

THE PARTY LEADS ON EVERYTHING

China's changing governance in Xi Jinping's new era

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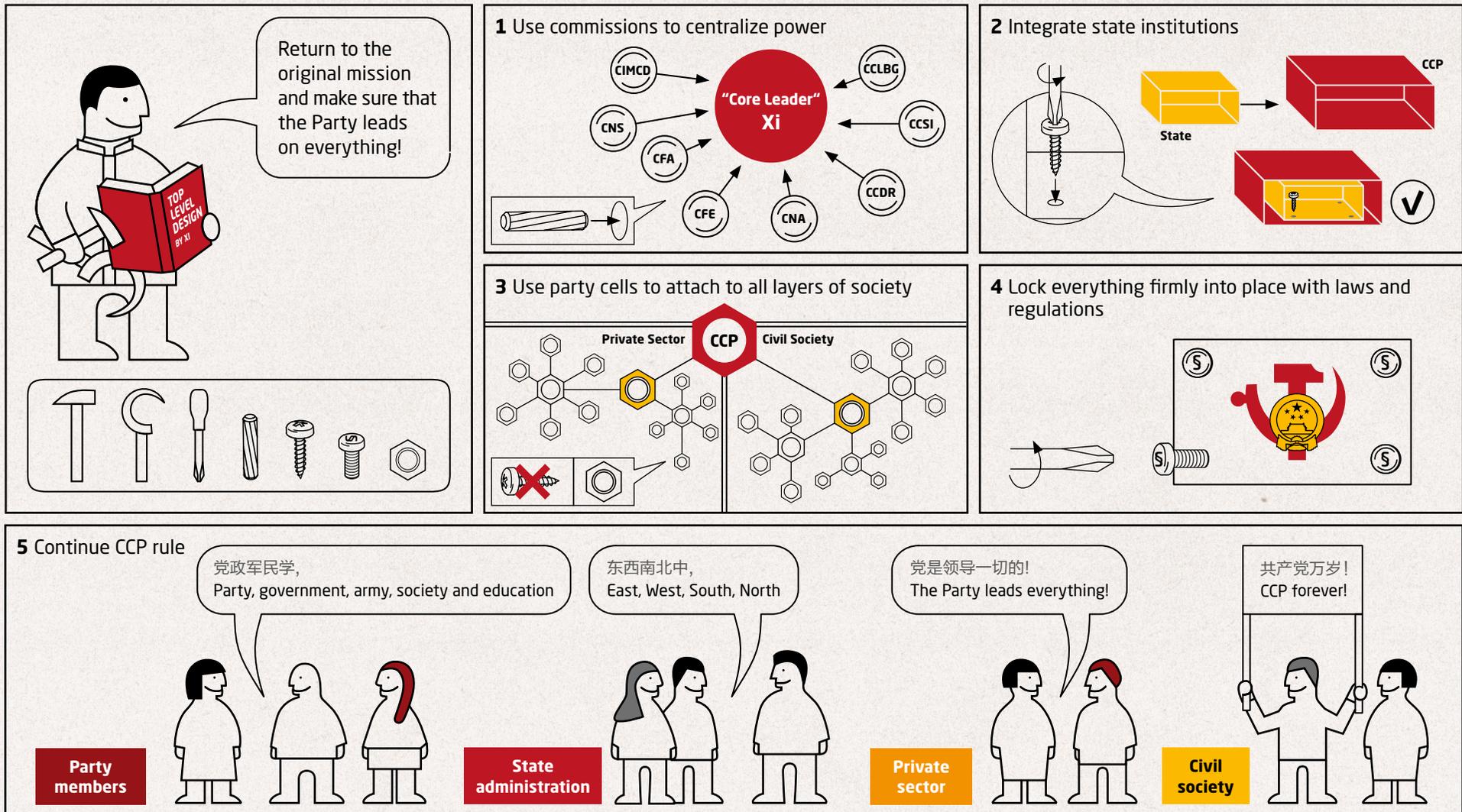
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MAIN FINDINGS AND CONCLUSIONS

- **As the 70th anniversary of the People's Republic of China on October 1st draws near, the Communist Party is reasserting its claim to all-encompassing "virtuous" leadership.** The Xi administration has completed sweeping institutional reforms of the CCP and state apparatus. The reforms have profound implications for all public affairs in China.
- **The full integration of state and party organizations aims to entrench the CCP's monopoly on political power and ideology more deeply than before.** Discussions on institutional separation of party and state (党政分开) belong to the past.
- **Top-down decision making is at the core of the new governance model.** A cluster of powerful central commissions headed by "core leader" Xi and his deputies steer the institutional restructuring of the governance system, issue policy templates on prioritized and strategic issues and combat challenges to CCP rule.
- **CCP rule and ideology are undergoing an unprecedented degree of codification in laws and regulations, with the aim of cementing the party's hold on power.** In 2018, both CCP leadership and mechanisms for tighter political control were enshrined in the Constitution under the banner of "law-based governance".
- **Extending the CCP's social reach is a major policy focus.** Ideological and propaganda work and the mobilization of party members are being intensified to shore up popular support. Campaigns to increase the number and outreach of CCP party cells are making party work and influence an omnipresent force in society at large.
- **The centralization of power risks over-reliance on key players.** It is time-consuming to make sure all cadres and public officials know and toe the party line.
- **It remains questionable whether the Xi administration's new system will be more effective than previous ones.** Officials have incentives to implement even inappropriate policy from the center as they risk their careers by not doing so. A societal backlash remains possible if the governance system and government programs do not deliver outcomes that satisfy the population's needs.

