

## *Navigating Unknown Waters: The Chinese Communist Party's New Presence in the Private Sector*

Xiaojun Yan and Jie Huang

### *Abstract*

In the wake of the global economic crisis of 2008, the Chinese state has enhanced its systematic efforts to rebuild Communist Party branches in private enterprises. This article examines such efforts with specific reference to the campaign initiated in 2012 in Anhui province, one of the most recent initiatives undertaken by the party-state to infiltrate the country's huge and still-growing private sector. The article examines the emerging and dynamic institutional links between provincial party-state apparatus and local private businesses in Anhui and highlights the four key methods used by the Chinese Communist Party (CCP) to extend its control over the increasingly powerful and influential private sector. These mechanisms are establishing new official institutions to coordinate CCP affairs related to the private sector, "sending down" a group of "party-building instructors," rewarding private business elites with appointments to party positions, and reorienting the work of local party organs to better serve the needs of the private sector. Although this business-oriented party building has indeed made the CCP more relevant to private business development and thus increased its organizational presence, it remains unclear whether these efforts have genuinely strengthened the Communist Party's control of the private sector.

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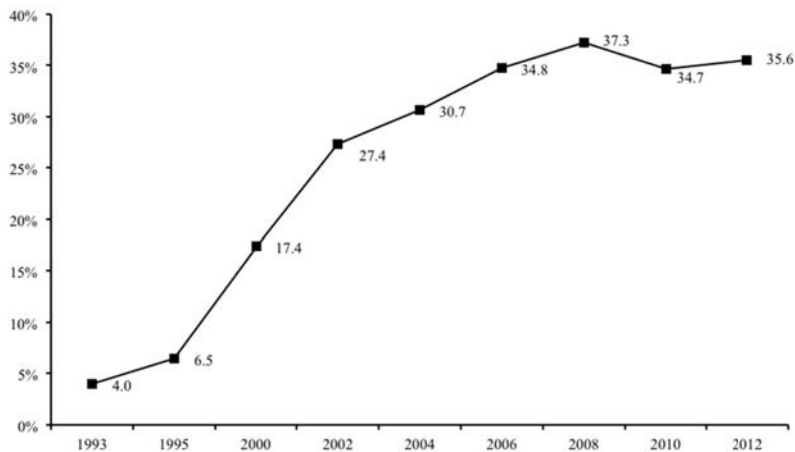
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In October 2012, the U.S. Congress investigated two Chinese telecommunications giants, Huawei and ZTE, on suspicion of having close connections with the Chinese security state. Legislators argued that U.S. security could be compromised if the two corporations were allowed to “market their equipment to U.S. telecommunications infrastructure.”<sup>1</sup> One of the main issues raised in the investigative report submitted to the U.S. Congress was the involvement of the Chinese Communist Party (CCP) in these two Chinese-owned multinational companies. Communist Party branches within the two private companies were alleged to “provide a shadow source of power and influence directing, even in subtle ways, the direction and movement of economic resources.”<sup>2</sup>

The U.S. Congress may or may not have been particularly alert to the specifics of this investigative case; nevertheless, over the past decade, private enterprises with Communist Party branches have become increasingly common in China,<sup>3</sup> regardless of their scale or the nationality of their ownership.<sup>4</sup> Official statistics indicate that by the end of 2014, approximately 1,579,000 private companies in mainland China had established CCP connections, accounting for around 53.1 percent of all Chinese private businesses.<sup>5</sup> In the same period, the proportion of officially defined large private companies<sup>6</sup> with CCP connections exceeded 95 percent,<sup>7</sup> representing a major increase since the late 1990s. In 1998, only 0.9 percent of China’s 12 million private enterprises had established party connections,<sup>8</sup> rising to only about 16 percent by 2008.<sup>9</sup> Today, however, the rapid expansion of the CCP into the private sector is an undeniable trend, confirmed by a nationwide survey of private enterprises in China. Figure 1 shows the percentages of private enterprises that established CCP branches from 1993 to 2012.

The rapid organizational expansion of the CCP into the country’s private sector has been facilitated by the party-state’s systematic efforts to rebuild CCP branches in private enterprises, which were renewed in the wake of the global economic crisis of 2008. This new campaign began with the CCP Central Committee’s 2012 publication of Document No. 11 and a national working conference on party building in nonstate enterprises, at which Xi Jinping himself gave a speech on 12 March 2012. The immediate goal was to increase the organizational presence of the Communist Party in the nation’s private enterprises to strengthen its influence over this increasingly important sector. In the long term, the extremely ambitious goal of this unprecedented campaign was for party branches to “comprehensively cover” (全面覆盖 *quanmian fugai*) all

Figure 1: Party Penetration Rate of Private Enterprises



Note: Party penetration rate (PPR) = the number of private enterprises with integrated party organizations / the total number of private enterprises surveyed.

Data Sources: PPRs for 1993, 1995, 2000, 2002, 2004, and 2006: All-China Federation of Industry and Commerce, *Zhongguo siying qiye daxing diaocha* (Large-Scale Survey on Private Enterprises in China) (Beijing: Zhonghua gongshang lianhe chubanshe, 2007), p. 224. PPR for 2008: National Survey of Private Enterprises 2008, question 24, calculated by the authors. PPR for 2010: National Survey of Private Enterprises 2010, question 30A, calculated by the authors. PPR for 2012: National Survey of Private Enterprises 2012, question 18A, calculated by the authors.

private enterprises in China. Since 2012, party building in the private sector has been an important task for local party authorities nationwide.

This article examines the CCP's recent efforts to build its presence in China's huge and still-growing private sector by drawing on documents and intensive interviews relating to the campaign initiated in 2012 in Anhui province. Anhui as a case study is selected for two main reasons. First, it is a typical industrializing province in China, where the private economy has grown rapidly in the past decade. Second, relevant materials about party building in Anhui have been made publicly accessible. In March 2013, the Anhui Nonstate Economic Organizations and Social Organizations Party Building Web, designed by the Anhui Provincial Organization Department, went online. This website provides a platform for party workers in the province to share their professional experiences. A large number of materials, such as party documents, working plans, newsletters, and working reports, are available on the web, enabling us to systematically examine the party-building campaign in Anhui.<sup>10</sup> In

addition, from November 2016 to December 2016, the authors of this article conducted supplementary field research and intensive interviews in the municipality of Shanghai and Hefei and Ma'anshan in Anhui province.

The article first provides a literature review of the existing studies on the relationship between the CCP and the country's growing private sector. The article then examines the party-building campaigns targeting private enterprises in the past decades. Section 4 examines the Anhui case to identify emerging and dynamic institutional links between the party-state apparatus and private businesses, and the key methods used by the CCP to extend its control over the increasingly powerful and influential private sector. In section 5, the article explores the significance of these methods to the evolution of the state-business relationship in modern China.

## **1. Party-State and Private Enterprises**

According to conventional wisdom, a strong private sector is conducive to the emergence of a freedom-loving middle class, and thus leads naturally to political democratization under autocratic regimes.<sup>11</sup> In China, however, the burgeoning entrepreneurial class that reemerged and expanded after the post-Mao economic reforms appears to support the incumbent regime and thus the status quo. Students of Chinese politics have provided many different but related explanations of the political conformity of China's new economic elites.

