



100th Anniversary of the Chinese Communist Party: The Xi Jinping administration in history

General Secretary Xi Jinping has been concentrating power on his own person. However, the policy is deeply engraved with decades of efforts for reform and opening up as well as “intra-party democracy.” Using Xi’s speech at the commemorative ceremony of the 100th anniversary of the founding of the Chinese Communist Party, we decipher its historical continuity and transformation.

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—On July 1, 2021, the Chinese Communist Party (CCP) held a grand ceremony celebrating the 100th anniversary of the founding of the Communist Party at Tiananmen Square in Beijing. From a historical point of view, how do you see the current government of the Xi Jinping administration?

Miyamoto Yuji: To discuss the governance of the Xi Jinping administration, you need to understand the background of his appointment. Hu Jintao, his predecessor, inherited the reform and opening up policy and achieved groundbreaking economic success. Meanwhile, on the political side, the loosening of the corruption and discipline of the Chinese Communist Party (CCP), which began to appear already during the preceding Jiang Zemin era, became apparent, and by the end of the administration, CCP governance had become lax. Various contradictions erupted, and popular dissatisfaction increased.

Xi Jinping, who took over this situation, called on CCP members and the people to “continue to work together for the future,” under slogans like the “Chinese Dream” and the “great rejuvenation of the Chinese nation.” He tried to eliminate corruption and restore CCP discipline. As such, my understanding is that “anti-corruption” to Xi Jinping does not reject the defeating of political opponents, but it is a movement to rebuild the loosened party system, and it was as part of this process that governance like that under Mao Zedong was reproduced.

Kawashima Shin: We need to focus on both continuity and change from the Hu Jintao administration to the Xi Jinping administration. Both administrations had a major policy of continuing CCP governance, but their approaches were different. While Hu Jintao was actively trying to pick up the challenges present in Chinese society, Xi Jinping is eager to use big data and throw a control net on the base level of society to quickly grasp and deal with issues. There are also differences in tools when it comes to the utilization of digital technologies, but this can still be said to be a change in thought. It's not that Hu Jintao didn't do anything about anti-corruption, disparities, or developing the legal system. However, entering the Xi era, the government has developed a series of laws, including the People's Armed Police and China's Coast Guard Law. There are also contexts of anti-corruption and wanting to strengthen discipline within the CCP, so a variety of rules were created. Also the Central Political and Legal Affairs Commission that was downgraded in a way when Zhou Yongkang was criticized had its powers redefined with the formulation of new rules. Generally, it can be said that institutionalization and rule management have come to be more thoroughly implemented in the Xi Jinping administration era.

—General Secretary Xi Jinping gave a speech at the commemorative ceremony (“July 1st speech”). How did you view it?

Kawashima: My impression is that most of it was phrases we've heard before, with few new elements. Rather, I think he wanted to say that the basic policy will not change, regardless of the US-China conflict or COVID-19. With regard to diplomacy, he didn't mention “new type of major country relations” because the relationship with the United States is not clear, but he did talk about “new international relationships” with a focus on the United Nations. However, the audience was excited to hear him advocate that they wouldn't follow the western international order or succumb to foreign pressures. The media also made a point of presenting that kind of sense of unity and solidarity.

What I focused on in this speech was Xi's narrative for history. The Xi Jinping administration's history policy especially emphasizes the “Four Histories”: the histories of the CCP, the People's Republic of China, socialism, and reform and opening up. This marks a shift in historical thought, where party history has come to take precedence over traditional national history. With this speech, he used “narratives” for history in line with these four histories to his heart's content. Characteristic was his treatment of “reform and opening up.” In party history, this era was framed as an “era of deepening socialism” rather than one of economic development. It is interesting that Xi's speech specified the narrative for history of the future. In recent years, the CCP has enhanced ideological education on the “Four Histories,” which will become a compulsory subject in university education from April 2022.

After that, he talked about the Xi Jinping administration's track record for realizing a “moderately prosperous society in all respects,” but it was rather low key if anything. It felt like that this was all that could be mustered during the COVID-19 pandemic.

Okazaki Kumiko: That “moderate prosperity” (*xiaokang*) is not a particularly new concept. At the 12th National Congress of the Chinese Communist Party (NCCCCP) in 1982, the CCP adopted a policy of gradually developing “adequate food and clothing” (*wenbao*), “moderate prosperity” (slightly relaxed situation), and “prosperity” (*fuyu*). Entering the 21st century, the CCP declared that the

Chinese economy had reached “moderate prosperity,” but the problem of widening disparities was getting serious, for example between the rich metropolises and left-behind rural areas. So at the 16th National Congress in 2002, they set the goal of “building a moderately prosperous society in all respects” by 20 years or so later around the 100th anniversary of the party’s founding. They also set several numerical targets, which were largely seen as having been achieved as of 2020. As such, the way he talked about economic performance in the “July 1st speech” was roughly as expected.