How to build the party-state

Top-level design is at the core of Xi Jinping's governance model



1. State-party integration drives the new governance system

China's leadership under President Xi Jinping is ramping up efforts to deliver on its promises of a "rich and powerful" China, mindful of two major, legitimating anniversaries looming – the 70th anniversary of the People's Republic (PRC) in October 2019 and the CCP's own centenary in 2021. The Xi administration is anxious to maintain political stability and the CCP's capacity to govern China; both are presented as necessities to achieve national material and social goals. It views the integration of state administration and CCP organization as the precondition of a more efficient governance system. To this end the leadership launched a massive structural reform program in 2018, which Xi has declared largely completed.¹

Although Xi's reforms utilize the CCP's ideological framework and its institutions, they also represent a distinctive vision for China. Mao Zedong's one-man rule channeled all political life through the revolutionary party; the administration and state apparatus were cut to a bare minimum. After Deng Xiaoping took the helm, the CCP took a more backseat role, facilitating the development of a technocratic administration alongside market opening and new social groups.

Now Xi is returning the party to the fore by rebuilding a centralized, hierarchical system around himself as core leader. This time, however, the party is to be disciplined rather than revolutionary. Instead of dismantling the state apparatus, Xi's goal is to make it more efficient and to make it serve the party's agenda. Xi wants both a monolithic CCP, and a clean, professional and effective administration.

The CCP under Xi believes a unified governance system under tighter party leadership and ideological guidance is the optimal set-up to deliver on policies to satisfy the population's needs.² Their rapid reforms re-set political developments in a different direction and are more wide-reaching than seen under Xi's immediate predecessors. Under Hu Jintao, the CCP operated a multi-centered power structure at Politburo level, which enabled the formation of cliques, stifling cross-departmental policymaking. In economic policy, the Hu/Wen years saw unprecedented growth under relatively autonomous local governments rewarded for performance, and a wider opening up of the economy. This more output-oriented approach came at the expense of loss of central control.

The downsides of local governments with increased autonomy driving economic growth and societal opening – in general much praised outside China – were further environmental degradation, poor ethical checks on corrupt officials and looser political control by the CCP. This framework is credited with fomenting a large

number of local protests and the development of a more organized and proactive civil society, seen as potentially threatening to sustained CCP leadership. Absent a strong and undivided central leadership, so the Xi administration believes, the flip-side of unchecked economic growth and local autonomy was the development of strong interest groups and rampant corruption, leading to inefficient governance, poorly coordinated policy, and the lack of important reforms to the legal code.³

Xi's political program is designed to respond to increasingly complex domestic and international challenges, not least by correcting trends identified as detrimental to the CCP's long-term power and legitimacy. Xi's appraisal of the most pressing dangers to CCP legitimacy are plain in his anti-corruption drive, the elevation of environmental issues to greater prominence, and lately, the shift away from chasing "blood tainted GDP" towards a more equitable society.⁴ This course correction draws on the CCP's ideological legacy and organizational roots, as displayed in propaganda campaigns ahead of 1st October.

Intra-party democracy, which his predecessor Hu Jintao had called "the life of the Party",⁵ is sidelined by the focus on hierarchical steering and Xi Jinping thought.⁶ The bulky term "Xi Jinping Thought on Socialism with Chinese Characteristics in a New Era" now describes his project to ensure the CCP is capable of giving firm yet nimble direction to the government, thereby building its capacity for long-term rule. Central to this proposition is a vision of the CCP leadership and administrative state bureaucracy fused into one integrated system governing China's polity, economy, and society. It is as much about CCP adaptability and hegemony as it is a drive to modernize the state administration.

State-party integration is central to the CCP's "new era". The desired outcome is an efficient administration guided and kept in line by top-level steering and supervision, delivering better services and preempting opposition to CCP rule. Xi's institutional reforms since 2013 have brought a step-change in the consolidation of CCP rule by transforming its role in government at home and abroad. Xi's "new era" is characterized by centralized top-down governance and by more outward-looking strategies.