Most scholars have argued that the Chinese state has historically retained extremely tight control of the economic sector, and that private businesses have long sought to establish and maintain good relations with officials to increase their access to state-controlled resources. For example, David Wank referred to the alliance between private entrepreneurs and local government officials in China's reform era as a "symbiotic clientelism," with much of the exchange conducted by private companies "embedded in clientelist ties with various administrative, policing, distributive, and manufacturing organs of the local state."<sup>12</sup> Both official bureaucrats and private entrepreneurs benefited from the interaction, and had little incentive to change existing economic and political structures. The findings of David Goodman's fieldwork even indicated that most successful private entrepreneurs in China have close blood relations with local political leaders. These politically connected entrepreneurs are easily

able to access privileged resources that their less well connected counterparts could not even imagine.<sup>13</sup> The result, in Dorothy Solinger's words, is "a bonding and incipient interdependence between the bureaucrat and the merchant," which blurs the boundaries between the state and the private sector.<sup>14</sup>

Other studies have suggested that the political conformity of the Chinese private sector in the reform era was due to the party-state's effective strategies. Margaret Pearson, focusing on foreign-sector managers and private entrepreneurs in China, noted that the Chinese state established a pyramid of business associations to represent and defend the interests of newly emergent business elites. Such corporatist mechanisms "simultaneously exhibit elements of state-domination and autonomy,"<sup>15</sup> and therefore help to "prevent the strengthening of horizontal ties within or between economic groups and hinder class formation."<sup>16</sup> Bruce Dickson observed that the CCP proactively adapted its own ideology, organization, or ruling mode to maintain its influence over the new social space and social groups. Since the turn of the century, many private entrepreneurs, once "class enemies" of the CCP, have been recruited into the party and other formal institutions. These inclusive measures, in Dickson's view, have greatly increased the stake held by the new economic elites in the existing system, reducing the risk of challenges from this group.<sup>17</sup> More recently, scholars have noted that the party-state is distributing important posts to economic elites. For example, Yan Xiaojun found that many private entrepreneurs have taken up political leadership in rural grassroots society, which provides "a more direct and effective channel for China's rural *nouveaux-riches* to exert political influence."<sup>18</sup>

To more clearly understand why private businesses are averse to political change, Chinese scholars have also explored the ideational dimensions of this group of actors. Christopher McNally and Teresa Wright found that the "thick embeddedness" of private entrepreneurs in the Chinese party-state, nurtured by either *guanxi* or mutual material benefits, generated a strong "we-group" feeling among private entrepreneurs and government officials.<sup>19</sup> Kellee Tsai also probed the lack of an independent social identity or "class consciousness" among Chinese capitalists. Referring to these individuals as "capitalists without a class," she noted that the high level of diversity among private entrepreneurs has prevented the formation of a bourgeois class consciousness in China, obviating "the need and desire of private entrepreneurs to pursue more

radical and risky coping strategies, such as contesting the CCP's monopoly on political power."<sup>20</sup> However, in this special issue, Gunter Schubert and Thomas Heberer, based on their comprehensive fieldwork in recent years, contest Tsai's findings and argue that private entrepreneurs in possession of considerable economic resources are becoming a "strategic group" with an emerging collective identity. As China's economic growth and public-goods provision at the grassroots level increasingly depend on the performance of the country's private sector, private business owners are gaining substantial negotiating power, enabling them to shape policy implementation and bring about institutional changes.

Important insights have already been gained into the relationship between the party-state and private entrepreneurs, but the more systematic and organizational expansion of the party into the newly emerged economic space of the private sector has been overlooked. The party-state has consistently resorted to its tried and tested method of party building to create institutional links with and thereby strengthen its control over the new economic sector and associated social groups. Focusing on the efforts of a provincial Communist Party apparatus to build the CCP's presence in local private enterprises, this study investigates the dynamic business-state relations from a new perspective and in a new period: from the end of the Hu Jintao era to the beginning of the party leadership of Xi Jinping. Like Alexander Korolev's article, this research examines state-society relations from the state side, asking whether the state has adopted new measures to deal with changes brought by the private sector and to readjust state-business relations. The aim of the research is to provide answers to the following questions: How is the party extending its organizational reach into the private sector? What measures has the party taken to facilitate its systematic spread into the uncharted territory of private enterprises? What roles do party organizations play in private enterprises? How do the party's efforts to build an organizational base in the private sector contribute to the stability of the political regime?

## **2. Party Building in the Private Sector**

Tackling challenges arising in the private sector has been a daunting task for the CCP since it first took over mainland China. In the three decades of Mao's rule, the party-state's policy on private businesses changed

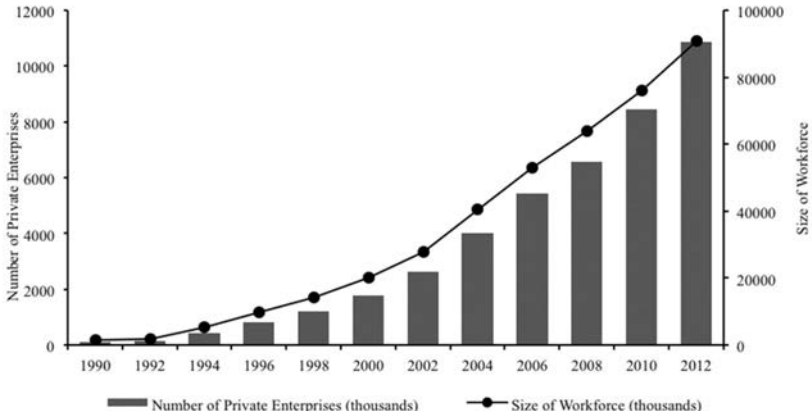
dramatically, moving from initial cooperative reforms to pure and violent hostility, particularly during the Socialist Transformation Campaign of 1954–1956 and the Cultural Revolution of 1966–1976.<sup>21</sup> The result was the near-extinction of China's private sector in the late 1970s. It was not until Deng Xiaoping's program of reform and opening up that the private sector began to recover. The development of China's private sector is depicted in Figure 2.

Reestablishing organizational links and control mechanisms operative between the ruling Communist Party and China's newly revived and rapidly growing private sector is a challenging political task. In the early years of the economic reforms led by Deng Xiaoping, the party's efforts to establish an organizational presence in the new private sector were directed toward the foreign enterprises that had recently reentered the Chinese market. In February 1984, the Central Organization Department of the Communist Party (中央组织部 *zhongyang zuzhibu*, COD) issued a document titled "Opinions on Strengthening Party Work in Sino-Foreign Joint Ventures." This was the first official document to formally affirm the party's goal of reestablishing its organizational presence within the growing private economy.<sup>22</sup> In August 1993, "Opinions on Further Strengthening Party Work in Foreign Firms" was issued by the COD. In this important document, the party proposed that "all foreign ventures with more than three full party members should establish party organizations in accordance with the provisions of the party constitution."<sup>23</sup>

The party-state's choice to focus on permeating foreign ventures in early reform era was due to two main factors. First, private businesses operated by native Chinese were relatively weak in the early years of the reform era; the majority of the private sector were relatively small individual or household enterprises. Larger businesses affiliated themselves with local governments or collectively owned enterprises, a practice known as "wearing red hats."<sup>24</sup> Smaller enterprises did not have enough members to establish party cells, and the party's operations within larger businesses were generally covered by the party branches of their affiliated institutions.

