

## CPC helps build confident nation

Greater freedoms in people's personal and social lives most important accomplishment of the Communist Party of China

*Editor's note: As the Communist Party of China (CPC) prepares to celebrate its 90th anniversary on July 1, Robert Lawrence Kuhn, an international investment banker and corporate strategist, offers his views on the Party's most significant achievements, particularly since it embarked on the policy of reform and opening-up in the late 1970s. Kuhn is the author or editor of more than 25 books, including The Man Who Changed China: The Life and Legacy of Jiang Zemin and How China's Leaders Think: The Inside Story of China's Past, Current and Future Leaders. He is a long-time advisor to the Chinese government and advises multinational corporations on their China strategies.*

**Q: Given your many meetings and contacts with CPC members, how would you describe a typical Party member?**

**A:** During my more than 22 years coming to China — I have been to China over 100 times — I have been fortunate to meet CPC members in all walks of life and in all areas of the country. Although I do not like generalizing about any human beings, all of whom are individuals, I can say that CPC members have roles in Chinese society of greater responsibility and that they generally take these roles seriously. There is great diversity, both in professional competence and in personal morality. They have a heightened sense of Chinese patriotism, which energizes their contributions to society, but which, on occasion, can become aggressive and counterproductive. In today's China, many

are motivated by ambition to achieve, and in a knowledge-based, market-driven, competitive world, this is a good thing for China.

There are obvious abuses, particularly corruption and unethical behavior, but the fault is not the ambition, the market or the competitive will to achieve. The fault is personal, and society needs to do more to instill the highest standards of behavior — without harming proper ambition. Among the CPC's senior leaders, many of whom I have been privileged to know personally, there is great concern to enact policies in the best interests of the people, while recognizing that due to the complex machinations and interactions in contemporary society, there are often competing policies that must be optimized, one against the other. CPC leaders today seek policies that increase the standard of living and general well-being of the Chinese people, irrespective of this or that ideology.

**The "China model" has attracted a great deal of attention and has been the subject of much debate. What do you think is the CPC's most successful experience in leading the Chinese people to achieve enormous economic growth?**

There is no doubt that the more than 30 years of reform and opening-up which began in 1978 is one of the most remarkable



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transformations of a country in human history. The CPC's great innovation, pioneered by Deng Xiaoping, was to focus on practice more than on theory, which changed the character and contributions of the CPC. Although reform and opening-up is often said as a single stock phrase, I believe that opening-up was the real key to China's success, because it gave the Chinese people a sudden, uncolored view of the real world, so that they were finally able to learn the best international practices and processes while keeping Chinese distinctiveness and culture. Such opening-up has been promoted by the enlightened CPC leadership. Reform, on the other hand, has often begun at the grass roots level and put into "gray" practice, and it was only after a reform has been working in society that the CPC leadership recognizes the reform's success and makes it official policy.

### **What do you think is the biggest challenge facing the CPC? What's the cause of it and how can it be tackled?**

Challenges can be classified broadly as economic or political. Economically, the challenge is to keep the country's GDP growing briskly and steadily while reducing the great imbalances in society, between urban and rural, coastal and inland. To accomplish this, productivity is the key. Without increasing efficiencies in all areas of production and consumption — from industrial output to consumer utilization, even including new knowledge creation — all of which is based on intelligence and investment, China will be mortgaging the future while improving the present. The great challenge for China's leaders is to enhance the standards of living of underdeveloped sectors of society without restraining or unintentionally undermining national productivity. The key here is innovation, driven by science and technology. The fact that most CPC senior leaders are scientifically literate is a vital, if underappreciated factor, in China's continuing economic success.

I suggest policies that have a high, rapid impact on poorer citizens, such as electronic education for children, efficient modern healthcare, and access to media and entertainment.

Politically, I believe that at least for the moment China should continue with its one-party CPC rule, provided, of course, that the CPC remains true to its policies of the past 30 years, continues to put the people's welfare first, and works to institute careful political reform. For saying this, I am, as you would expect, criticized in the West. But what I also say is that because the CPC has a monopoly on power, it has a greater burden to institute reforms and to promote a democratic and prosperous society. Transparency in governance, as well as an increasingly free media, are critical tasks for the CPC. I also believe that the increasing involvement of professionally competent non-governmental organizations contributes to pluralistic governance and facilitates the CPC's leading role. The CPC should be proud of China's accomplishments and should have the confidence to encourage new organizations to emerge which

compete in society, thus attaining the optimum benefits for the people.