Ideologically, Xi's administration has broken with Deng's deliberately cautious maxim of "crossing the river by feeling for stones" (摸着石头过河) in domestic reforms. China's longstanding embrace of pragmatic gradualism has been replaced with a more confident tone and much more ambitious targets such as those expressed in the industrial innovation strategy "Made in China 2025". A similar ideological shift can be seen in international relations, where Deng's low-profile principle of "biding time and hiding strengths" (韬光养晦) has given way to bolder assertions of the need to protect and project China's interests.⁷

Xi wants both a monolithic CCP, and a clean, professional and effective administration

The decisions of the Third Plenum of the 19th Central Committee in March 2018 revealed the massive scale of changes to the structure and underlying logic of China’s governance system. One year later, on July 5, 2019, Xi chaired a conference to take stock of progress in state-party integration structural reforms. He described institutional restructuring as complete but emphasized that striving for greater efficiency and higher performance would be a “never ending task”.⁹ The consolidation of CCP leadership throughout China’s administrative institutions would deliver modernized governance, he said.

2. Top-level design gives direction to the lower levels

The crucial centerpiece of efforts to streamline the party-state governance apparatus and processes is the concept of top-level design (顶层设计), a term borrowed from systems engineering. In the Chinese political context, it stands for standardized blueprints to solve issues within an entire system by defining that system’s structure and processes. It marks a departure from fragmented policy making. Furthermore, it is intended to ensure unified implementation of central government-level policy so the core leadership’s policy programs can guide priorities throughout the entire system. Political reform needs to move top-down, so decisions serving as standardized top-level designs create prescriptive policy frameworks for all party cadres and state officials.

2.1 STEERING CAPACITY GROWS WITH THE CONCENTRATION OF POLITICAL POWER

The CCP core leadership has increased its capacity to steer policy at all levels by recentralizing and concentrating power. The shift is visible in the increased number of key central policy committees chaired by Xi and other Politburo Standing Committee members. Eight CCP commissions have been put in charge of crucial decision-making steps in all major policy fields (see exhibit 1). They form a “core executive” that defines strategic and general policy programs for implementation at all levels. Xi has effectively created a system in which fewer leaders and organizations are shaping more of the political process.

The “core executive”
Commissions chaired by Xi Jinping



Chinese	English	Start date	Chair	Deputy Chair(s)	Head of Office	Comments
中央财经	Finance & Economy	1980	Xi Jinping	Li Keqiang	Liu He	Upgrade to a commission after 19 th Party Congress
中央外事工作	Foreign Affairs	1981	Xi Jinping	Li Keqiang	Yang Jiechi	Upgrade to a commission after 19 th Party Congress
中央全面深化改革	Comprehensively Deepening Reform	2013	Xi Jinping	Li Keqiang, Wang Huning, Han Zheng	Wang Huning	Upgrade to a commission after 19 th Party Congress
中央国家安全	National Security	2013	Xi Jinping	Li Keqiang, Li Zhanshu	Ding Xuexiang*	Founded as commission
中央网络安全和信息化	Cybersecurity & Informatization	2014	Xi Jinping	Li Keqiang, Wang Huning	Zhuang Rongwen	Upgrade to a commission after 19 th Party Congress
中央全面依法治国	Commission for Comprehensive Law-based Governance	2017	Xi Jinping	Li Keqiang, Wang Huning, Li Zhanshu	Guo Shengkun	Upgrade to a commission after 19 th Party Congress
中央军民融合发展	Integrated Military and Civil Development	2017	Xi Jinping	Wang Huning, Han Zheng	Han Zheng*	Founded as commission
中央审计	National Audit	2018*	Xi Jinping	Li Keqiang, Zhao Leji	Hu Zejun	Founded as commission

* to be confirmed

Sources: Party-state media reports

Today, the most important organization for strategic policymaking is the Central Commission for Comprehensively Deepening Reform (CCCCR). Established as a “leading small group” in late 2013, its original task was to coordinate the implementation of the political program outlined during the Third Plenum of the 18th Central Committee.⁹ It has since evolved into a permanent organization to oversee Xi’s priority policy projects, including party building and the completion of the PRC’s so-called first centennial goal, to “build a moderately prosperous society in all respects” by 2021.¹⁰