The second and far more significant reason for the policy focus on foreign ventures was that foreign businesses at that time represented the most "autonomous" force in Chinese society, partially free from party control. As most of these enterprises were controlled by foreign investors, the party had little leverage over them. Chinese employees of these enterprises had been exposed to Western culture and ideology and were thus

Figure 2: Private Economy in China (1990–2012)



Data Source: National Bureau of Industry and Commerce, *Gongshang xingzheng guanli tongji huibian, 2012* (Statistical Compilation of the Administration for Industry and Commerce, 2012), p. 122.

deemed the most vulnerable link in the party's thought-management apparatus.<sup>25</sup> As the COD emphasized in a 1993 document, the principal mission of Communist Party branches in foreign firms was to “educate Chinese employees in the theory of socialism with Chinese characteristics, the party's basic line, patriotism and the importance of a collective spirit, and help them to resist the corruption of various decadent ideas.”<sup>26</sup>

However, with the accelerated development of China's private economy after Deng's Southern Tour and the party's 14th National Congress in 1992, “rapid changes on the ground exceeded the Party bureaucracies' capability to handle the situation.”<sup>27</sup> The party officially adopted the principles of a “socialist market economy” in the reform era, and many non-state-owned businesses that had previously “worn red hats” explicitly registered themselves as private enterprises. A massive restructuring of China's state-owned enterprises (SOEs) was initiated by the central state in the mid-1990s, transforming many SOEs into private enterprises. All of these factors contributed to the explosive growth of China's private economy in the late 1990s, which was mostly outside the party's organizational control.<sup>28</sup>

The central leadership of the CCP was always aware of the political risks caused by the party's absence from the private sector. In 2000, when visiting Jiangsu, Zhejiang, and Shanghai, which boast China's most



developed private economies, General Secretary Jiang Zemin urged local officials to direct more energy toward the party's work with private enterprises. He warned metaphorically that a "situation in which the earth trembles and the mountains sway without a solid foundation must be prevented."<sup>29</sup> Jiang deemed the party-building work in the private sector an essential component in the party's overall endeavors to maintain political stability. He stated that "party building is driven by the party's need to establish and consolidate the basic economic system at the primary stage of socialism, guide the healthy development of the private economy, strengthen contacts with workforces in private firms and consolidate the class bases and social bases of our rule under new circumstances." Accordingly, local officials were required to "assertively and proactively carry out party building in private enterprises."<sup>30</sup> Shortly after this speech, the COD issued another landmark document, titled "Opinions on Conducting Party Building Work in Individual Household Businesses and Private Enterprises." The document made clear that the Communist Party's operations in these areas were not limited to foreign ventures, but covered the entire private sector. The role of party branches in private businesses was also clarified for the first time: to serve as the "political core" linking workforces.<sup>31</sup>

The publication of this document brought about a wave of local level party organization building. However, an important obstacle remained to the expansion of the party in the private sector: private entrepreneurs were officially barred from joining the party. This prohibition had been made after the Tiananmen Square demonstration in 1989, when the party's recruitment policies reverted to orthodox Marxism. "Private entrepreneurs are *de facto* exploiting workers. So private entrepreneurs cannot be absorbed into the party."<sup>32</sup> Although the ban was not fully implemented after 1992, it gave a rather unfriendly tone to the party's rhetoric of embracing the private sector. The prohibition was not lifted until Jiang put forward his theory of the "three represents" at the 80th anniversary of the party in July 2002, in which he explicitly defended the CCP's recruitment of "the advanced productive force," a euphemism for China's emerging private entrepreneurs. This bold step further facilitated the spread of party organizations in the private sector.

The most recent wave of party building within private enterprises started in 2012. In March 2012, a document titled "Opinions on Strengthening and Improving Party Building in Nonstate Enterprises" was issued by the COD. Following this announcement, a national

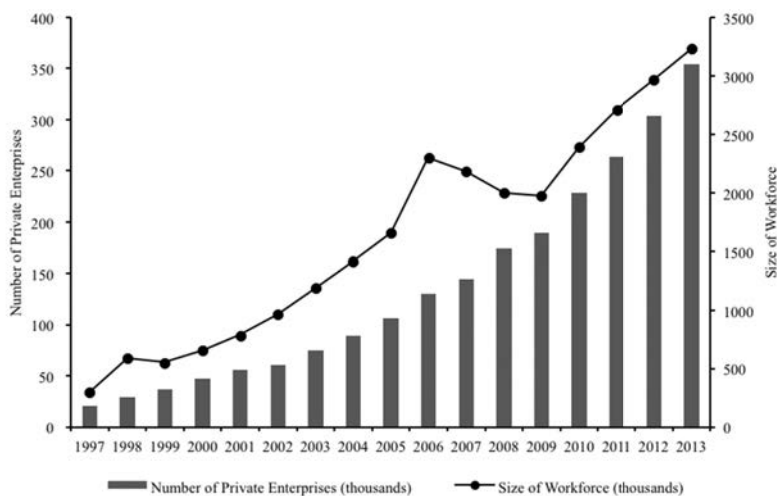
working meeting on party building in private enterprises was convened, and an ambitious goal proposed: within a short time, all private businesses with party members were expected to have party branches, and all those without members would fall within the party's organizational reach. This comprehensive-coverage scheme, which disregarded the size and ownership of businesses, furthered the CCP's aim of occupying the entire private sector. In the same document, the COD also proposed a mandate requiring local authorities at county level and above to establish special agencies with professional staff and adequate funds to carry out party-building work in private enterprises in their jurisdictions.<sup>33</sup> The party-building campaign in Anhui, which is examined in detail in the following section, was carried out against this macro background.

### **3. Party Building in Anhui**

Since China's "deep reform" after 1992, Anhui province in eastern China is one of the country's most rapidly industrializing regions, and its private sector has expanded dramatically. In 1997, there were only about 20,000 private firms in the province, but this number had increased to 350,000 by the end of 2013 (see Figure 3). Currently, the private economy accounts for approximately 60 percent of the province's gross domestic product, contributing about 70 percent of the provincial government's tax revenue, and accommodating more than 80 percent of the urban labor force in Anhui.<sup>34</sup>

Anhui's party-building practice reflects a wider trend across China. Before 2012, large firms were the main targets of efforts made by Anhui party authorities to reach out to the private sector. The official estimate was that 93.4 percent of Anhui's large-scale private enterprises had built up party organizations by the end of 2011; however, the overall coverage of party branches in the province's private firms was just 42.2 percent.<sup>35</sup> After 2012, achieving a comprehensive coverage of the private sector by CCP organizations became the central task in Anhui, with the focus shifting toward smaller corporations. By the end of 2012, 91.6 percent of private enterprises in Anhui had established party cells, representing an increase of nearly 50 percent since 2011.<sup>36</sup> This rapid expansion of party organizations was the result of a deliberately designed campaign. This section examines the tactics used and measures implemented by the Anhui party-state to enable such a fast-paced and large-scale incursion into private enterprises.

