
China's 19th National Party Congress

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Communist Party General Secretary Xi Jinping opened the Party's quinquennial 19th National Congress on October 18 with a clearly delivered, 86-page, three-and-a-half-hour report entitled ["Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism With Chinese Characteristics for a New Era."](#) The report lauded China's economic and other achievements during the past five years while stressing the need for continued struggle under Party leadership to raise China even higher. The emphasis throughout was on leadership by a unified, centralized Party free of corruption in all spheres of life throughout the country.

The theme of the report, "Thought on Socialism With Chinese Characteristics for a New Era," links Xi with Deng Xiaoping while simultaneously distinguishing his leadership from Deng's redefinition of Party ideology as "Socialism With Chinese Characteristics." Xi sets "realization of the China dream of the great rejuvenation of the Chinese nation"—with China to become a basically modern socialist economy by 2035 and a strong modern country by 2050—as the Party's historic mission to justify the Party's continuing monopoly of power in a post-revolutionary era even amid China's rapid economic development. Whereas Deng was a proponent of economic reform, domestically calling for transformation from the planned economy to a more market-oriented economy with an acceptance of widened societal disparities in wealth and income, Xi calls for domestic policy predicated on harnessing the market and private sector more closely to the Party and State to make China stronger while lifting more people out of poverty, improving environmental quality, and refocusing the economy toward a knowledge-based innovative economy. With respect to foreign policy, whereas Deng emphasized the need to "hide our strengths and bide our time," Xi sees no need to do so. While formally adhering to the Road of Peaceful Development, Xi cites "great power diplomacy with Chinese characteristics," with the military to be built into a world-class fighting force to protect the integrity of China's self-defined national territory.

Xi briefly refers to foreign investment but primarily in the context of outbound investment, especially the Belt and Road Initiative, as well as inbound investment. He promises national treatment to all foreign investors, faster processing, protection of legal rights, nationwide application of the negative list and an expansion of pilot-free trade zones, but does not indicate any specific commitments on

further market liberalization.

Xi's commitment to national treatment and protection of the legal rights of foreign investors is qualified by the determination of the Party to build Party organizations within foreign-invested enterprises (FIEs), both joint ventures and wholly foreign-owned. Leaders of the Party's Central Commission for Discipline Inspection and Party Organization Department at a press conference the following day praised the establishment of Party organizations within 70% of FIEs, not far below the 93.2% of state-owned enterprises. Such Party organizations were said to be welcomed by management as a measure to obtain timely understanding of China's policies ([click here](#)). It is likely, however, that they are also intended to make companies conform more closely to Party policies, in parallel with the reported acquisition of 1% shareholdings in some leading privately owned IT companies and the placement of Party representatives on the boards of publicly listed Hong Kong subsidiaries of Chinese companies.

It remains unclear whether Xi's thought will be enshrined in the amended Party Constitution at the level of named theory parallel to Mao Zedong and Deng Xiaoping, or whether "Thought on Socialism With Chinese Characteristics for a New Era" will instead be incorporated without reference to the name of its patron, like the contributions of Jiang Zemin and Hu Jintao.

Inclusion of Xi's name will signify an even greater accumulation of power in his hands within the Party, over which he has already acquired more power than his two immediate predecessors. The other major outcomes to be announced immediately after the Congress will be the composition of the Politburo and its Standing Committee, which are expected to be dominated by officials loyal to Xi, whether Xi's close associate and Party disciplinarian Wang Qishan will continue to have an official role, and whether a presumptive successor to Xi will be designated. If a successor is not designated, speculation will persist that Xi may intend to remain as General Secretary beyond his second five-year term, which has been the norm for the past two decades.

Regardless, it is apparent that the role of the Party in the economy as well as in society is intended to continue to grow over the next five years.

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