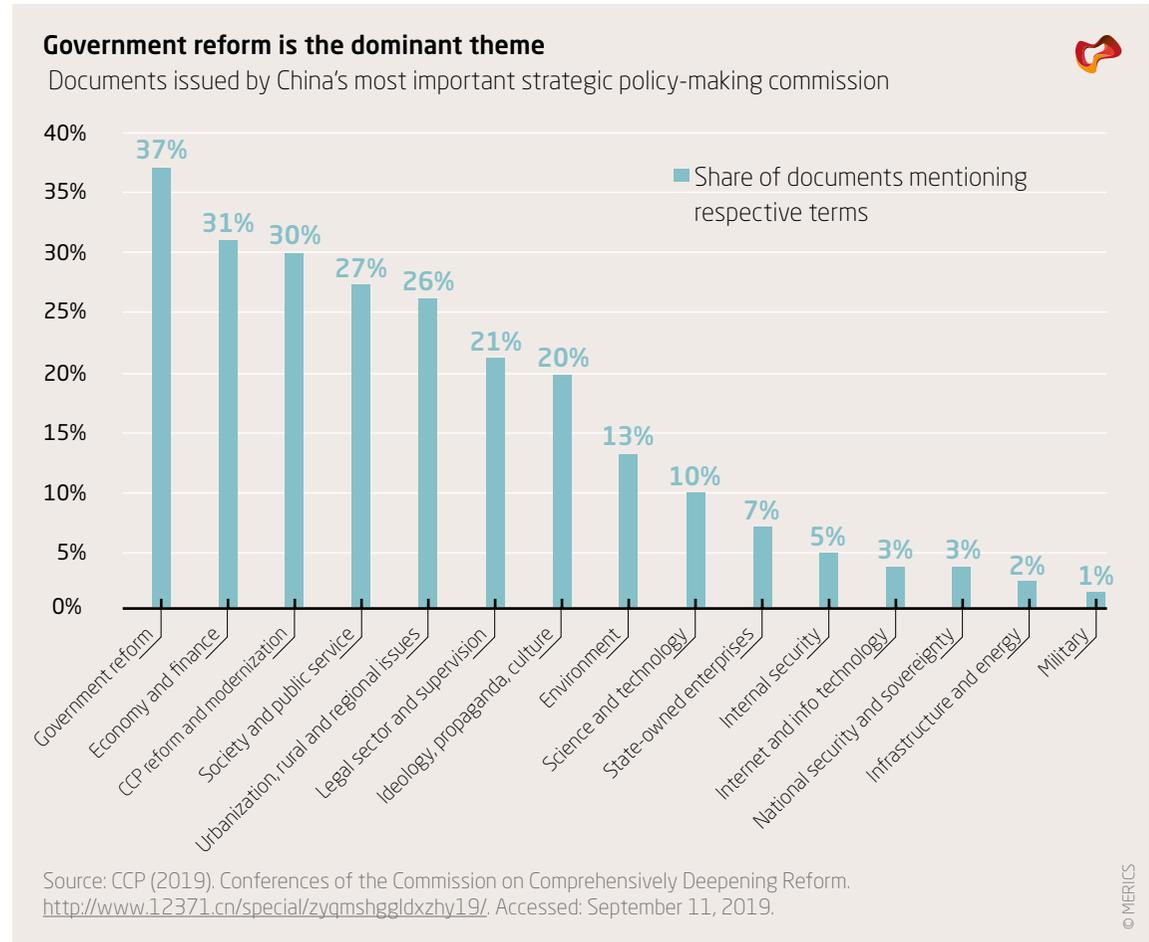
The CCCC handles a wide range of issues, dealing with matters of strategic relevance rather with a particular level or type of project:

- very specific policies, e.g. the ban on foreign garbage imports arriving mostly from developed nations
- big local projects such as the classification of Hainan as a free trade zone
- guiding opinions, for instance on the social security system.

The commission’s importance to Xi is visible in his active chairmanship, with meetings held roughly every six weeks. The CCCC has reviewed and passed more than 400 policy documents, mostly dealing with structural reforms, and political priority issues (see exhibit 2). They were predominantly policies for reform of the CCP, state administration and social governance, or macro-economic and financial issues (e.g. fiscal and economic planning, financial system reform).

Documents adopted by the CCCC have a strategic and agenda-setting role. They are typically either “opinions” (意见) or “plans” (方案), types of policy documents that delineate general targets and set the official line for policy making and implementation across specialized departments and local governments.

However, the efficiency of a powerful executive organ such as the CCCC comes with a caveat. Chinese scholars have pointed out, that the top-steered governance system, concentrated in leading small groups and commissions, risks crowding decision-making at the top, creating new bottlenecks that lead to sluggish decision-making at lower levels.¹¹ Already, feeling the limits of increased central steering, some local officials are asking for more leeway in legislating at sub-national levels.



2.2 CCP SWALLOWS GOVERNMENT BODIES TO STREAMLINE THE PUBLIC SECTOR

The institutional reforms initiated at the 2017 Party Congress and unveiled six months later at the 19th National People’s Congress (NPC) in March 2018, were extraordinary in their scope, and impact on procedural matters.¹² Technically, they took place within a conventional framework as part of the usual five-yearly

reorganization of State Council organs at the start of the NPC. However, the 2018 changes were not routine; they streamlined institutions and tightened CCP control of personnel decisions throughout government.

According to official media, the reforms reassigned or abolished the responsibilities of 1.8 million posts in 31 organizations within ministries and their satellite bodies. State media reported that Xi involved himself personally in the passing of 190 policy documents on structural reforms. This serves to underscore his priorities as a leader determined to override bureaucratic resistance.¹³

Most important was the decisive change in the relationship between CCP organs and government bodies. The institutional integration of state and party is visible across the board. Organizations with similar tasks were merged to streamline the bureaucracy and eliminate widespread duplication. All mergers led to absorption by the CCP apparatus, integrating the affected state administrations under party authorities (see exhibit 3).

Crucially, offices dealing with human resources and organizational resource allocation – for instance, the Civil Service Department – were absorbed by CCP organs. The National Academy of Governance, the main training and research institution for middle and lower levels officials was institutionally relocated under the Central Party School, which trains leading cadres. The same logic was applied to media oversight and information management administrations, and management of social groups and minorities.

