCP Central Committee on Revising Parts of the Constitution.” Neither that document nor the explanation of the proposed revisions that was given by Premier Wen Jiabao was made public. The content will become evident next spring when the NPC makes the proposed

changes, but there have been indications that the revisions will address the status of private enterprises by prohibiting discrimination against them.

Finally, the plenum approved the “Decision of the CCP Central Committee on Several Issues in Perfecting the Socialist Market Economy.” This was the only document from the plenum that was actually publicized; NPC head Wu Bangguo’s explanation of the decision was not made public.

In addition, according to the plenum’s communiqué, Hu Jintao gave a separate talk (*jianghua*).¹ This, too, was not publicized. Thus, although the CCP in recent months has emphasized the need for greater transparency and accountability, the bulk of what went on at the Third Plenum remained hidden from the public.

The Decision on Perfecting the Socialist Market Economy

Although it can be argued that there is little new in the plenum decision on economic reform—there are antecedents for most if not all of the measures advocated by the decision—the document as a whole marks a substantial change in thinking about development, particularly when juxtaposed with the 16th Party Congress document from 2002. Whereas the weight of that congress report was on creating a high-tech, urbanized, globalized, economically competitive, professional, middle-class society, the recent plenum decision set out a vision of a more balanced development strategy. The 16th Party Congress thought of economic development in gross domestic product (GDP) terms—as witnessed by the call to quadruple GDP by the year 2020—but the Third Plenum balanced economic development with social and cultural development. Although the emphasis in the 16th Party Congress report was on successes to date, the plenum decision focused on the problems remaining.² As it said, “At the same time [as the accomplishments made], there exist problems in the irrationality of the economic structure, the relations of distribution have not been straightened out, rural incomes are increasing slowly, prominent contradictions persist in employment, increasing pressures are emerging from the resource environment, the overall competitiveness of the economy is not strong, and so forth.”³

To address these problems and economic imbalances, the plenum decision laid out five “unified arrangements” guiding the development of urban and rural areas, regional development, economic and social development, the development of human and natural resources, and the development of the domestic economy and “opening up” (i.e., foreign trade and investment). All these unified arrangements point to areas of imbalance that have become prominent foci of social criticism and potential social disorder in recent years. The plenum decision also promised to “deepen” the reform of the household registration system, one of the administrative devices that have erected artificial walls between urban and rural areas, creating a dualistic economy. Plenum decisions rarely give details, and this one was no exception. It promised only to “perfect” the regulation of population movements and to “guide” the “stable and orderly” transfer of surplus labor in the countryside (variously estimated at 100–200 million people). Although no details

were given, the call for more-balanced economic growth suggests that more resources will be directed toward the interior regions of the country, though realizing significant shifts in resource allocation would entail major budgetary fights.

The “Decision of the CCP Central Committee on Several Issues in Perfecting the Socialist Market Economy” also focused heavily on changing the administrative arrangements that govern state-society relations in China. “Institutional innovation” is another buzzword that was emphasized in the plenum document. One area in which there is to be institutional innovation is in the relationship between the state and the economy. The decision called for “mixed ownership” of state-owned enterprises (SOEs), allowing more private investment—and presumably a more entrepreneurial spirit—into SOEs. State ownership would be expressed through asset management rather than administrative command. This arrangement is both a way of making SOEs more market-oriented and perhaps an attempt to prevent them from being genuinely privatized. The state will remain important in the management of the economy, even as the economy becomes more entrepreneurial and market-oriented. Nevertheless, the decision also called for nondiscrimination against private (nonpublic) enterprises—a provision widely expected to be written into the state constitution next spring—in the areas of investment, taxation, land use, and foreign trade. It even called for further clarification of property rights, calling them the “heart and primary content” of ownership.

Perhaps the most interesting part of the “Decision of the CCP Central Committee on Several Issues in Perfecting the Socialist Market Economy” was the attention it paid to administrative reform of various sorts. While most of these changes have been in train for years, the decision perhaps further clarified the goal of getting the government out of directing individual enterprises in favor of relying primarily on monetary and fiscal levers. The inspection and approval process is to be improved and market principles emphasized. Financial markets are to be governed according to law, so that there can be “open, fair, and orderly competition” with a minimum of financial risk. Government administration is to be made more regularized, coordinated, fair and transparent, and clean and efficient. The legal operation of market actors and intermediary organizations is to be improved, and the work of interpreting the law is to be strengthened.