Figure 3: Private Economy in Anhui (1997–2013)



Data Source: For private enterprises and workforce (1997–1999), *Anhui tongji nianjian 2001* (Statistical Yearbook of Anhui Province 2001) (Beijing: Zhongguo tongji chubanshe, 2001), p. 115. For private enterprises and workforce (2000–2013), *Anhui tongji nianjian 2014* (Statistical Yearbook of Anhui Province 2014) (Beijing: Zhongguo tongji chubanshe, 2014), p. 98.

### a. New Chains of Command

The party-building campaign in Anhui's private sector was led and coordinated by a party-state agency created specifically for these tasks. The Nonstate Economic Organizations and Social Organizations Working Committee (非公有制經濟與社會組織工作委員會 *feigongyouzhijingji yu shehuizuzhi gongzuo weiyuanhui*, NEOSOWC) of Anhui province was established in September 2012 as the agency in charge of the party's organizational building in the so-called "two new" groups of organizations (兩新組織 *liangxin zuzhi*),<sup>37</sup> of which private enterprises formed the majority. Previously, the Communist Party's operations in the private sector in Anhui had been overseen by a junior-level internal department within the Provincial Party Organization Department (POD). As a special working committee under the Provincial Communist Party Committee, NEOSOWC is a senior-level party agency (i.e., operating at full prefectural level, 正廳級 *zhengtingji*) in the party-state hierarchy, with many more resources and a much greater political capacity than the internal POD department. Newly minted as an official and professional

party-state agency, NEOSOWC concentrates solely on the party's organizational building within the private sector in Anhui.

Institutionally, NEOSOWC can be divided into three main components: a head and executive head, liaison units (connecting with other bureaucracies), and a general office. Led by senior officials from the POD, NEOSOWC liaises with other departments that have supervisory responsibilities in the private sector, such as the Bureau of Industry and Commerce (BIC), the institution in charge of licensing and administering private businesses, and the Provincial Federation of Industry and Commerce (FIC), the official umbrella association of all non-state-owned businesses. NEOSOWC officials and units meet regularly at working conferences to discuss cooperation on party-building initiatives in the private sector.<sup>38</sup> The routine and administrative work of NEOSOWC is carried out by its general office, which is staffed by full-time party-state cadres.<sup>39</sup>

The composition of NEOSOWC reflects the CCP's new strategy of so-called "grand party building" (大黨建 *dadangjian*): expanding party development along and across bureaucratic lines. Traditional CCP departments and branches have neither the connections with private enterprises nor the political, administrative, or economic resources necessary to reach out to the private sector. As some Chinese academics have pointed out, the CCP today lacks "reliable" forces within the private sector to promote party-building work.<sup>40</sup> Meanwhile, other state administrative departments have close relationships with the private sector and exert a considerable influence over private enterprises, such as the BIC and the FIC. Their involvement in the establishment and operation of NEOSOWC has greatly increased the presence of the party within Anhui's private sector and its control over private enterprises. In general, the grand party building strategy emphasizes the inclusive mobilization of the party-state apparatus to infiltrate new social spaces created by economic reforms and the growth of private businesses.<sup>41</sup>

Under these provincial auspices, all municipalities and counties in Anhui established their own NEOSOWC units. Towns with developed private economies were also requested to set up NEOSOWC offshoots. All industrial parks in which private enterprises were concentrated were asked to establish General Party Committees (綜合黨委 *zonghedangwei*), which automatically became branches of NEOSOWC. Towns with fewer private enterprises were required to appoint officials in charge of party work in the private sector. As a result, a network and system of NEOSOWCs had emerged in Anhui by the end of 2012.<sup>42</sup>

The most important task of Anhui's NPEOSOWCs is to increase the party's organizational presence in the province's private sector. At the beginning of the year, the provincial NPEOSOWC devises a work plan with the clear target of increasing the party's organizational coverage of private enterprises over the year. In 2014, for example, the goal was to achieve 95 percent overall coverage,<sup>43</sup> and in 2015, NPEOSOWC sought to increase the party's coverage of independently formed organizations by 20 percent.<sup>44</sup> To accomplish these goals, a target responsibility system is used to devolve a subtarget to each municipality, corresponding to responsibility contracts signed with the committee's municipal branches. If a municipality cannot reach its target in the private sector under its jurisdiction, the head and executive head of the local NPEOSOWC are summoned with the authority of their superiors from party committees.<sup>45</sup> Anhui's NPEOSOWCs also manage and direct the operations of CCP branches in larger-scale private firms in the province. For example, in 2013, the provincial NPEOSOWC directly managed party branches in 40 of the largest private enterprises in the province. The internal CCP operations of approximately 2,000 large-scale private firms in Anhui are currently under the direct management of the NPEOSOWC system at various levels.<sup>46</sup>

### **b. Party-Building Instructors**

The operations of private enterprises in Anhui, as elsewhere, are shaped and driven by profit-making imperatives. However, the time and resources spent on political affairs, including the operations of CCP cells, incur increased costs and potential revenue losses for private businesses. In general, private enterprises do not have incentives to facilitate and promote CCP organizational building. As one private business owner complained, "Party work does not arise endogenously from market demand; it is mandated by the government. So few private entrepreneurs are enthusiastic about creating party organizations in their enterprises."<sup>47</sup>

To overcome this difficulty, the CCP sends its own officials to help private businesses to conduct the required work, resembling the new mass-line mechanism of mobilization described in Alexander Korolev's article in this special volume. These "sent-down" cadres are known as "party-building instructors" (黨建指導員 *dangjian zhidaoyuan*), reminiscent of the "work teams" deployed during the political campaigns of the Maoist era, when higher authorities sent external cadres to help

institutions to complete important internal ratification tasks.<sup>48</sup> However, unlike the members of China's traditional work teams, party-building instructors today adopt a business-friendly approach and seek to facilitate and promote party building by providing their host firms with meaningful services and tangible benefits.

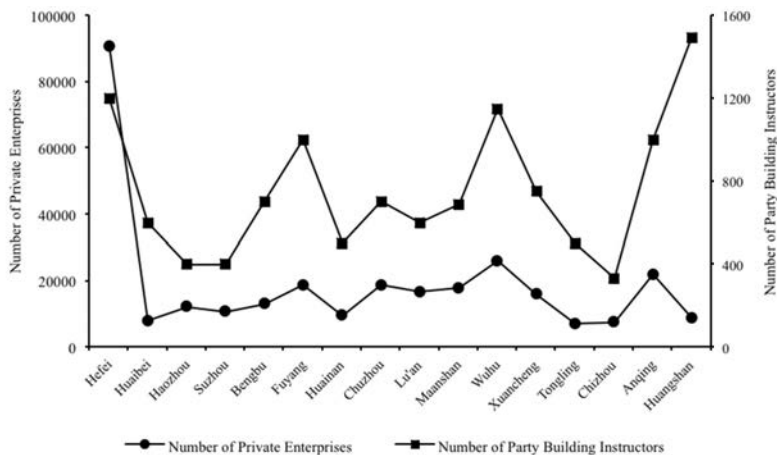
From 2013, the Provincial CCP Committee in Anhui began sending party-building instructors to assist private firms. In 2013 alone, about 10,000 instructors were dispatched. Figure 4 shows the number of instructors in 16 municipalities of Anhui. In general, the number of instructors deployed is determined by the local level of economic development: places with a more developed private economy receive more instructors.<sup>49</sup> Each instructor is assigned to help three enterprises, of which at least one is required to employ more than 50 people. The instructors are drawn from state institutions such as government departments, SOEs and public universities.<sup>50</sup>