Three state agencies – one ministry and two bureaus dealing largely with corruption – were fused together into the NSC. At the same time, the constitutionally mandated NSC was institutionally co-joined with the CCP’s top disciplinary body, the Central Commission for Discipline Inspection (CCDI), creating a party-state superagency.¹⁴

Under CCDI leadership, the joint agency now exercises supervisory control over all party cadres and public personnel.¹⁵ The NSC’s functions include:

- investigating corruption and abuse of power,
- checking on the implementation of central directives and strategic policy
- checking on the “correct” political and ideological orientation of all party and public actors.

In 2018, it sanctioned 135,000 officials, as well as half a million party members.¹⁶

The integration of party and state is visible across the board

Mergers of central state organizations under the CCP



State Council		Chinese Communist Party (CCP)
Ministry of Supervision (监察部)	→	Absorbed by National Supervision Commission (国家监察委员会)
Bureau of Corruption Prevention (国家预防腐败局)	→	Absorbed by National Supervision Commission (国家监察委员会)
State Office for Public Sector Reform (中央机构编制委员会)	→	Reorganized under the CCP Organization Department (中共中央组织部)
Civil Servant Department (国家公务员局)	→	Reorganized under the CCP Organization Department (中共中央组织部)
National Academy of Governance (国家行政学院)	→	Merged with the Central Party School (中央党校)
State Administration Of Press, Publication, Radio, Film and Television (国家新闻出版广电总局)	→	Absorbed by the CCP Publicity Department (中共中央宣传部)
State Ethnic Affairs Commission (国家民族事务委员会)	→	Leadership transferred to CCP United Front Department (中共中央统一战线工作部)
State Administration for Religious Affairs (国家宗教事务局)	→	Reorganized under CCP United Front Department (中共中央统一战线工作部)
SC Overseas Chinese Affairs Office (国务院侨务办公室)	→	Reorganized under CCP United Front Department (中共中央统一战线工作部)

Source: CPC (2018). 中共中央关于深化党和国家机构改革的决定 (CPC Central Committee Decisions on Deepening Party and State Institutional Reform). http://www.gov.cn/zhengce/2018-03/04/content_5270704.htm. Accessed: September 11, 2019.

The 2018 reform documents are clear about the symbiotic relationship between “party rule” and “state administration”: they state that “the party leads on everything.” Discussions on institutional separation of party and state (党政分开) belong to the past; by contrast, today’s maxim says the opposite. It celebrates the CCP steering all political processes.

The party must therefore establish system-wide capabilities and mechanisms to exercise leadership over all important matters. Placing all responsibilities that are strategic and political in nature under party offices is central to Xi’s reform package. The combination of state-party integration and top-level design stitches the CCP’s leadership functions into the entire administration.

Public office in Xi’s new era combines administrative responsibilities and political duties towards the party under the “one post two responsibilities” (一岗双责) system.¹⁷ The entire public sector – which includes unions, social organizations, and universities – requires CCP leadership and active support of party work from its leading personnel.

To sum up, the Xi administration’s 2018 reforms and political-ideological program herald a strategic shift of administrative oversight and decision-making powers towards the CCP apparatus. It has been achieved by merging leadership positions in all public offices under CCP personnel, and by codifying state-party integration within China’s constitution, legislation, and procedural regulations.

3. “Law-based governance” cements CCP rule

Law-based governance (依法治国) is now a key term in China’s political discourse, where it is seen as an important source of legitimacy, along with more efficient governance. It is worth remembering that the Ministry of Justice and modern legal system emerged relatively recently, in 1979, as Deng era innovations, rather than at the founding of the PRC. The Xi administration has taken steps to intensify the structural bias that ensures the legal system and political-legal organs functions as support for the CCP.

Changing China’s constitution in 2018 was a key step. The amended Article 1 enshrined the leadership of the CCP as the defining feature of socialism with Chinese characteristics. In doing so, it set the “constitutional foundation” for the re-integration of state and party and required all actors to support party leadership and implement the key policies set out by the CCP.¹⁸

Further changes have operated at both the legal and normative levels. In January 2019, the CCP Central Committee passed the Political-Legal Work Directive, which stipulates the “absolute leadership of the CCP” over all political-legal affairs. This stipulation covers not just legislation, but all the work of the judiciary, law-enforcement and security organs. The directive states that all political-legal work is now directly supervised by the party center and General Secretary Xi, and declares safeguarding “political security” a major task. It makes explicit the stabilizing role that law-based governance occupies in upholding the political system.¹⁹ This is also reflected in fresh laws and regulations restricting the scope of public debate and civil society engagement, especially the national and cybersecurity-related laws that helped to institutionalize a more repressive governance regime.