It was only at the end of the document that the issue of political reform was addressed, and then only did the decision call on the party, in words nearly identical to those in the 16th Party Congress document, to “actively and in a stable manner promote political structural reform, expand socialist democracy, build a healthy socialist legal system, consolidate and enlarge the patriotic united front, [and] strengthen ideological and political work, in order to provide a powerful political guarantee for developing the socialist market economy.” Despite this cursory treatment of this critical issue, the plenum itself, through the innovation of having the Politburo report on its work to the Central Committee, demonstrated the importance of inner-party democracy to the party’s future adaptation to China’s evolving society. It is to that subject that we now turn.

Political Reform and Inner-Party Democracy

Another reason for the heightened attention paid to the Third Plenum was the focus on political reform over the past year. In February 2003, Hu Jintao established a committee to examine the issues involved in revising the constitution. This activity stimulated nongovernmental academics to think in terms of political reform. In June, Cao Siyuan, the economist who drafted China's first bankruptcy law, convened a seminar in Qingdao, and the discussions there no doubt exceeded the tolerance of the leadership. The desire to avoid public disputes over the course of political reform appears to be at least one reason why Hu Jintao did not mention the subject in his much-anticipated speech on the 82d anniversary of the founding of the CCP (July 1). In August, the CCP issued a notice declaring discussion of political reform, of constitutional revision, and of the reassessment of historical incidents off limits. This ban was extended in early September to close four politically oriented web sites, including one affiliated with Cao Siyuan.

Nevertheless, political reform—or at least a limited type of political reform—was clearly on the agenda even in August when the Xinhua News Agency announced that the plenum would be held in October. According to Xinhua, the Politburo would report on its work to the Central Committee at the plenum.⁴ An article in the Xinhua News Agency weekly magazine *Liaowang* (Outlook) argued that the report was intended as a significant innovation. The article distinguished between a “theme report” that marks a “simple issuance of instruction and mobilization,” as had been done in the past, and a report on the leadership’s work that had the “nature of consultation,” as would be done at the Third Plenum. The latter would emphasize “performing duties, accepting monitoring and examination, and obtaining approval and authorization,” all of which, by implication, had been neglected in the past.⁵

The *Liaowang* article made very clear that the Politburo and Central Committee were taking this step as an example for lower-level party organizations, which were expected to have their CCP standing committees report to their full committees. As the article put it, “With the central plenary session as an example, we teach party committees at all levels to correctly deal with the relationship between a standing committee and a full committee, link the two closely together, [and] bring out the best in each other.” In other words, one of the primary reasons for instituting this seemingly minor change was to try to begin to forge more institutionalized procedures in the party from top to bottom. Although this initiative is dubbed “inner-party democracy” (*dangnei minzhu*), it might be better described as institution-building. The intended effect is to limit the power of individual party secretaries at various levels by subjecting them to institutional procedures and norms. Such “institutional innovation” (the new buzzword in Chinese politics) is unlikely to have a major impact in the short run, but it is likely to strengthen the central level at the expense of lower levels (by limiting personal networks) over the longer run.

These intimations of constitutional revision and limited inner-party democracy were not the only factors stimulating increased attention to political reform over the past

year. Although the political report to the 16th Party Congress did not discuss political reform in any detail, it did leave the door open to—and even encouraged—further exploration of the subject by elevating “political civilization” to equal status with “material civilization” (economic development) and “spiritual civilization” (a vague term that seems to imply the upholding of “socialist” values and the incorporation of positive attitudes toward globalization and high technology).

In addition, Jiang Zemin raised the issues of the party’s “governing capacity” (*zhizheng nengli*) and of inner-party democracy. The 16th Party Congress was apparently the first time that an authoritative party document had raised the issue of the party’s governing capacity, a concept apparently derived from the discussions a decade ago concerning the “state capacity,” which largely reflected concerns about proportionately diminished revenues flowing to the central government. The issue of inner-party democracy has been discussed widely in party journals over the past couple years, and there have been numerous efforts to reform party procedures, particularly in the area of cadre selection and promotion. Nevertheless, the 16th Party Congress raised the issue to a new level when it declared: “Inner-party democracy is the life of the party.” Apparently, over the course of the past year local party organizations have been paying increased attention to the issue.