The high hurdle of becoming chairman of the CCP

—China is entering the CCP’s personnel change season ahead of the 2022 National Congress.

Miyamoto: One of the CCP’s organizational principles is “democratic centralism.” It’s a mechanism where things decided through democratic processes are implemented by the top with concentrated authority, but each administration has its own characteristic balance. Whereas the Hu Jintao administration focused on the “democracy” aspect, the Xi Jinping administration is inclined to the “centralism” of power. However, when you read the CCP’s Constitution, personality cult is still clearly prohibited and there is no change in the policy of sticking to the collective leadership system. Some say a personality cult and dictatorship to Xi Jinping is progressing, but we should really see it as Xi Jinping’s influence becoming “relatively” strong within the framework of “democratic centralism.” In fact, the “July 1st speech” doesn’t contain any remarks that suggest at any changes to the Constitution.

Kawashima: That’s an important point. The party personnel change, which is the main focus of the National Congress in 2022, is about whether Xi Jinping will become the Chairman of the CCP, but the “July 1st speech” was relatively low key and its content in line with the CCP’s traditional framework, so I don’t think it specified any direction ahead of the Chairman appointment. Xi Jinping also advocated building a “moderately prosperous society in all respects” on the basis of past policy in consideration of those who came before him. Meanwhile, in his speech, the words “I” or “Xi Jinping” never appear. He probably deliberately avoided things like personality cult and concentration of power. I don’t know if this is a sign of Xi Jinping’s confidence or his consideration.

Going back to the party personnel, I think it’s very likely that Xi Jinping’s term as General Secretary and President of China will be extended, but quitting the collective leadership system and shifting to a chairman system is in no way a natural consequence, so you could say the hurdle is higher than expected.

Another point is that while there’s a contrast between Hu Jintao who emphasized intra-party democracy and Xi Jinping who is focused on the concentration of power, it doesn’t necessarily feel like the nation or the party members are exploding with dissatisfaction with Xi Jinping. Rather, the nation’s affirmation of the Xi Jinping administration is surprisingly strong. When we look at Chinese society, we tend to think that internal dissatisfaction should be great because it is oppressed, but this isn’t necessarily so. This is something that we need to observe calmly.

Okazaki: The Chinese economy is riddled with issues on the micro level, and some nations might be puzzled by mention of building a “moderately prosperous society in all respects,” but the performance is generally good on the macro level. In recent years, there has been temporary volatility,

but the GDP growth rate, employment, commodity prices, and such have been fairly stable. This probably explains the support for the administration.

Miyamoto: When it comes to administration, they are likewise fully aware of the influence of public opinion on policymaking. It also wouldn't be strange if a coup were to happen considering the high number of corrupt party executives exposed. The reason it hasn't happened is the public support for Xi Jinping's "anti-corruption" policy.

Kawashima: In addition to party personnel, the matter of Xi's successor is even more serious. We don't know if the selection will be five or ten years from now. However, as a result of excessive "anti-corruption," the career patterns of party elites that were formed during the Jiang Zemin and Hu Jintao eras have been destroyed. This makes it difficult to secure human resources and pass on power as loyalty to Xi Jinping and selection by Xi become key indicators. How to solve this problem? It's quite a difficult problem.

Miyamoto: Ultimately, it's an issue of organizational institutionalization. The Xi Jinping administration has overturned the personnel pattern that has advanced from the Jiang Zemin era to the Hu Jintao era. I looked at the Hu Jintao era and expected the CCP to become an institutionalized and mature organization following that era of the "rule of men." I have to say there was a lot of retrogression in this regard.

Okazaki: Some say it's difficult to see the process of decision making in the current administration. In the past, in some policy areas, the words of persons with substantial responsibilities and people called "brains" would often reach the outside before and after policy decisions. I feel that this has become more seldom in recent times. It might be because there are so many sensitive issues.

From "reform and opening up" to the "new normal"

—How do you view the reform and opening up that has started in the late 1970s from a historical perspective?