The establishment of law-based governance (依法治国) encompasses not only all judicial and executive institutions but also the party’s internal discipline supervision structures. A stricter disciplinary regime helps ensure that every cadre and public official acts within the confines of laws and regulations and contributes to top-level plans. But law-based governance does not mean the subjugation of the CCP to the law. Rather, it writes party leadership and norms into the law, and thus institutionalizes the party line within China’s overall legal regime.²⁰ Legal and regulatory reforms serve to make changes in the governance system permanent and cement CCP leadership.

Placing all responsibilities that are strategic and political in nature under party offices is central to Xi’s reform package

3.1 STEERING LAW-BASED GOVERNANCE FROM THE TOP

Establishing law-based governance is a major strategic policy goal that requires its own organization within the CCP's revamped core executive. This is the Commission for Comprehensive Law-based Governance (CCLBG). It is tasked with macro-level steering of law-based governance, embracing both the legislative agenda and practical reforms that ensure law-compliant public administration.

The CCLBG outranks the party's pre-existing Central Political-Legal Affairs Commission (CPLAC), which remains in charge of supervising the day-to-day work of the judiciary, law-enforcement and security organs.

The CCLBG's first meeting set out the official legislative agenda which was then adopted by the NPC, demonstrating how the party has taken firm hold of steering changes to China's legal and regulatory framework.

In late May 2019, the commission published a reform blueprint for law-based governance and a list of performance indicators to monitor its implementation, aimed at local governments in particular.²¹ The CCLBG addresses issues that have attracted public criticism and which the Xi administration has pledged to tackle: examples include improving public service provision, environmental protection and scientific assessment of and public participation in important local policy or infrastructure decisions.²² It also targets issues of legal uncertainty, ineffective enforcement of laws, abuse of power, rent-seeking and inadequate public services.

The CCP also views administrative reforms as an important part of establishing law-based governance.²³ Since 2013, the central government has implemented a set of reforms to delegate power, streamline administration and optimize public services, which also entails publicizing so-called "power lists" (权力清单), that map out administrative competencies, procedures and fees so citizens and enterprises know their rights and what requirements to fulfill. In the judicial sector, solutions encompass reforms of court financing; the use of digital technologies to increase the consistency and transparency of adjudication; strengthening the normative coherence of laws and regulations; and broader official channels for citizens to challenge state authorities and their decisions.²⁴ The goal is that increased transparency should make judicial and government actions more predictable, minimizing the room for corruption and abuse of power.²⁵

Moreover, the CLBG has set out to solve long-running challenges in policy implementation and enforcement of laws and regulations. Its latest documents call for the speedy establishment of a nationwide monitoring system and increased sanctions, with the social credit system at its core.²⁶

Xi has pushed forward the establishment of the social credit system as an important component of the new governance model. The rating system, which tracks compliance with laws and regulations, applies to citizens, public institutions, enterprises and social organizations. It documents violations and triggers sanctions whose cross-departmental reach maximizes their impact on offenders. The social credit system is seen as having a key role in law enforcement, making it a supporting pillar for the judicial system.²⁷ It adds another layer of control for public institutions by tightening the disciplinary net throughout the political system, business, and society.

3.2 "RULING THE CCP BY LAW" MEANS STRICTER STANDARDS FOR CADRES

Ruling the country "by law," requires changes to party governance too, so that CCP members operate under clear rules and regulations. The CCP leadership has therefore made the codification of party rules an important objective, replacing an internal culture of vague rules with more predictable and transparent procedures. "Ruling the CCP by law" has become a new ideological maxim.

In February 2018, a five-year program of revision to internal party regulations was approved to coordinate this effort through a systematic regulatory framework.²⁸ It has produced numerous organizational and disciplinary regulations to curb the behavior of party members, especially the rampant corruption at local levels. It has also made party representation and ideology in all aspects of society mandatory, laying foundations for expansion into all sections of society. Comprehensive new rules deal with the establishment of party cells, cadre evaluation standards, disciplinary sanctions, ideological training and work regulations for party institutions.

CCP rules ensure that all levels of cadres adhere to top-level design. For instance, "Regulations on Seeking Instructions and Reporting on Important Matters" list a wide range of issues where decision-making power rests with the party's central authorities so officials must seek instructions higher up. Reporting requirements also empower the CCP leadership to check the contributions of lower level actors.²⁹

Xi has pushed forward the establishment of the social credit system as an important component of the new governance model

4. The CCP wants to lead “on everything” as it reaches deeper into society

The CCP has promoted calls for a symbolic return to the roots of the party and nation. Ideology and propaganda play an ever-greater role in strengthening the CCP’s legitimacy and shoring up societal support as social tensions fueled by rising inequality and environmental pollution have dampened support for the CCP in recent years.

Relying on its well-established strengths of ideology and organization, Xi is relentlessly pushing the CCP’s message and its organizational reach deeper into society and beyond the formal administrative apparatus. To this end, a canon of “Xi Jinping Thought for Socialism in a New Era” has been designed to guide party work and mobilization, and to act as a moral and ethical framework for society at large.