Unlike the tasks set by the CCP in the past, the responsibilities of the party-building instructors are modified as circumstances changed. The needs of enterprises are highlighted. A case in point is the Ma'anshan municipality, where the party authority paired party-building instructors with private firms according to the firms' needs or requests. These sent-down cadres were expected to provide the private enterprises with concrete assistance in managing their political and administrative resources, and at the same time to build up Communist Party operations within the firms. For example, provincial cadres in charge of economic affairs were matched up with and sent to large industrial enterprises; SOE managers were allocated to private enterprises in the same industry; and cadres from national banks were sent to small businesses often in urgent need of credit support.<sup>51</sup> These arrangements were designed to facilitate party building in the private sector by reducing resistance from private entrepreneurs and even providing tangible incentives such as bank loans, business cooperation, technological support, or political networking.<sup>52</sup>

### **c. Prestigious Political Appointments and “Concurrent Appointment”**

A major barrier impeding the party's infiltration of private firms is the resistance of firm owners. Many official reports and academic investigations have acknowledged the widespread concern held by private entrepreneurs that party organizations may weaken their authority within their own businesses, and even that party cells may mobilize workers

Figure 4: Party-Building Instructors in Anhui (2013–2015)



Data Sources: For private enterprises in 2012: *Anhui tongji nianjian 2012* (Statistical Yearbook of Anhui Province 2012) (Beijing: Zhongguo tongji chubanshe, 2013), p. 98. For party-building instructors: “Guanyu xiang feigongyouzhi qiye paizhu wanming dangjian zhidaoyuan de tongzhi” (Circular on Sending 10 Thousand Party Building Instructors into Nonstate Enterprises) (POD Document No. 13, 2013).

against business managers. For example, in a recent survey conducted by a political scientist from the Central Party School, about 30 percent of the private entrepreneurs involved were anxious about the party’s possible intervention in their everyday business operations, and about 10 percent were concerned that the state might compromise their property ownership through party connections.<sup>53</sup>

In recent years, the Communist Party and the state have implemented a variety of measures to recruit private entrepreneurs into the party and to reduce political suspicion in the private sector. As Bruce Dickson suggested, “Red capitalists are far more likely than non-Party members to have organizations in their firms and also more likely to have Party members among their workforces.”<sup>54</sup> Similarly, Heike Holbig suggested that recruiting private entrepreneurs to the CCP may increase the viability of party branches in private enterprises, as supporting party work is one of the members’ obligations.<sup>55</sup> Indeed, party authorities in Anhui have implemented such measures and found them to create “favorable conditions” for organizational building in private enterprises.<sup>56</sup> It has been estimated that by the end of 2015, more than 50 percent of

large-scale private business owners and more than 20 percent of all private entrepreneurs in the province had obtained Communist Party membership.<sup>57</sup>

In another new development, the process of party building in private enterprises has in some cases involved the provision of prestigious political appointments (政治安排 *zhengzhi an'pai*) for their owners. For private entrepreneurs, achieving prestigious posts such as parliamentary membership, party congress membership and FIC leadership is equivalent to a recognition of their achievement. This acknowledgment can increase their social status and bring tangible returns to their businesses in terms of preferential policies, access to information or political protection.<sup>58</sup> After growing their businesses, many Chinese private entrepreneurs are keen to obtain such posts. The party is aware of the value of these prestigious appointments, and uses them to incentivize private business elites to assist in local party building. In Anhui, party work is explicitly listed as an important criterion determining whether a private entrepreneur can gain political advantage. If a private firm proves to be bad at party building, its owners will be deemed “politically undependable” and thus unqualified for appointment to government posts.<sup>59</sup>

In addition, Anhui’s party authorities have encouraged private entrepreneurs and/or their family members to head the party organizations within their businesses. As a result, the entrepreneurs targeted by government policies are transformed into guards of the CCP. In 2010, according to a national survey, nearly 70 percent of private entrepreneurs with party membership were also the party secretaries for their enterprises.<sup>60</sup> As the equivalent figure in Anhui was low, the so-called “concurrent appointment” (交叉任職 *jiaocha renzhi*) policy has been widely advocated in recent years. A working plan produced by NEOSOWC indicated that the Anhui authorities expect half of the party branches in the province’s enterprises to be led by senior management staff, particularly private entrepreneurs, in the near future.<sup>61</sup>

#### **d. Service-Oriented Party Organizations**

In the process of expanding its presence within the private sector, the most important question for the party is probably as follows: once established, what roles should party organizations play in private firms? As agents of the party-state, these organizations enjoy decisive power within SOEs and state-owned banks, such as the authority to appoint management personnel, establish production policies, and manage finances. Will



this also be true of party organizations in private businesses? The ownership structure of private enterprises may prevent CCP cells from performing the same functions as cells within state-owned economic entities.

Recognizing this problem, the party has deliberately sought to depoliticize its enterprise-based branches and to refashion them as business-oriented and business-friendly. Under this framework, the party organizations newly founded in private enterprises have been instructed to support production services and employees' welfare rather than intervening in firms' day-to-day management and strategic planning. As Xi Jinping, then a member of the CCP's Politburo Standing Committee, commented in 2012, "Party building in private enterprises cannot be conducted without consideration of production and business activities. It should be carried out around the central missions of enterprises and be conducive to business development."<sup>62</sup>

Newly established party branches in Anhui's private sector have adopted such a "business-oriented" approach, emphasizing that their task is to facilitate business development. According to NEOSOWC working reports, many companies have set up party member demonstration posts (黨員示範崗 *dangyuan shifan'gang*), brigades (黨員突擊隊 *dangyuan tujidui*), responsibility areas (黨員責任區 *dangyuan zerenqu*), and so forth, which are designed to encourage party members to work harder and more efficiently than ordinary workers.<sup>63</sup> It is also said that the best workers are party members, as they both are hardworking and possess excellent technical expertise. For example, in an electronic-appliance firm in Huaibei municipality, party members tackled six key problems, proposed ten technological innovations, and delivered 25 suggestions to the management in 2013. These activities benefited the firm financially by about 565,000 RMB.<sup>64</sup> In a manufacturing firm in Huainan municipality, every party member promised to avoid production accidents and produce faultless goods.<sup>65</sup> In this case, the positioning of the CCP at the vanguard of China's development has been interpreted as the obligation for a party member to take the lead in producing goods on behalf of private businesses rather than in politics.