Motivation for Political Reform

It is quite clear that this attention to governing mechanisms derives in part from the close observation of political trends around the world—especially the collapse of socialism in Eastern Europe and the former Soviet Union—and in part from recognition of the dramatic socioeconomic trends that have taken place in China over the past decade. As Yu Yunyao, the executive vice president of the Central Party School, recently put it:

Emphasizing the party’s governing capacity manifests the lessons and profound reflections our party has derived from some governing parties losing power. . . . Although the reasons [they lost power] are very complex and the circumstances of each party were different, in the final analysis [they] all failed to correctly respond to the changes in the international situation and to solve the issues of domestic economic and social development. . . . If [a party] loses the ability to pull people together [*niju renxin*] and reject corruption, then corruption will run amok, vested interests will grow, and finally the people will reject [the party].⁶

Wang Weiguang, another vice president of the Central Party School, was even more specific:

Several incidents have made us think deeply. First, the 1989 incident; second, the sudden changes in Eastern Europe and the Soviet Union; third, the Falun Gong incident; and fourth, the KMT’s [Kuomintang’s] loss of power in Taiwan. These four incidents, in addition to a series of domestic

events, especially those connected with corruption in the party such as the Chen Xitong incident, the Cheng Kejie incident, and several incidents of corruption at the provincial-ministerial level, have shocked the entire party.⁷

Although the CCP has paid considerable attention over the last two decades to raising the educational qualifications of its cadres, increasing attention is now being paid to the issue of more fundamental systemic reform.⁸ Attention to systemic reform is driven in part by the recognition that generational transformation means the party can no longer rely on the personal authority of an older generation of revolutionaries or even their successors who grew up with the People's Republic of China (PRC). Establishing institutional procedures and winning popular support are seen as necessary to retaining party control.⁹

Divergent Views

The importance of the issues under consideration, the divergence of views within the CCP, and the top-down approach that the CCP habitually takes all suggest that political reform—perhaps better called party adaptation—will proceed only slowly, as the decision in 2001 to reverse the ban on recruiting private entrepreneurs into the party suggests. In that case, party leaders became convinced that the party had to bring entrepreneurs into the party or risk pushing them into opposition. But even with a large percentage—some 20–30 percent—of private entrepreneurs already members of the CCP (though most joined the party first and then went into business), the party has proceeded very cautiously. After Jiang's speech in July 2001, the Central Organization Department issued instructions that only 10 experimental areas would be allowed to recruit entrepreneurs, and that work apparently went ahead slowly at best. This year, the number of experimental areas has been expanded (though to what extent has not been reported), but the very ambiguous instructions of the Central Organization Department not to set the bar to admission either too high or too low suggest that there is continuing confusion on how to proceed.¹⁰

In experimenting with inner-party democracy, the CCP has been trying to expand the number of cadres involved in the promotion process and to involve the public to some degree by prescribing a period of “public display” (*gongshi*) during which the public can report misdeeds of the cadre put up for promotion. There is obviously disagreement within the party about how far and how fast to proceed along these lines. As suggested above, the interest of the party center seems to be in strengthening the center's control of lower-level party organizations, both to make them more responsive to central control and to assuage public anger over corruption and the abuse of power. Thus, Li Jingtian, deputy head of the Central Organization Department, recently expressed frustration with the tendency of lower-level party organizations to expand various forms of voting. As he put it:¹¹

For instance, democratic recommendation [*minzhu tuijian*], democratic opinion [*minzhu ciping*], and democratic evaluation [*minzhu pingyi*] are effective ways of expanding democracy and implementing the principle of public recognition [*qunzhong gongren*], but in carrying it out some places have simply chosen people according to votes. Some cadres fear losing votes, so they do not uphold principles and try to please everyone [*dang lao haoren*]. Some cadres are not honest and unscrupulously “pull ballots” [*lapiao*] in disguised ways. To solve such problems, fundamentally speaking, we need to rely on deepening the reform of the cadre system, strengthen the coordinated building of the system, and gradually form a strict structural system.