Kawashima: Generally, it's said that it started with the 13th "third plenary meeting of the Central Committee of the CCP" in 1978. However, these words were actually already used in the mid-1970s before the end of the Great Cultural Revolution. Moreover, in the early 1970s, the green revolution in agriculture and reform in aspects like fertilizer production also started. The history of "reform and opening up" is longer than is usually thought, and I think it can be evaluated as a fairly long-term and complex policy trend.

Miyamoto: For the last 40 years, it has been said that the Chinese economy has problems, but looking back, the CCP managed the economy well. Its ability has been remarkable. The background has been a sense of crisis that if the economy can't be enriched, the CCP would be abandoned by the people. In 1981–1983, I worked for the Japanese Embassy in Beijing, where I constantly felt the passion emitting from Deng Xiaoping, along with the sense of crisis that was the other side of the coin.

Kawashima: As suggested by the emergence of the word “international grand circulation” in 1988, the Chinese economy developed in a context of globalization. Developed countries have grown in an ideal environment where they are free to invest in China, technology transfer is advanced, China exports products, and developed countries buy Chinese products almost tariff-free, while China can place preferential duty on products of developed countries.

Okazaki: Then, Deng Xiaoping’s Southern Tour talks in 1992 and China’s joining the WTO in 2001 were important opportunities that drove reform and opening up.

Kawashima: At the same time, although China achieves economic development, the fruits are first distributed to government-owned companies and party members, with the discontent of the disparities created by this being suppressed by strengthening the powers of the police and so forth. That is the basic scheme that has come about.

Okazaki: The turning point may have been the Global Financial Crisis in 2008. To compensate for the decline in external demand, the Chinese government launched the so-called “4 trillion yuan economic stimulus package,” trying to maintain employment and economic growth by increasing investment especially in construction. Fiscal funds and large bank lending tended to be allocated to the state-owned sector.

By the way, as is often the case in China, once the central government gives a go-ahead, the gas is stepped on all over the country, and you get overheating. In fact, in 2009–2010, bank lending grew at a significant pace, and funding through the issuance of corporate bonds increased considerably. A sudden debt surge caused a rapid increase in repayment burdens, often landing on the borrowers. This was no exception, with signs of this in the second half of 2010 and then growing in severity in 2012–2013.

Therefore, the Xi Jinping administration, which was expected to promote reform from its inception, set a goal of “comprehensive deepening of reform” at the 18th “third plenary meeting of the Central Committee” in November 2013, but it didn’t progress easily. There were three factors that prevented reform. Firstly, the Chinese economy was approaching a transition from high growth to stable growth. Secondly, there was hardship resulting from the economic structural reform. Thirdly, they had to deal with the aftermath of the economic stimulus package of the former administration.

So, Xi Jinping came up with the concept of the “new normal.” It shifts the emphasis of economic growth from quantity to quality. In the midst of this, the reduction of excess debt was a priority policy issue, but this time the problem became one of tighter funding for small and medium-sized enterprises.

Kawashima: From a macro perspective, it is necessary to be aware of the population problem, that is, the decrease in the working population. In addition, a major impact is the change in the public-private balance, that is, the expansion of the presence of the private sector. There was already a big shift in the in Jiang Zemin era in 2002 when the “Three Represents” were presented and entrepreneurs were welcome into the CCP, but now the GDP percentage of the private sector has outpaced government-owned companies. In addition, the private sector has surpassed the public

sector in the field of technology. The CCP has to rely on private power, but it is trying to establish a system that differentiates between public and private, where the public is in control of the private. However, this is a difficult equation as the power of the private sector continues to increase.

Impact of US-China decoupling

—What do you pay attention to in the future of economic management in China?

Miyamoto: I'm relatively optimistic about the economic sector. In addition to the great improvements in the policymaking capabilities of China's technocrats, the market is a "decision-making body" that provides a relatively clear picture of the quality of individual policies. On the other hand, China, having finished the catching-up period, is entering a domain that no other country has experienced. They have no choice but to continue with new initiatives in the new normal economic management, while also applying another value standard to see whether those initiatives are compatible with the governance mechanisms of the CCP. Economic management may be the biggest challenge for the CCP.

Okazaki: China is the world's second largest economic power by GDP, but it has a population of 1.4 billion and the national income per person is still that of a middle-income country. They are facing a very difficult situation where the aging society will arrive before the whole country becomes rich. However, China has not only studied and imitated the cases of developed countries. When studying foreign cases, it seems that a wide range of subjects are selected, not only developed countries. Even after the catching-up period is over, it is likely that they can find useful information from various places and devise ways to apply it to their country.