In addition, new party cells have investigated the welfare of China's labor force, running the risk of disrupting the workplace and triggering resistance from business owners. In theory, these party organizations are supposed to protect workers' legal rights and provide welfare assistance for all workers. For example, the party cell in an auto-parts factory in Xuanchen municipality persuaded the management to spend approximately

11 million RMB on improving workers' meals and approximately 150 million RMB on renovating staff dormitories.<sup>66</sup> The party cell in a software company in Hefei municipality set up a public fund of around 600,000 RMB to help workers who encountered unexpected financial difficulties.<sup>67</sup> Numerous recreational activities, such as sports, singing competitions, speech contests, sightseeing trips, and even blind dates, are organized periodically. These activities are always implemented with a formal political theme, but are in fact primarily recreational.<sup>68</sup> Unlike traditional political initiatives, these new activities are generally welcomed by ordinary workers in the private sector.

#### **4. Business-Oriented Party Building and Its Problems**

The above analysis shows that the CCP has deployed a variety of measures to promote its expansion into the private sector. A key feature of these measures is a tendency to emphasize the business-facilitating value of party organizations while downplaying their political role. In contrast with the party organizations in China's SOEs in the past, which exercised absolute leadership over business operations, those in private enterprises work to support the management and provide "services" for the labor force. This business-oriented party building has indeed made the party more relevant to private business and thus strengthened its organizational presence in this increasingly important economic sector.

However, it should be noted that these strategies also carry potential risks. At least three main problems are evident from the party-building campaigns in Anhui and other parts of the country. First, the achievements of the CCP's party-building program are currently only quantitative; they lack depth and quality. The only measurable evidence of its success is an increase in the number of party organizations in the private sector. During our fieldwork in Anhui, we found that some party branches in private firms, particularly those in small-scale firms, had failed to organize any meaningful activities since their establishment. Many of these firms' employees, even Communist Party members, were unaware of the existence of a party branch in the workplace. In the words of a famous party-building expert interviewed during the fieldwork, these party branches existed just "on paper."<sup>69</sup>

Second, some party branches created in private enterprises are in danger of becoming "family clubs" for business owners. Given the concurrent-appointment policy, it is easy for newly created party branches in the private sector to become "familized" (家族化 *jiazuhua*); that is, for their

daily operations to be monopolized by the family members of the business owners.<sup>70</sup> In most of the firms we visited in Anhui, the post of party secretary was occupied by the business owner, and other leading posts in the party branch were occupied by the owner's immediate family members. In an extreme case, we visited a textile firm in Ma'anshan at which all party members were related to the owner.<sup>71</sup> As a result, "most party branches within private enterprises just do what the business owners want, never what the owners don't want."<sup>72</sup> This raises the question of whether the newly created party branches are loyal agents of the party-state or vassals of private entrepreneurs.

The third problem is that party branches may not play substantial roles in the operations of private enterprises. Activities such as fostering workers' morale and looking after their welfare make these branches appear even more like Mao-era trade associations. This is a sign that the party may lose its distinctive role in the nation's new economic space. To justify their existence, the Communist Party branches are required to intrude on the purview of other institutions within private firms; even so, they are still of only marginal importance. In a national survey, only 0.4 percent of the private entrepreneurs surveyed thought that party organizations were essential to the operation of their businesses.<sup>73</sup> Given their lack of a differentiated and sound function, party branches cannot easily be argued to have become an integral part of China's private sector.

These problems remind us not to be too optimistic about the party's efforts. Its organizational presence in private enterprises may have been expanded, but the benefits of its business-oriented party building tend to accrue to private entrepreneurs rather than to the party-state. As Gunter Schubert and Thomas Heberer argue in this special issue, China's enormously wealthy private entrepreneurs, particularly the owners of larger companies, are gaining substantial power to negotiate with and influence the activities of bureaucratic officials. Indeed, whether by design or default, this business-oriented arrangement gives private entrepreneurs many opportunities to use party branches for their own advantage; it may even enable them to manipulate these branches to evade monitoring by the party-state.

## **5. Conclusion**

Gaining control of the country's private sector is a challenging task for the CCP. Since Deng's economic reforms were initiated in 1978, China's private sector has shown unprecedentedly fast and continuing growth;

private businesses are now “the most important components of the socialist market economy,” providing “significant bases for economic and social development.”<sup>74</sup> In the third plenary session of the 18th National Congress of the CCP in 2013, the Chinese party-state promised to continue implementing market-oriented economic reforms and to give private capital ventures the same treatment as that afforded to their state counterparts.<sup>75</sup> As China marches toward a full-fledged market economy, the private sector plays an increasingly important role in the nation’s economy, politics and society. How the interactive links between the party-state and private enterprises are redefined is an important theoretical and practical issue.

This article examines the CCP’s efforts to establish and expand its presence within China’s private enterprises, forging new organizational links between the Chinese state and the country’s increasingly strong private sector. Investigation of the party-building campaign conducted in the private sector of Anhui province reveals that the party-state has deployed a variety of measures to insert itself into the uncharted territory of China’s private economy, such as establishing new official institutions to coordinate CCP affairs related to the private sector; sending down groups of party-building instructors; rewarding private business elites with appointments to party positions; and reorienting the work of local party organs to better serve the needs of the private sector. A significant feature of these adaptive measures is their emphasis on the business-facilitating value of party organizations, whose political roles are downplayed. Benefiting from this business-oriented party building, which highlights the relevance of party organizations to business development, the party has been able to achieve rapid penetration of the private sector over the last decade. However, it remains unclear whether these efforts in China’s private sector will truly strengthen the Communist Party’s control of the country’s newly emerging socioeconomic space, as business-oriented party building benefits private entrepreneurs more than the party-state in the short term.

The findings of this article contribute to our understanding of China’s dynamic state-business relationship. Over the past decade, academics worldwide have studied many of the Chinese state’s adaptive strategies for tackling the country’s new economic elites, such as recruiting them into the Communist Party, giving them political posts and creating corporatist business associations; however, the Communist Party’s systematic organizational extension into the growing economic

space of the private sector has been largely overlooked. The party-state has consistently resorted to its tried and tested method of party building to create institutional links with and thereby strengthen its control over the new economic sector and associated social groups. This study provides a detailed account of how the CCP has achieved its rapid organizational expansion in the private sector and provides an initial evaluation of the outcomes of these efforts. Although its findings are preliminary, the study offers a valuable point of departure for further analysis. Other important aspects of the CCP's party-building campaign, such as the motivations of private business owners, the differences in party-building performance between firms, and the actual operation of party branches, will be addressed in a future study.

