

**IMPACT OF THE MARKET ON
GRASSROOTS ORGANIZATIONS OF
THE CHINESE COMMUNIST PARTY**

Lance L. P. GORE

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Executive Summary

1. The last three decades have seen the dramatic transformation of China's economic, social and geographic landscape. However, political change has been less apparent. In particular, the impact of the socioeconomic transformation on the ruling Chinese Communist Party (CCP) is less known and poorly understood.
2. At the end of 2009 the CCP's membership ballooned to 78 million or 5.6 percent of the population of China; its sprawling, 3.792 million grassroots organizations (party committees, branches etc.) still has a blanket coverage of the society. The CCP is growing at a rate of two percent per annum in recent decade.
3. Today's CCP is very much a product of the reform era—72 percent of its current members were recruited after 1976 (the year when Mao died) under the influence of market forces, raising the question of how much of it still remains a communist party.
4. The first impact of market-oriented reforms on the CCP is the delinking of party organizations from microrule. The work units (*danwei*) that the party used to run have either disintegrated or turned into businesses. They now play by market rules, resulting in the erosion of the party's microrule and the deterioration of the party's grassroots organizations.
5. Marketization of the economy opens up alternative opportunities for upward mobility and greatly reduces the people's dependence on the CCP government for critical supplies such as food, housing and jobs. Party membership that used to provide privileged access to these supplies has noticeably depreciated in usefulness, as is the attraction of the party.
6. In addition, with marketization the entire society has become mobile. Party organizations are having difficulties tracking their members and party

members no longer participate regularly in party activities. The cohesion of the party's grassroots organizations is adversely impacted.

7. The restructuring of corporate governance according to Western best practice has sent party organizations in enterprises scrambling for a legitimate role in business administration. Party members in the “mobile population” (流动人口) often prefer to live in the freedom of the anonymous mass society.
8. In contrast, college students are among the most ardent in seeking party membership. Thirty-eight percent of new party members recruited in 2009 were college students even though matriculated students only accounted for 1.6 percent of the population. What motivates them to join the party is not a genuine belief in communism.
9. Nevertheless, the CCP continues to hold on to the Leninist model, attempting similar control over the economy and the society through its grassroots organizations as in the planned economy era. The continued expansion of the CCP also widens its interface with the Chinese society at a time when the party is widely criticized for corruption.