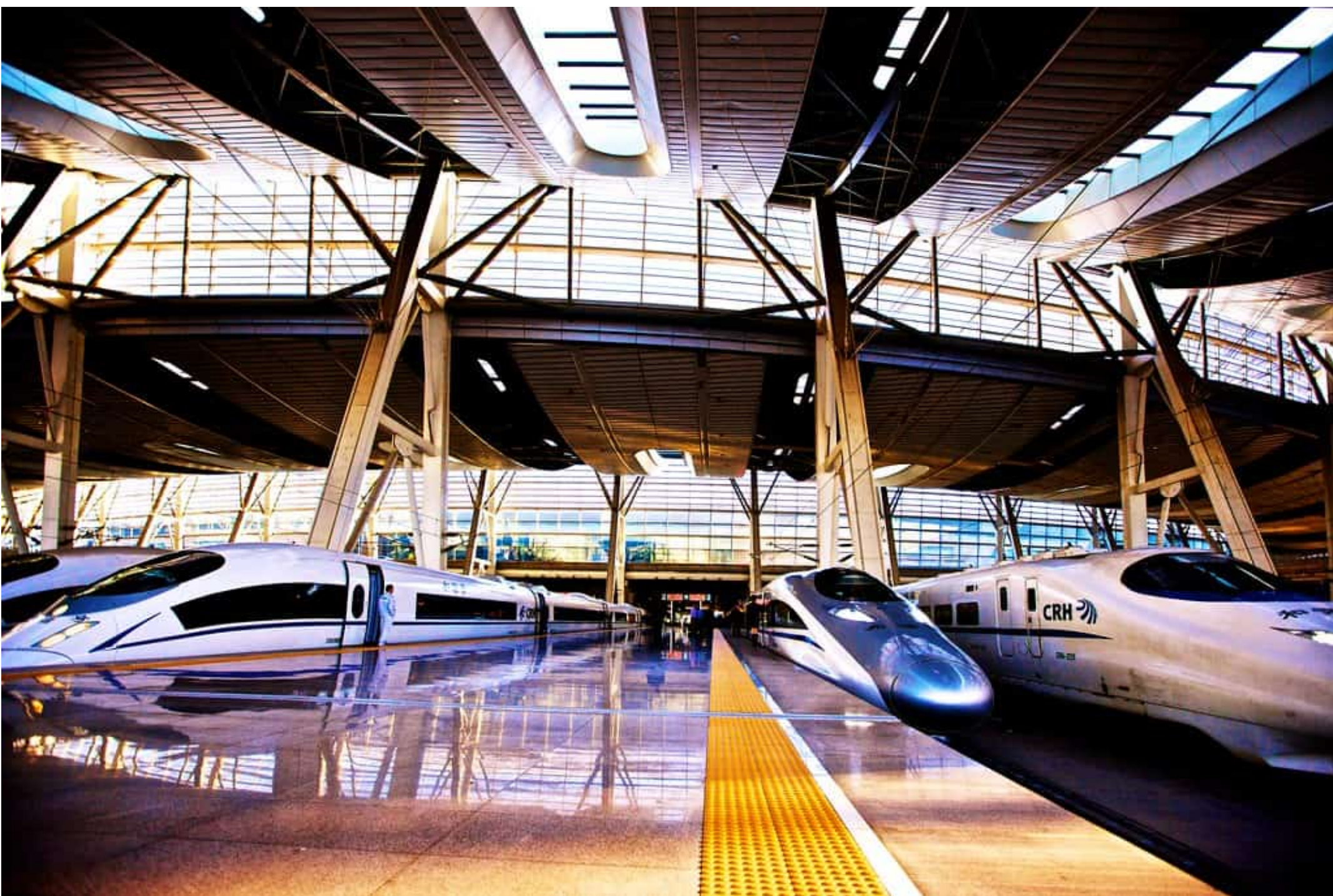


OPINION

# China’s Techno-Dictatorship

The ruling Communist Party has just offered signals on politics, technology and the economy. How will the country’s 14th Five-Year Plan shape China and the world?