## Notes

- 1 U.S. House of Representatives, "Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE" (12 October 2012), p. v, [https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20\(FINAL\).pdf](https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20(FINAL).pdf).
- 2 Ibid., p. 23.
- 3 In this study, the term "private enterprises" refers to all kinds of businesses not controlled by the state, such as domestic private businesses, individual household businesses, joint ventures, and foreign enterprises. These organizations are aggregated by the Chinese authorities as part of China's "nonstate economy".
- 4 For example, as early as 2006, Wal-Mart Stores Inc., one of the world's largest retail companies, established a CCP cell in its Chinese branch. See Xinhua News Agency, "Zhonggong shouci zai woerma fendian jianli dang-zuzhi" (Communist Party Branch Opens in Wal-Mart China) (25 August 2006), [http://news.xinhuanet.com/politics/2006-08/25/content\\_5007371.htm](http://news.xinhuanet.com/politics/2006-08/25/content_5007371.htm).
- 5 Xinhua News Agency, "2014nian Zhongguo gongchandang dangnei tongji gongbao" (Statistical Bulletin of the Chinese Communist Party, 2014) (29 June 2015), [http://news.xinhuanet.com/politics/2015-06/29/c\\_1115760045.htm](http://news.xinhuanet.com/politics/2015-06/29/c_1115760045.htm).
- 6 According to official statistical criteria, a large-scale private enterprise is an enterprise with an annual revenue of more than 5 million RMB from its main business and/or more than 50 employees.
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  - 9 Xinhua News Agency, “2008nian Zhongguo gongchandang dangnei tongji gongbao” (Statistical Bulletin of the Chinese Communist Party, 2008) (1 July 2009), [http://news.xinhuanet.com/politics/2009-07/01/content\\_11634894.htm](http://news.xinhuanet.com/politics/2009-07/01/content_11634894.htm).
  - 10 The website can be found at <http://szs.ahxf.gov.cn/fgdj/>, accessed 31 January 2017.
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  - 12 David Wank, *Commodifying Communism: Business, Trust, and Politics in a Chinese City* (New York: Cambridge University Press, 1999), p. 68.
  - 13 David Goodman, “Localism and Entrepreneurship: History, Identity and Solidarity as Factors of Production,” in *China’s Rational Entrepreneurs: The Development of the New Private Sector*, edited by Barbara Krug (New York: Routledge, 2004), pp. 139–165.
  - 14 Dorothy Solinger, “Urban Entrepreneurs and the State: The Merger of State and Society,” in *State and Society in China: The Consequences of Reform*, edited by Arthur Rosenbaum (Boulder, CO: Westview, 1992), p. 136.
  - 15 Margaret Pearson, “The Janus Face of Business Associations in China,” *Australian Journal of Chinese Affairs*, Vol. 31 (January 1994), p. 25.
  - 16 Margaret Pearson, *China’s New Business Elite: The Political Consequences of Economic Reform* (Berkeley: University of California Press, 1997), p. 144.
  - 17 Bruce Dickson, *Red Capitalists in China: The Party, Private Entrepreneurs, and Prospects for Political Change* (New York: Cambridge University Press, 2003); Bruce Dickson, *Wealth into Power: The Communist Party’s Embrace of China’s Private Sector* (New York: Cambridge University Press, 2008).
  - 18 Yan Xiaojun, “‘To Get Rich Is Not Only Glorious’: Economic Reform and the New Entrepreneurial Party Secretaries,” *The China Quarterly*, Vol. 210 (2012), p. 338.
  - 19 Christopher McNally and Teresa Wright, “Sources of Social Support for China’s Current Political Order: The ‘Thick Embeddedness’ of Private Capital Holders,” *Communist and Post-Communist Studies*, Vol. 43, No. 2 (2010), pp. 189–198.

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- 22 "Opinions on Strengthening Party Work in Sino-Foreign Joint Ventures" (COD Document No. 5, 1984).
- 23 "Opinions on Further Strengthening Party Work in Foreign Firms" (COD Document No. 6, 1993).
- 24 For private enterprises' "wearing red hats," see Kellee Tsai, "Adaptive Informal Institutions and Endogenous Institutional Change in China," *World Politics*, Vol. 59, No. 1 (2006), pp. 116–141.
- 25 Margaret Pearson demonstrated that the Chinese managers of foreign enterprises have a high level of organizational and ideological independence from the state. See Pearson, *China's New Business Elite*.
- 26 "Opinions on Further Strengthening Party Work in Foreign Firms."
- 27 Lance Gore, *The Chinese Communist Party and China's Capitalist Revolution: The Political Impact of Market* (New York: Routledge, 2011), p. 93.
- 28 It was estimated that only 0.9 percent of all private enterprises included party branches, and more than 86 percent had no party members in their workforces in the first half of 2000. See Zhang Yan, "Zhong jianchang, qing jiangdang."
- 29 Jiang Zemin, *Jiang Zemin wenxuan* (Selected Works of Jiang Zemin), Vol. 3 (Beijing: Renmin chubanshe, 2006), p. 18.
- 30 *Ibid.*, p. 21.
- 31 "Opinions on Conducting Party Building Work in Individual Household Businesses and Private Enterprises" (COD Document No. 14, 2000). This document was fiercely debated within the party. Conservatives insisted that a party organization should be the "political core" of an enterprise, just as party branches were responsible for the daily management of SOEs. However, reform-minded officials argued that establishing party organizations had led to concern among private entrepreneurs that party branches would dilute their authority over business management. If the "political core" were to be further emphasized, private businesspeople and foreign investors might be scared off, which would affect economic growth. For more on this debate, see Editorial board, *Feigongyouzhi qiye dang de jianshe* (Party Building in Nonstate Enterprises) (Beijing: Dangjian duwu chubanshe, 2010), pp. 13–14.
- 32 "The CCP Central Committee's Circular on Strengthening Party Building" (CCP Central Committee, 28 August 1989).
- 33 "Opinions on Strengthening and Improving Party Building in Non-state Enterprises" (COD Document No. 11, 2012).

- 34 See All-China Federation of Industry and Commerce, *Zhongguo minying jingji fazhan baogao 2013–2014* (Annual Report on Nonstate Economy in China 2013–2014) (Beijing: Shehui kexue wenxian chubanshe, 2015), pp. 123–137.
- 35 Wang Jiong, “Zai quansheng feigongyouzhi qiye dang de jianshe gongzuo huiyi shang de jianghua” (Speech at Provincial Nonstate Enterprises Party Building Conference) (30 July 2012).
- 36 Wang Weidong, “Zai shengwei feigongjingji he shehui zuzhi gongwei kuoda huiyi shang de jianghua” (Speech at Enlarged Working Conference of NEOSOWC) (14 March 2013).
- 37 The “two new” types of organization were new economic organizations (private businesses) and new social organizations, such as nongovernmental organizations, charity foundations, and other newly emerged civil society organizations.
- 38 In an interview, an official from a provincial division of the FIC in Anhui explained that the working conferences attended by all relevant departments were convened twice each year: one in February and one in July. Interview by Huang Jie in Hefei, Anhui province, 23 November 2016.
- 39 For example, Bengbu municipality’s NEOSOWC unit was staffed by one executive secretary and two full-time cadres in 2014, with 18 full-time cadres working in its county-level branches. See “Gongzuo dongtai” (Newsletter of NEOSOWC), No. 25, November 2014.
- 40 See, for example, Sang Yucheng and Bao Guozheng, “Guanyu jiceng dang-zuzhi ‘kongzhu’an’ xianxiang de diaoyan baogao” (Investigative Report on Grassroots Party’s Inactivity), in *Dangjian yanjiu neibu wengao* (Internal Collections on Party-Building Work), edited by Feng Xiaoming (Shanghai: Shanghai Jiaotong daxue chubanshe, 2004), pp. 98–101.
- 41 For further details of the “grand party building” strategy, see Zhang Han, “Party Building in Urban Business Districts: Organizational Adaptation of the Chinese Communist Party,” *Journal of Contemporary China*, Vol. 24, No. 94 (2015), pp. 644–664.
- 42 Wang Jiong, “Zai shengwei feigongyouzhi jingji he shehui zuzhi gongzuo weiyuanhui diyici quanti huiyi shang de jianghua” (Speech at the 1st Conference of NEOSOWC) (1 November 2012).
- 43 “Shengwei feigong jingji he shehui zuzhi gongwei 2014 nian gongzuo yaodian” (Key Working Points of NEOSOWC in 2014) (NEOSOWC Document No. 2, 2014).
- 44 “Shengwei feigong jingji he shehui zuzhi gongwei 2015 nian gongzuo yaodian” (Key Working Points of NEOSOWC in 2015) (NEOSOWC Document No. 2, 2015).
- 45 Interview by Huang Jie with an official from the Anhui Provincial FIC, Hefei, Anhui province, 23 November 2016.