Examples are new roles for labor unions which are independently empowered to represent workers in their negotiations with corporate management and diverse kinds of charitable organizations serving the needy.

### **Why does the "one-ruling-party system" work in China?**

All systems of governance have trade-offs. The benefits of a one-ruling-party system include the capacity to institute critical policies rapidly, such as the stimulus package during the financial crisis of 2008 that insulated China against the worst of the recession. It can also secure long-term policies, such as China's western development strategy.

The cost or danger of a one-ruling-party system is that society is much more dependent on the quality of its leaders, and much more vulnerable to their vicissitudes and excesses. It is far easier for leaders in a one-party system to assert themselves and trouble the people, whether obsessed by ideological madness or driven by personal power. While China's one-ruling-party system has had great success during the period of reform, in decades prior, when leftist ideology was enforced with oppressive zealotry, it instigated waves of political mass movements which impoverished and dispirited the people. China's one-party today, the CPC, is far more enlightened; it is a "learning-minded" party that encourages its members to expand their knowledge in all fields, including science, economics and culture. By stressing its learning-minded ethos, the CPC exemplifies a contemporary ruling party.

There are trade-offs too in restricted freedoms, particularly certain freedoms of the press and rights to political assembly. It is not possible to have a genuinely free press and maintain one-party rule. Nonetheless, I believe that a cost-benefit analysis would support China maintaining its one-ruling-party system, at least for current times.

If a multi-party system were introduced in the near term, with China's huge disparities in education and income, significant resources would be consumed in political battles and severe social conflict

could erupt. A premature democracy would sacrifice long-term economic development for short-term political freedom, and therefore not bring the greatest good to the greatest number. It will be only when most Chinese citizens have sufficient education and adequate living standards that more participatory political systems may be considered.

At some point, however, these dynamics invert so that the absence of a political democracy would thereafter inhibit not enhance China's continued development. For example, corruption is best minimized in a political democracy and by a free press. When that inflection point occurs is for China's leaders to figure out.

To most Westerners, democracy has a simplistic, one-dimensional test. If a country offers one-person-one-vote elections, then it is a democracy. If it doesn't, it isn't. By this test, China is not a democracy. But if one looks at almost every aspect of real life, Chinese people have more personal freedom today than at any other time in their long history, almost the equivalent of their peers in the West. Although China does not have political pluralism, it does have increasing economic pluralism, social pluralism, and cultural pluralism. Those who still insist on classifying China as a repressive society must explain how it can offer vast arrays of information to all its citizens. Furthermore, the Chinese government is increasingly sensitive to democratic ideals, like polling its citizens to assess their attitudes and opinions.

While I argue that China today is best served by its one-ruling-party system, I stress that for the CPC to retain its ruling status, it has a higher obligation to enhance standards of living and personal well-being, which includes increasing democracy, transparency in governance, public oversight of government, media freedoms, rule of law, and human rights. All these are embedded in the CPC's public commitment to "intra-Party democracy".

The CPC claims a historic mission. In a thousand years, when the long annals of political systems are written, China today may well be a case study of what happens when a country with a one-ruling-party political system seeks to construct a prosperous, democratic society.

**How do you think the CPC can have more effective interaction with the people? How can the CPC increase people's sense of involvement in the governance of the country under the prerequisite that the country's current political system stays as it is?**

I believe that the most significant advance in the CPC's history is the call for "intra-Party democracy". I am impressed that CPC leaders, especially future leaders, are putting high stress on this vital vision of CPC political reform. To continue to serve the people optimally, the CPC, as the ruling party, should be increasingly governed by rules and procedures that are standardized and reasonably open to public scrutiny.

I am impressed by the strong meritocracy of the CPC, whose leaders are highly intelligent, extremely well educated, and have wide-ranging experience. CPC leaders are generally some of the most capable leaders in the world. Only if the CPC maintains this high standard of leadership, and prevents arbitrary and autocratic rule from reasserting itself, will the CPC continue to lead China successfully.

