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## QUICK ASSESSMENT OF THE CHINESE COMMUNIST PARTY'S THIRD PLENUM

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The Chinese Communist Party (CCP) Central Committee (CC) convened its Third Plenum after an unexplained delay of almost eight months. The failure to convene the Third Plenum despite China's steadily declining economy -- which has over 23 percent graduate unemployment, high urban and rural unemployment, rising prices and cost of living, drastically reduced revenues of the provinces and widespread dissatisfaction resulting in strikes and protests -- prompted speculation that the CCP leadership was divided on the prescription required for giving the economy the necessary fillip. Third Plenums are important as they set the country's economic policy for its 5 year term.

2. The 4-day (July 15-18), closed-door Third Plenum ended on July 18 with the release on the final day of a communique titled "Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reforms and Promoting Chinese-style Modernization". The 199 members of the CCP CC and 165 Alternate Members attending the Third Plenum hammered out the 5020-character (Chinese) communique, which bore the definitive imprint of Chinese President Xi Jinping. Communiques issued by these Plenums do not contain details of the decisions taken, and this communique too did not announce any major decisions or reform measures. These are normally released in the succeeding days. It did state, though that Chinese President Xi Jinping delivered an "important" speech and that he explained the decision on further "comprehensively deepening reforms and promoting Chinese-style Modernisation". The Plenum document "unanimously" praised the CCP Politburo and CC for guiding the country "in the face of a severe and complex international environment and arduous and onerous domestic reform, development and stability tasks".

3. The communique also clearly suggested that the Chinese leadership is worried about the current state of the country's economy. Implying that there could be some policy interventions in the coming months, it said "The plenum analysed the current situation and tasks, and emphasized that [we must] unswervingly realize the annual economic and social development goals." It proposed 300 reform measures, but did not offer any special incentives to the engines of China's economy, namely China's private entrepreneurs. In May 2023, China's authoritative official news agency Xinhua said "The private sector contributes approximately 50 percent of China's tax revenue, 60 percent of its GDP, 70 percent of its technological innovation, and accounts for 80 percent of its urban employment". Instead, the Plenum appeared to continue policies favouring China's State-owned Enterprises (SoEs). It said "We must unswervingly consolidate and develop the public economy, unswervingly encourage, support and guide the development of the non-public economy, ensure that all

types of ownership economies use production factors equally in accordance with the law, participate in market competition fairly, and receive equal legal protection, and promote the complementary advantages and common development of all types of ownership economies".

4. Suggesting a shift in economic policy to incorporate Xi Jinping's ideas, the plenum said plans had been made for "building a high-standard socialist market economy" and "promoting high-quality economic development". It said that "high-quality development is the primary task of building a modern socialist country in an all-round way. We must guide reform with the new development concept, based on the new development stage ...". It laid emphasis on "new industrialisation", developing the "digital economy" and "new energy". It stated that China "must remain committed to the basic state policy of opening to the outside world and continue to promote reform through opening up". Seeming to hint that China would strive to co-opt foreign partners for getting advanced technology, it said "[We must] improve the mechanisms for ensuring national security in foreign-related affairs".

5. The communique dwelt on ideology and the CCP's leadership role. A lengthy paragraph stressed that the "Party's leadership is the fundamental guarantee for further deepening reform comprehensively to advance Chinese modernization". It called for deeper "understanding of the decisive significance of establishing Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". Party cadres were exhorted to maintain political integrity, follow the leadership core, and keep in alignment with the central Party leadership; and uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee's authority and its centralized, unified leadership.

6. The document announced two important declarations, which sought to project confidence that China will be able to weather the difficulties caused by the imposition of sanctions by the US and West especially on technology. It said that "by 2035, a high-level socialist market economic system will be fully established, the socialist system with Chinese characteristics will be further improved, the modernization of the national governance system and governance capacity will be basically realized, and socialist modernization will be basically realized, laying a solid foundation for building a socialist modern power in an all-round way by the middle of this century". It added that by the 80th anniversary of the founding of the People's Republic of China in 2029 it will complete the reform measures proposed at the Plenum.

7. Of popular interest was the Third Plenum's decision pronouncing the fate of senior CCP and People's Liberation Army (PLA) officials who had disappeared from public view since 2023. The communique clarified that the request of former Chinese Foreign Minister Qin Gang, a protégé of Xi who still appears to retain his "protection", that he be allowed to resign from the CCP CC had been accepted. Confirming that he is not guilty of violating the CCP's disciplinary regulations and continues in the CCP, it referred to him as "comrade". Notable was the omission of any reference to former Defence Minister General Wei Fenghe who was also reported to be under investigation. Former Defence Li Shangfu, however, was charged with "serious violations of discipline and law" and expelled from the CCP. Interestingly, Li Shangfu and Xi were friends and their fathers had served together in the People's Army. The

senior Vice Chairman of the Central Military Commission (CMC) General Zhang Youxia, a close associate of Xi who has been retained in the CMC past the retirement age, is reported to have recommended Li Shangfu's appointment as Defence Minister. The Plenum confirmed the expulsions from the CCP of former Rocket Force Commander General Li Yuchao and Chief of Staff of the Rocket Force Sun Jinming.

8. The Third Plenum communique had Xi Jinping's imprint and confirmed his authority on economic affairs. It affirmed Xi Jinping's concepts of a "high-standard socialist market economy" and "high-quality economic development" and maintained the emphasis on Party discipline and ideology. Specific mention was made of the Belt and Road Initiative. Though the communique has not revealed any incentives to boost the economy, it is possible that some initiatives may be disclosed over the coming weeks. China's private entrepreneurs who are major contributors to the country's economy, the students, urban and rural unemployed and others will, however, be disappointed.

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