- 46 “Shengwei feigong jingji he shehui zuzhi gongwei 2013 nian gongzuo yaodian” (Key Working Points of NPEOSOWC in 2013) (NPEOSOWC Document No. 1, 2013); “Guanyu shengwei feigong jingji he shehui zuzhi gongwei zhijie lianxi fuwu bufen feigong qiye dangzuzhi de tongzhi”(Circular on NPEOSOWC Directly Contacting and Serving Some Party Organizations of Private Enterprises) (POD Document No. 12, 2013).
- 47 Interview by Huang Jie with the owner of a local private textile factory in Ma’anshan, Anhui province, 27 November 2016.
- 48 Franz Schurmann, *Ideology and Organization in Communist China* (Berkeley: University of California Press, 1970); Roderick MacFarquhar and Michael Schoenhals, *Mao’s Last Revolution* (Cambridge: Harvard University Press, 2006).
- 49 Huangshan municipality is an exception. Unfortunately, as information on Huangshan’s campaign is limited, it is difficult for us to explain this apparent outlier in this article.
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- 51 For further details of party-building practices in Ma’anshan, see “Gongzuo dongtai,” No. 8, June 2013.
- 52 Interview by Huang Jie with a Communist Party cadre from the Department of Science and Technology of Anhui province who had worked as an instructor between 2012 and 2015, in Hefei, Anhui province, 25 November 2016.
- 53 Zhang Wei, *Shichang yu zhengzhi: zhongguo minshang jiecheng lianpu* (Market and Politics: Lifting the Veil of Chinese Private Entrepreneurs) (Beijing: Zhongyang bianyi chubanshe, 2015), p. 192.
- 54 Dickson, *Wealth into Power*, p. 128.
- 55 Heike Holbig, “The Party and Private Entrepreneurs in the PRC,” *Copenhagen Journal of Asian Studies*, Vol. 16 (2006), pp. 30–56.
- 56 “Guanyu jiaqiang he gaijing feigongyouzhi qiye dang de jianshe gongzuo de shishi yijian” (Opinions on Strengthening Party Building Work in Nonstate Enterprises) (Anhui Provincial Communist Party Committee Document No. 32, 2012); “Shengwei feigong jingji he shehui zuzhi gongwei 2014 nian gongzuo yaodian” (Key Working Points of NPEOSOWC in 2014) (NPEOSOWC Document No. 2, 2014).
- 57 Interview by Huang Jie with a Communist Party cadre from the Provincial NPEOSOWC in Hefei, Anhui province, 24 November 2016.
- 58 For example, Dickson, *Red Capitalists in China*; Rory Truex, “The Returns to Office in a ‘Rubber Stamp’ Parliament,” *American Political Science Review*, Vol. 108, No. 2 (2014), pp. 235–251.
- 59 Interview by Huang Jie with a Communist Party cadre from the Provincial

- NPEOSOWC in Hefei, Anhui province, 24 November 2016. See also “Anhui sheng feigongyoushi qiye chuziren he shehui zuzhi fuzeren pingxian pingyou zhengzhi anpai shixian zhengqiu dangwei feigong jingji he shehui zuzhi gongwei yijian zanxing banfa” (Interim Regulations on Political Appointment of Private Entrepreneurs and Heads of Social Organizations) (POD Document No. 10, 2015).
- 60 National Survey of Private Business Owners 2010, question 39B, calculated by the authors.
- 61 “Guanyu jiaqiang feigongyoushi qiye dangjian gongzuo fuwu minying jingji fazhan de yijian” (Opinions on Party Building Work Serving Private Economy Development) (POD Document No. 9, 2013).
- 62 Xi Jinping, “Zai huijian quanguo feigongyoushi qiye dang de jianshe gongzuo huiyi daibiao shi de jianghua” (The Speech in Meeting Representatives of National Conference of Party Building in Private Enterprises), in *Feigong qiye dangjian xing qidian* (New Starting Point for Party Building in Private Enterprises) (Nanjing: Jiangsu renmin chubanshe, 2007), p. 16.
- 63 See, for example, “Gongzuo dongtai,” No. 13, November 2013.
- 64 Ibid.
- 65 Ibid.
- 66 “Gongzuo dongtai,” No. 14, December 2013.
- 67 “Gongzuo dongtai,” No. 30, February 2015.
- 68 Interview by Huang Jie, 28 November 2016. For more details on the depoliticized political activities organized by enterprise party branches in other regions of China, see Patricia Thornton, “The New Life of the Party: Party Building and Social Engineering in Greater Shanghai,” *The China Journal*, Vol. 68 (2012), pp. 58–78.
- 69 Interview by Huang Jie with a scholar with expertise in party building in Shanghai, 26 November 2016.
- 70 Many reports by journalists and official investigations have noted the “familization” of party branches in private enterprises. For the dangers of this phenomenon, see the Jiading District Organization Department, “Ruhe bimian siying qiye dangzuzhi jiazuhua qingxiang” (How to Avoid the Familization of Party Branches of Private Enterprises), in Feng Xiaoming, *Dangjian yanjiu neibu wengao*, pp. 447–453; Huang Qun, “Guanyu siyingqiye dangzuzhi jiazuhua qingxiang de diaocha yu sikao” (An Investigation of Familized Party Building in Private Businesses), *Journal of Hefei Party School*, Vol. 3 (2005), pp. 46–48.
- 71 Interview by Huang Jie with the owner of a local private textile factory in Ma’anshan, Anhui province, 27 November 2016. The textile firm had some 100 employees, of whom only 5 were members of the Communist Party. In addition to the party secretary, who was the business owner himself, the four party members were the owner’s wife, uncle, brother, and brother-in-law.

- 72 Interview by Huang Jie with a scholar with expertise in party building, Shanghai, 26 November 2016.
- 73 All-China Federation of Industry and Commerce, *Zhongguo siying qiye daxing diaocha* (Large-Scale Survey of Private Enterprises in China) (Beijing: Zhonghua gongshang lianhe chubanshe, 2007), p. 225.
- 74 Xinhua News Agency, *Shiba jie sanzong quanhui gongbao fabu* (Communiqué of the 3rd Plenary Session of the 18th Chinese Communist Party Congress, November 14, 2013), [http://news.xinhuanet.com/house/tj/2013-11-14/c\\_118121513.htm](http://news.xinhuanet.com/house/tj/2013-11-14/c_118121513.htm).
- 75 Ibid.