The diversity of people in all societies should be appreciated. Not everyone is interested in politics or history. A society that encourages diversity of expression is a confident society. In celebrating the CPC's rightful achievements in China's resurgence, it is important to tell a complete story, even the parts that were less glorious or serious errors. Only truth builds trust. The CPC should be confident about China's great accomplishments, and as such the CPC should have the confidence to discuss openly the problems of the past, particularly the political movements of the 1950s (such as "anti-rightist campaigns") and the devastating "cultural revolution" (1966-1976). Open discussion needs to be allowed, without accusations or recriminations. Such confidence of the CPC will build the confidence of the people.

While recognizing that the CPC must continue to encourage political reform, such as in transparency of governance and the rule of law, the world should celebrate the greatly enhanced personal and social freedoms of the Chinese people. But these need to increase further. For example, Chinese interest groups, such as those that fight pollution, should be allowed to make

their case openly and freely in the media.

**How can the CPC play an effective role in helping to strengthen people's moral values in today's China?**

Notwithstanding all China's historic economic success, I say that economic growth is the CPC's second most important accomplishment. The first and most important accomplishment is the opening up of the Chinese people's minds, giving increasingly greater freedoms in all aspects of personal and social life.

Values are hard issues in all societies, and in the age of the Internet and the cell phone, it is easy for people to gravitate to their parochial interests at the expense of a wholly unified society. This is not necessarily a bad thing. People should be allowed to find their own values and ideals. A rich vibrant society does not speak with one voice. Yet, all must conform to the standard norms of behavior that enable societies to function for the benefit of all.

Certainly China's ancient civilization offers enduring values and profound ethical ideas. Religion, in all its many and variegated expressions, works for some. Others seek to advance their own careers, say, in science or education or healthcare, and as such they contribute to an advancing society. All of these can facilitate social progress. China must not make the mistake of trying to coerce everyone to conform to the same values or ways of thinking. The "cultural revolution" proved for all time the monumental folly of imposing arbitrary values.

I applaud the CPC's commitment to improve quality and standards in all areas, such as purity of food and medicine, integrity in scientific research, and honesty in sports. The CPC must lead China to world-class levels in all its social outputs, and not simply seek growth and profits at any cost. The future of China depends on this.

**What kind of a role should China play in the world? How can the CPC help the country improve its image?**

In an incredibly short period of time, China's power in the world has increased dramatically — in politics, defense and international affairs, as well as in economics, business and finance. As such, China must shoulder more responsibilities

on a global basis, perhaps sooner and to a greater degree than China's leaders feel comfortable doing.

China must recognize that the stability of the world requires that all nations have peaceful policies, internationally with other nations and domestically with their own people. China must look to the future, not to the past, in its dealings with countries that flout international norms. Countries that do not benefit their own people do not reflect China's system or new way of thinking. China has progressed greatly in gaining international respect.

The best way for China's image in the world to continue to improve is for the Chinese people to participate in, and excel in, all arenas of high human endeavor: economics, business and finance; science, technology and new knowledge creation; and media, entertainment and sports. When people around the world read that Chinese scientists are publishing more papers in high-level journals, or Chinese pianists and violinists are performing with leading symphony orchestras, or Chinese peacekeeping missions are supporting UN resolutions, all these greatly improve China's image. These are the real stories of New China.

**China is criticized for its human rights policies. You comment on China's human rights in the Western media and even debate this sensitive topic. What is your approach?**

Human societies are complex and trade-offs are required. All social, economic and political goods cannot be maximized at the same time. The key is to optimize these diverse goods and optimization requires good governance. In China, good governance drives the social contract between the CPC and the people. But good governance is always on trial and the social contract must be continuously renewed.

Here is the social contract from the perspective of China's leaders. The economic human rights to a decent standard of living and the social human rights to personal and social freedoms of more than 1.3 billion people are more important than the unfettered political human rights of a relatively few people. In order for China to continue its remarkable development, and to continue to increase

the personal and social freedoms of its people, political stability is required. There can be no progress without stability. Instability, which China endured throughout much of the horrific 20th Century, imposed both by foreigners and severely self-generated, has been a national scourge.

Political stability requires a one-party system, which itself requires limitations of certain political rights, such as assembly, and restrictions of media freedoms, namely, political debate. Yet, today, the Chinese people have more personal and social freedoms than at any time in their 5,000-year history.