However, expanding the role of popular voting—and extending it from government positions such as village heads to party positions—is precisely what some people want to do. For instance, a professor at the Central Party School recently described the “three-ballot system” (*sanpiaozhi*) that has been implemented in Baicheng municipality in Jilin Province. In Baicheng, the first vote in the cadre promotion system is a “democratic recommendation ballot” (*minzhu tuijian piao*) in which the “masses” vote. The second vote is called a “democratic evaluation ballot” (*minzhu ciping piao*). A cadre proposed for promotion must secure at least 50 percent of the vote on each of these two votes, or else he or she cannot enter the process of investigation, discussion, solicitation of views, and decision by the party committee. The final vote is by the party committee, either the standing committee or the full committee, and apparently is conducted by secret ballot. Now, according to the article, cadres will abstain from voting if they disapprove of a candidate, whereas before they would not because voting was conducted by a show of hands or a voice vote. This system has been extended from deputy heads of county-level bureaus to full heads and from the number of candidates being equal to the number of available positions to the number of candidates being greater than the number of available positions. Noting that the phenomenon of “pulling votes” is impossible to eliminate and goes on in a variety of disguised ways, the author argues that it is better simply to make this solicitation of votes an open and accepted part of the process.¹²

A professor in the party school in Chengdu, Sichuan Province, apparently rejects such experiments as the one in Baicheng as being too timid. As he put it, “If we cannot muster the determination to fundamentally change the traditional system of ‘appointment as primary and election as supplementary,’ we will simply go around in circles talking about democratic evaluation and democratic recommendation, and it will be difficult to make substantive progress.” He went on to say, “This writer believes that the arena of party construction perhaps is in greater need of liberating thought and innovation than other arenas; otherwise, party construction will lack vitality.”¹³

Whereas some researchers and localities are obviously pushing to increase popular participation even in internal party affairs, others are opposed. For instance, a member of the Organization Department of Shanxi Province takes a very conservative approach in a recent article. The author argues that the reason the Communist Party fell from power in the Soviet Union was that the leaders of the country “diluted the governing

consciousness of the party and gave up the party's leading authority." The reason Mexico's Institutional Revolutionary Party (PRI) lost power after 71 years was because "social liberalism" replaced "revolutionary nationalism." This author sees dangers to the CCP all around. For instance, he writes, "Globalization creates favorable conditions for the Western, developed capitalist countries to carry out 'division' and 'Westernization.'" Similarly, domestic reforms have brought "vitality" to the country, but the pluralization of the country has "brought negative influences on people's thinking and concepts, stimulating liberalism [*ziyou fangren*] and anomie [*fensan wuxu*]." Within the party, the author maintains, the emergence of different political views and lifestyles has caused "the political quality of a considerable portion of party members, including some leading cadres, not to improve, but on the contrary to decline."¹⁴

Implications

The Third Plenary Session of the 16th Central Committee might be seen as marking a tentative first step in an emerging Hu Jintao era. Of course, Hu Jintao has been known since his first weeks in office to show greater concern for the plight of the common people, particularly those in the interior and those laid off in large numbers in the northeast, but it is only with the Third Plenum that we can see a more systematic effort to promote balanced growth backed by an authoritative party document. Hu has been very careful over the past year to depict himself as carrying out the legacy of Jiang Zemin, especially the "three represents," even as Hu has reinterpreted Jiang's policies. This careful reprioritizing of policy has generated visible tension between Hu and Jiang, and Hu's hold on power may not be fully clarified until after the 17th Party Congress in 2007. Nevertheless, Hu has been increasingly putting his own stamp on party policy, and the essence of the three represents is now said to entail "building a party that serves the interests of the public and governs for the people" (*lidang weigong, zhizheng wei min*)¹⁵—the mantra Hu Jintao repeatedly invoked during his July 1, 2003, speech.¹⁶ Hu's ability to secure Central Committee backing for a policy document that differs significantly in emphasis from the 16th Party Congress document only a year ago suggests that Hu has been remarkably successful in shifting the policy agenda after only a year in power.

Hu has obviously proceeded very cautiously on the issue of political reform. If he had intended to address the issue in his July 1 speech, as foreign reports suggested, he dropped the idea. But the *Liaowang* article that discussed the significance of Hu giving a report on behalf of the Politburo to the Central Committee indicates that some limited political reform is on Hu's agenda. What is difficult to judge at this point in time is how the apparently conflicting desires to win popular support and tighten central control over the party can be reconciled. As various articles in the party press indicate, there are sharply conflicting impulses in the party. Experiments at lower levels are obviously continuing and receiving high-level attention, while conservatives evince a more authoritarian trend. How the party responds to these various pressures will shape much of party politics in the coming years.