Kawashima: I think international decoupling is having a big impact. From China's point of view, the movement was started by developed countries, especially the United States, who went as far as to apply laws outside their own territories. The Chinese side is also trying to take measures such as establishing a new export control law or considering extraterritorial applications of laws, but more essentially, they are creating a "dual circulation" in the form of international grand circulation and domestic circulation to turn the economy around. In particular, centering domestic demand on GDP is a major goal while emphasizing international economic relations. The Chinese economy has grown centering on "international grand circulation" in the context of globalization. However, there seems to be a major shift in economic strategy as they are trying to switch to a domestic demand focus in the future.

That's where technology comes in. In a populous China, economic growth begins to slow before all citizens become somewhat rich. So what will they use to grow and stand abreast with the Western developed countries? Progress and superiority in technology is probably the best way to impress the public. In order to do so, it is essential to secure cutting-edge human resources, and they have to demonstrate the amazing features of China's technologies in all areas of how society should be, such as smart cities, decarbonization, and so forth. At the same time, it is also required to deal with the disparity problem by paying attention to wealth redistribution. This isn't easy either.

Okazaki: There is no doubt that the international society’s view of China, especially in the US-China conflict, is becoming more severe on the economic front, but so far, it doesn’t seem to affect individual foreign-owned companies entering China. The Chinese government may not have retreated in its willingness to create an environment for foreign companies with advanced technologies. However, until now, when the Chinese government has been unable to overcome policy promotion obstacles, it has used “foreign pressure” to advance reforms. Yet, in circumstances such as those in recent times, there is a risk of the public causing a backlash, saying “Will we be submissive to the foreign countries when they attack us so severely?” thus leading to a stronger inward-looking tendency.

Miyamoto: This also has to do with the political system issue, but China is tending toward decoupling in substance, for example by eliminating overseas social media and search engines. I expect US-China decoupling to continue in the future.

Kawashima: Another worrisome thing is that in the Xi Jinping administration, national security logic takes precedence over economic development logic. For example, looking at Hong Kong, the color revolution led by the West and the risk of it spilling over into the mainland takes precedence over it being an Asian financial center. If so, the priority of reform and opening up naturally has to be lowered.

What appears to be similar to these developments is the relationship between the CCP and the government. In China, the economy used to be handled by the State Council and public order and security largely by the CCP, but under the Xi Jinping administration, the domain of the CCP has been strengthened, with the power of the State Council diminishing also on the economic front. However, there is still a need to observe whether technology will be the responsibility of the State Council or of the CCP.

Okazaki: The US-China decoupling is a major cause of concern. However, on the financial side, the “power gap” between US dollar and Chinese yuan is large, and the conflict seems not to be so severe. China’s generally good relations with international financial institutions like the International Monetary Fund (IMF), the World Bank, and the Asia Development Bank (ADB), may play a big role in this. In addition, the US and China appear to cooperate with regard to climate change and such. It is necessary not only for the US and China but also for neighboring countries to work together to find opportunities for cooperation.

What “new international relationships” means

—I’d also like to ask about the diplomacy of the Xi Jinping administration.

Kawashima: Let’s think about the continuities and changes from the Hu Jintao administration based on the “July 1st speech.” A big part might be that since the start of the Xi Jinping administration, it is no longer possible to “keep a low profile” (*taoguang yanghui*), but the emphasis on China’s “core interests” and advancement of foreign policies are unchanged from the Hu Jintao administration era in 2008–2009. The major changes in the Xi Jinping administration have been the emergence of China as a rival to the US and the West. They advocated “new international relationships” as a manifestation of not following Western order and values but still following the

United Nations and “international laws” (based on their own interpretation). The training ground for that is the Belt and Road Initiative. Big changes have happened in the decade after Hu Jintao spoke at the UN in 2005 and advocated “Harmonious Society and Harmonious World.”

However, having said that, China values its relationship with the US the most. China launched the “new type of major country relations” in response to the Obama administration. Although China doesn’t think so, the Obama administration didn’t take the bait, but the Trump administration assumed a hard line with China, which was then continued by the Biden administration which also took over the line. Under these circumstances, China wanted to take some more time to see how the US acts, including the US policy toward China to be formulated this summer.