Whatever we may say in the West, a significant majority of the Chinese people support the one-party system led by the CPC — notwithstanding all China's problems, including social inequality and corruption. This is confirmed by independent Western surveys. Yet, political reform is essential — improving transparency, the process of governance, and people's oversight of government — so that social and political democracy as well as economic prosperity can continue to develop.

But this argument does not give the CPC a “free pass”. Because certain human rights are restricted in order to maintain the CPC's mandated and enforced ruling party status, the CPC has, as I've stressed, a higher obligation to benefit citizens. The CPC must improve the lives and uplift the spirits of the people — and this applies not only to enhancing standards of living but also to assuring the dignity and integrity of human beings. Fifty years ago, the CPC ruled by affirming its leftist ideological purity and self-claimed social superiority. Now CPC leaders state openly that the Party's ruling legitimacy is based solely on its performance. “The CPC will continue to be the ruling party,” a Chinese leader told me, “only if the CPC serves the people, not ourselves.”

### **Can the CPC win the battle against corruption?**

Corruption is a human frailty and no political system is immune. When economic systems change, when vast state resources are privatized, fortunes are made with astonishing speed — such that powerful behavioral forces can overwhelm

morally weak officials. A combustible mixture of greed, envy, and anxiety over eroding power lead some to fall victim to baser instincts.

Corruption is ubiquitous in China and noxious to the Chinese people. It transfers resources illegally from general society to venal individuals, effectively stealing from everyone. It pervades commerce and government and has proved maddeningly resilient to attack. Corruption is a drag on the economy and a scourge on society. It distorts economic decisions and undermines economic efficiency, and it threatens political stability and delegitimizes the State. Corruption, rightly, engenders public anger.

Some say that corruption in China is the enduring, corrosive impact of the “cultural revolution”, which decimated Chinese culture and destabilized Chinese society — so that there remains little immunity to moral diseases of avarice and greed. Others, primarily leftists, blame the market economy, which, they say, promotes wealth and individualism at the expense of socialism and collectivism.

The solution, China's leaders rightly conclude, lies in deepening reform, not backtracking from it. Senior leaders do not whitewash the problem: they are aware of its gravity and serious about curtailing it. Former president Jiang Zemin, President Hu Jintao and Vice-President Xi Jinping all have fought corruption. To China's leaders, corruption impedes China from becoming a great nation.

Though corruption can never be eradicated, it can be controlled most effectively with a press/media that is free to ferret out, scrutinize and expose dishonest officials. Corruption flourishes in dark crevices, shielded by the shadow of authoritarian protectionism. Only the bright light of an investigative free press, working without restriction or fear, and the enforcement power of an independent judiciary, operating under a rule of law, can root out corruption. Only the media has the motivation and the manpower, and the temperament, to reveal corruption comprehensively. As the freedom of the press/media to report corruption increases, the severity of corruption decreases. The Chinese government does permit, and even encourages, anti-corruption investigative

reporting. This marks progress in the CPC's long war against corruption, but more is needed.

Reporting corruption can be a conundrum. If reporting is too timid, corruption will remain concealed and flourish. If reporting is too intense, social confidence can waver and central authority may be undermined. It is a conundrum that is not going away.

### **Some in the West wonder whether a “Jasmine Revolution,” which has engulfed the Arab World, will affect China. What do you say?**

Though China and many Arab countries have one-party-rule political systems, in China there are fundamental differences. Here are three. First, the CPC has delivered unprecedented economic growth. Second, the CPC has enacted political reform, such as by enforcing strict age and term limits for officials, even for State leaders, and by facilitating public input to government, especially through the Internet. Third, whereas more than 50 percent of young people in the Arab world are unemployed, China gets about 80 percent of university graduates employed in one way or another. So while a “Jasmine-style revolution” is unlikely in China, China's leaders are ever watchful and they will not take chances.

That said, China has its own set of serious problems, including worker discontent and the growing gap between rich and poor. China's historic challenge is to bring about two massive transformations: the permanent migration of roughly 400 million rural citizens into urban areas, and massive industrial restructuring so that Chinese enterprises can generate higher gross margins by technological innovation, branding, etc, and thereby pay workers higher salaries. China's future cannot be like its past.