Notes

- ¹ “Zhongguo gongchandang dishiliujie zhongyang weiyuanhui disanci quanti huiyi gongbao” (Communiqué of the Third Plenary Session of the 16th Central Committee of the Chinese Communist Party), Xinhua News Agency, October 14, 2003, <http://www.people.com.cn/GB/shizheng/1024/2133923.html>.
- ² For a discussion of the 16th Party Congress, see Joseph Fewsmith, “The Sixteenth National Party Congress: The Succession That Didn’t Happen,” *China Quarterly* 173: 1–16.
- ³ “Zhonggong zhongyang guanyu wanshan shehui zhuyi shichang jingji tizhi ruogan wenti de jue ding (quanwen)” (Decision of the Central Committee of the Chinese Communist Party on several issues in perfecting the socialist market economy [complete text]), Xinhua News Agency, October 21, 2003, <http://www.people.com.cn/GB/shizheng/1024/2145119.html>.
- ⁴ Xinhua News Agency, August 11, 2003, trans. FBIS CPP-2003-0811-000119.
- ⁵ Ye Duchu, “On the Topic of the First Agenda of the Third Plenary Session of the 16th CCP Central Committee,” *Liaowang*, 2003, no. 37 (September 15): 6–9, trans. FBIS CPP-2003-0923-000046.
- ⁶ Yu Yunyao, “Jiaqiang dang de zhizheng nengli jianshe” (Reinforce the party’s construction of governing capacity), *Lilun dongtai* (Theoretical trends) 1604 (July 10, 2003): 5–6.
- ⁷ Wang Weiguang, “‘Sange daibiao’ zhongyao sixiang he dang de zhidao sixiang” (The important thinking of the “Three Represents” and the party’s guiding ideology), *Lilun dongtai* (Theoretical trends) 1605 (July 20, 2003): 2.
- ⁸ Wang Changjiang, “Shenhua dui ‘dang de zhizheng nengli jianshe’ de renshi” (Deepen our understanding of “building the party’s governing ability”), *Lilun dongtai* (Theoretical trends) 1605 (July 20, 2003): 18.
- ⁹ Li Junru, “Guanyu xingqi xuexi guanche ‘sange daibiao’ zhongyao sixiang xin gaochao de jige wenti” (Several issues in whipping up a new high tide in the study and implementation of the important thought of the “Three Represents”), *Lilun dongtai* (Theoretical trends) 1610 (September 10, 2003): 27.
- ¹⁰ Li Jingtian, “Zhongguo gongchandang zhangcheng yu jiaqiang he gaijin dang de jianshe” (The party charter of the CCP and strengthening and improving party-building), *Zhonggong zhongyang dangxiao baogaoxuan* (Selected reports at the Central Party School), 2003, no. 7: 16.
- ¹¹ Li Jingtian, “Zhongguo gongchandang zhangcheng,” 22.
- ¹² Gao Xinmin, “Cong ganbu renyong jizhi de gaige kan dangnei minzhu zhidu jianshe de fazhan quxiang” (The developmental trend of inner-party democracy as viewed from the perspective of the cadre appointment mechanism), *Lilun dongtai* (Theoretical trends) 1613 (October 10, 2003).
- ¹³ Liu Yifei, “Bixi yi gaige de jingshen tuijin dang de jianshe” (It is necessary to use the spirit of reform to promote party construction), *Lilun dongtai* (Theoretical trends) 1605 (July 20, 2003): 28–29.
- ¹⁴ Sun Yi, “Qianghua dang de zhizheng yishi, tigao dang de zhizheng nengli” (Strengthen the party’s governing consciousness and raise the party’s governing capacity), *Neibu canyue* (Internal reference), 2003, no. 29 (August 1).
- ¹⁵ Wang Weiguang, “‘Sange daibiao,’” 11.
- ¹⁶ Joseph Fewsmith, “Studying the Three Represents,” *China Leadership Monitor* 8 (fall 2003).