In late 2018, a leading small group headed by Politburo Standing Committee member Wang Huning kicked off the “Stay true to the founding mission” education campaign (不忘初心、牢记使命” 主题教育). The group is charged with educating CCP cadres at all levels in line with canonical Xi Jinping thought, and synchronizing party work from the top level down to community level.³⁰ The stated goal is to recharge the CCP’s ideological awareness, reinstate its moral status and legitimacy as ruling party, and deepen its social reach via the CCP’s vast organizational network.

Party-state media presents the CCP as an organization of sound moral virtue, and professional capabilities. Arguably, the original claim to all-encompassing normative leadership and its position as sole representative of societal interests was – at least partially – set aside in the first decades of reform and opening. Under Xi, the narrative has been revived, casting the CCP as the only valid agent of a bright future and a just society. Gradually, the CCP is reasserting its influence over all spheres of society. This aspiration is embodied in the line “Party, government, army, society and education – east and west, south and north, the party leads on everything” (党政军民学，东西南北中，党是领导一切的), that was written into the 2017 CCP Constitution.³¹

4.1 “SOCIALIST CORE VALUES” PROMOTE A COMMON MORAL FRAMEWORK

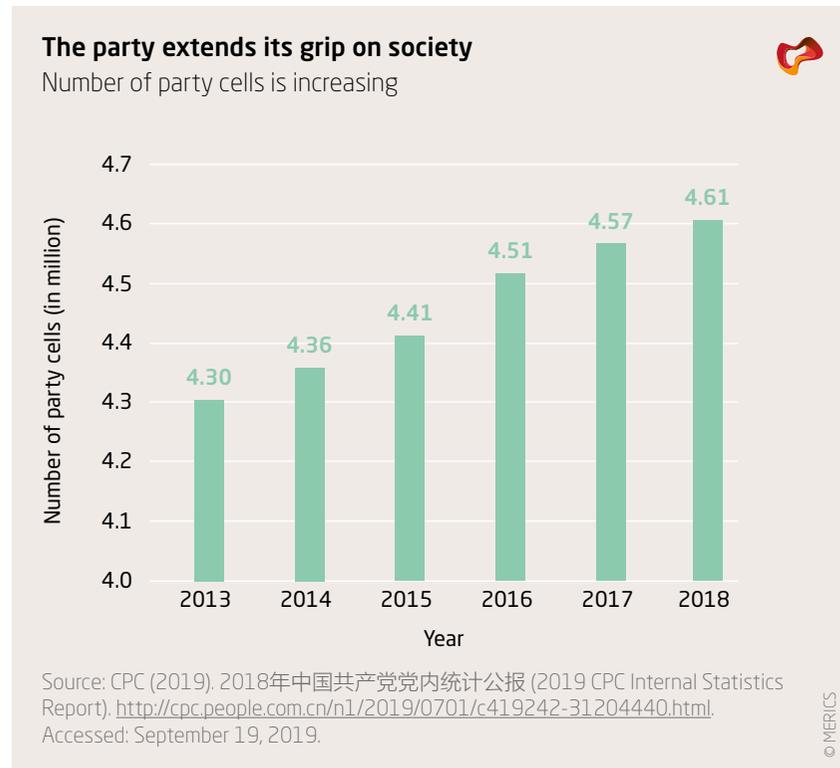
To counteract the moral vacuum blamed for causing social woes, the CCP has promulgated a formalized common moral framework, plus an ideological canon promoting CCP values and programs as the best, and only acceptable, route to social development and stability. During the decade of President Hu Jintao and Premier Wen Jiabao (2003–2013), the split between party ideology and general popular culture became visible. “Harmonious Society” (和谐社会), a concept the CCP promoted in the mid-2000s, tried to address tensions fueled by inequality and unsustainable development. Under Xi, the CCP has surfaced 12 “Socialist Core Values” (first introduced in 2012 and continuously promoted since), as a framework to preempt criticism of the CCP’s social hegemony.³² By defining common values and promoting broad identification with them through propaganda, the CCP is staging a linguistic and ideological return to proclaiming the “congruence of interests” of the party, state and the people. Unsurprisingly, this is coupled with calls to unite behind the party. This “pan-moralist aspiration”³³ is a pushback against criticism of the CCP – both internal party and societal criticism – as an actor with its own distinct interests that had crept into the more pluralistic debates of recent years.³⁴

The 12 socialist core values are defined and their application laid out in party documents and regulations, underscoring again the importance of codification as a way to consolidate party leadership. More importantly, lawmakers and courts are required to align the formulation of laws and regulations and their application in jurisprudence with the ideological concepts and the party governance objectives within the 12 core values. The Supreme People’s Court has published guiding cases to steer lower-level courts towards the correct considerations in adjudication. Clearly, the 12 values have a close connection with law-based governance.³⁵ As a means to ideologically align society in general, the 12 socialist core values are also a legitimizing tool for private enterprises in political trouble.

Xi is relentlessly pushing the CCP’s message and its organizational reach deeper into society

4.2 PARTY MEMBERS ARE MOBILIZED AS MULTIPLIERS

The CCP’s 90 million members, organized nationwide in more than four million party cells, remain its most important resource for reaching out to society. All formally recognized organizations, including private companies, with more than three CCP members are required to form party cells (called party committees, general branches or branches depending on their size).