On the other hand, we should keep in mind that China as a whole is concerned with Xi Jinping personnel shifts ahead of the National Congress in 2022. In March 2021, top US-China diplomatic talks were held in Anchorage, where Yang Jiechi curtly told Antony Blinken and others that “Condescension is not good.” The remark was also very welcomed in China, but Yang Jiechi was likely happy as long as his domestic reputation goes up. The “wolf warrior diplomacy” is probably geared toward the domestic. Until Xi Jinping’s personnel appointment is final, the domestic-oriented remarks will continue. It has big negative elements when considered as conventional diplomacy, but this trend will still likely last for a few years.

Miyamoto: I evaluate Xi Jinping’s diplomacy in the same way. What is worrisome is the attitude of the US. The government and senate are working together to advance a hardline stance against China, but at the root of this is likely the recognition that “China will not change.” With that assumption, the means we should take will be to use a variety of forces to change or control China. But does China really not change? It is unlikely that it will be a democratic country like Japan for the time being, but “I want to come to terms with the international society and stabilize the relationships well.” I think there is a possibility that it will change in that direction. There are many people in China who think that way. However, it is unlikely that China’s attitude can be changed with the hostile “north wind policy.” That requires calm responses.

What I want to say is that the US and China are now at the starting line for a new relationship. In that sense, I think the concept of “competition and cooperation” proposed by the Biden administration is very good.

Okazaki: It’s important to understand the Chinese frustration. Those who participate in international consultations from China often seem to be struggling to coordinate due to strong domestic backlash. We should have a stance of understanding their anguish. Of course, that doesn’t mean they can ignore the international practices they’ve built over a long period of time. It is also true that there are aspects that cannot be realized if China does not change. Still, don’t give up on constructive discussions with them.

—What about the Taiwan issue?

Kawashima: I think the Taiwan issue also reflects the context of domestic politics. Anything that constitutes a mistake by Xi Jinping as he has the personnel problem must be avoided, so we’ll likely see movements that can lead to military clashes in the next two or three years at least.

Rather, I'm paying attention to a different approach. In other words, it's to create "reunification with the same zeal" with Taiwanese society and corporations, such as a merging of Fujian and Taiwan. While showing a military advantage in one side, they should create a situation where Taiwanese society will want to approach China on its own. This can be achieved by getting involved inside Taiwanese society or in hybrid reality, including cyberspace. Compared to a military invasion, the cost is small, and it's the most ideal way from China's point of view.

Japan-China relations in a tense phase

—I'd like to ask about your thoughts on Japan-China relations.

Miyamoto: I believe that the Japan-China relationship stands on four pillars: security, diplomacy, economy, and civilian exchanges. For security, it's possible to have conflict over the Senkaku Island issue and such, but my pet theory is that it shouldn't affect other areas. Building peaceful and stable international relations is required for economic development, so the question is how to reduce the impact of US-China decoupling and secure Japan's profits from a total point of view?

To do this, dialog and cooperation is necessary. Civilian exchanges may also play a bigger role than we think. Although the perception of Japan appearing in the Chinese press is becoming severe, the grassroots Chinese view of Japan is unprecedentedly positive, so Japanese diplomacy should be actively involved.

Kawashima: With regard to the US-China conflict, Japan's position from China's perspective is closer to China than other developed countries in Europe and the US when considering human rights issues and such. So I think there must be some expectations. With regard to Japan-US cooperation, there was initially the idea that Japan was being pulled along by the US hardline theory. However, I feel the view of Japan is becoming increasingly severe and that we're getting close to a tense situation, considering things like Japan-US unity starting with Japan-US "2+2" (Japan-US Security Consultative Committee). The movements around the Senkaku Islands also seem to continue to be tough. The impact of decoupling is not so great at this time, but it is likely to become serious in the future, and it is highly conceivable that problems will arise, including the extraterritorial application of laws.

It is also a problem that civilian exchanges have almost stopped at this time. That's why intergovernmental relations stand out more. Various forms of dialog will resume from now on. Then, with what kind of attitude should we face China? Be it the Free and Open Indo-Pacific (FOIP) or Quad, Japan's diplomatic efforts may not stop China's progress, but they might be able to slow it down. We also can't be directly involved in things in China, but through dialog on various levels, we should be able to provide suggestions about what the Chinese can do in certain situations.

Okazaki: There are so many Japanese companies that have expanded into China since the 1980s and 1990s. Most of them have expanded productivity and sales networks through considerable efforts and cooperation between local governments and local companies. Japanese companies have contributed significantly to the construction of China's advanced supply chains, and this is well understood in China. Of course, not all expansions into China are successful. Overall, however, the

economic benefits that both Japan and China have gained are significantly greater. Based on this fact, I would like Japan and China to continue their efforts toward stable diplomatic relations.

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