Under Xi, deepening the party's organizational reach and messaging within the private sector and civil society has become an important goal. To this end, new regulations in November 2018,³⁶ reiterated the requirement to establish party cells in all organizations. If there are less than three CCP members in an enterprise or social organization, they must link up with established CCP branches within the same field. Such groups should function as transmission belts to align general development with policy goals and ensure compliance with laws and regulations.

China now has around 4.6 million party cells embedded in party and state organs, private firms, associations, and social enterprises (see exhibit 4). Their level of activity and influence is extremely varied, depending upon size, location, and their host organization's political relevance. Overall, they demonstrate that CCP organization has deep social penetration, which suggests the plausibility of its new ambition to steer the whole of Chinese society. According to Xinhua news agency, at the end of 2017, some 61 percent of all social organizations, 73 percent of non-state-owned enterprises, and 95 percent of public institutions had established party cells.

The intention is to ensure "congruence of interests" (i.e. the subordination of diverging interests to the party line) and fight any critical views of the party's leadership. Central CCP programs serve as guides and reference points for the political-ideological work officially mandated in the bureaucracy, which is also being increasingly pushed in civil society and private business. While the actual effect in non-public organizations most likely varies, the current campaign doubtless aims to extend CCP influence over civil society and private actors, ending the significant autonomy of the Hu and Wen era.

The CCP has increased its efforts to strengthen ideological education and awareness, both among officials and the general public. Party members are being scrutinized to a degree unprecedented since Mao's time. Candidates for membership are subject to tough requirements, and ongoing evaluation of their performance as cadres. In addition, their ideological state (意识形态) and ethical conduct (作风) are scrutinized, even off duty. Cadres must attend regular monitored study sessions, and use study progress tracking apps such as *Xuexi Qiangguo* (学习强国), which includes Xi's speeches and theoretical comments in games and scored tests.

Information control in the form of centrally coordinated and uniformly designed training for cadres and officials, and broad, omnipresent propaganda campaigns, has become the hallmark of Xi's China.

5. “New era” governance spotlights CCP leadership

Governance in Xi’s “new era” means the CCP leadership closely guides policy making and the party ensures discipline and directs ideology. While this may seem like nothing new, there has been a step change: the CCP both dominates the political agenda, as in the past, and now also runs daily politics around policy implementation and supervision. This change has made the role of support agency to the party leadership played by the State Council organs, the NPC and the judicial system even more pronounced. The new set-up allows the CCP to take ownership of initiatives that benefit the people. However, the CCP is also more exposed to critique and societal backlash when initiatives fail. And despite tight control not all critique, including internal, can be silenced.

CCP-led governance is meant for the long term

Enshrining the CCP’s leadership role in the PRC’s constitution showed that the changes were intended to be permanent. Xi’s ambition is to ensure the continuity and modernization of the party state through a stronger, disciplined, and more efficient CCP-led governance model. He has not met any open resistance among the political elite to his ambition to advance the integrated party state as a durably unified governance model. If the new set-up fails to deliver on the envisioned political goals, minor corrections – such as opening new avenues for policy feedback – could be implemented without demanding a structural overhaul of the system.

Foreign organizations are increasingly exposed to the official CCP script

State-party integration first and foremost follows an internal party logic and addresses a domestic agenda. Nonetheless, with party cells gaining greater power than in the past, foreign organizations in China will have to be more mindful of the official CCP script, especially in their co-operation with Chinese counterparts. They are likely to find themselves compelled to follow it, amplifying the need to consider and manage commercial or reputational risk. With the rollout of the Social Credit System, which includes foreign entities in China, ideologically motivated CCP governance and regulation has become something every person and business in China needs to be acutely aware of.

Centralization risks over-reliance on key players

Top-level centralization of authority risks creating inertia in the system, for several reasons:

- It is time-consuming to monitor the growing number of performance indicators, enforce stricter supervision and reporting, and make sure all cadres and public officials know and toe the party line.
- The high value placed on compliance means officials have incentives to implement “bad” policy when it comes from the center as they risk their careers by not doing so.

It is therefore questionable whether the Xi administration’s new system will be any more effective than the previous one in key respects: first, it may not achieve the desired course-correction towards more efficient governance; second, it may prove insufficient to secure the wider strategic goal of securing the CCP’s long-term monopoly on political power and ideology.

A societal backlash remains possible if the governance system and government programs do not deliver outcomes that satisfy the population’s needs. Given the intense centralization of power, the new system created a “key person risk”. Oversight runs top-down in the supervision system, CCDI and the new NSC. The answer to the question “Who watches the watchdog?” always is “The next level up.” As one moves up the ladder, the “next level up” becomes an ever-smaller group of organizations and people. Ultimate supervisory power is vested in the small elite at the central level, and Xi himself.

A societal backlash remains possible if the governance system and government programs do not deliver outcomes that satisfy the population’s needs

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