BY VICTOR SHIH — NOVEMBER 1, 2020



China’s high-speed rail system makes the 14-hour drive from Beijing to Shanghai just a five-hour trip.  
*Credit: The U.S. Army Band, [Creative Commons](#)*

In a familiar ritual for China watchers, the ruling Chinese Communist Party just held a high-level meeting to promulgate the country’s economic plan for the next five years, along with a series of aspirational goals for the next 15 years.

In the early reform period in the 1980s, such meetings were the obsession of the week for a small group of China specialists working outside of China. Today, however, the content of the economic plans for the second largest economy — and a rising superpower — is of concern to the entire world. Among the themes that emerged from the recent meeting, three stood out: a strong reaffirmation of China’s Leninist dictatorship; a drive to improve domestic demand; and an accelerated push in the race for advanced technology.

While the aim of bolstering Chinese demand and China’s push to develop advanced science and technology would, on their own, bring great benefits to the world, China’s political system will likely shape these agendas in a way that maximizes the Party’s power, to the detriment of those other interests.

First, in the public announcement outlining the 14th Five-Year Plan and the 2035 long term objectives, Beijing doubled down on a Leninist political system that is now dominated by one person and called for “strengthening the concentrated, united leadership of the Party center.”

The official state-run Chinese media proudly declared that China’s success in controlling Covid-19 was testament to the “superiority of the system.” For global leaders who interact with the Chinese leadership in the coming years, they likely will need to deal with a dictatorial regime where the will of one man will determine the direction of policies. Also, meaningful political reform likely will not occur under the current leadership. Thus, despite increasing prosperity, an increase in social and political pluralism is unlikely to accompany economic development in China in the foreseeable future. This also means that policies will continue to be shaped by a handful of elite politicians.

Second, the Party has revived the theme of bolstering domestic demand with the new Five-Year Plan, by calling for the [strengthening of “internal circulation.”](#) According to Han Wenxiu, a senior official in China’s Finance and Economic leading group, and one of the authors of the 14th Five-Year Plan, bolstering internal circulation would entail improvement in production for the domestic market, logistics, and the expansion of domestic demand [“as a strategic starting point.”](#)

Ning Jizhe, one of the co-authors of the plan and the vice chairman of China’s powerful National Development and Reform Commission, likewise emphasized that a major objective of the plan was to [“elevate people’s income and use multiple channels to increase the income of urban and rural residents.”](#)

According to Han, this was necessary because of the “visible increase in the instability and uncertainty in the external environment,” suggesting the Party’s dim view of the economies in advanced countries.

Despite the stated objective, there’s been no sign of this reorientation during the current downturn. Total government spending on social security and healthcare rose from 5.2 percent of nominal GDP in 2019 to 5.5 percent this year. Meanwhile, all of the other major economies have increased health and welfare spending by trillions of dollars, pushing up deficits by more than 5 percent of GDP. As of September, the deficit in China had only nudged up from 4 percent of nominal GDP during the third quarter of 2019 to 4.8 percent this September, a 0.8 percent increase. Retail sales, a reflection of the income security of ordinary Chinese, still fell by more than 7 percent this September compared to a year ago, and declined by close to 9 percent, if inflation is taken into account.

Despite aspirations to boost consumer demand in China, which also would benefit the world, China has done very little to facilitate that goal even at a time when it made great sense to do so. It is doubtful that the 14th Five-Year Plan will elevate the trajectory of Chinese demand to a level higher than its existing path. This means China will continue to run large trade surpluses and the world will not reap much more marginal benefits from its growing economy.

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In the meantime, the 4th plenum decision also suggests that China is pushing for a technological race with the other major economies of the world. According to the country’s Minister of Science and Technology, Wang Zhigang, [“Technological autonomy and self strength... has become the primary mission of all different plans.”](#) Science and innovation have been placed on the policy pedestal because “technological innovation is a crucial variable in the great once-in-one-hundred-year transformation and is a support and guide to the strategy of [the great rejuvenation of the Chinese people.”](#)

The leadership’s view is that China cannot do without a strong edge in science and technology and likely will commit mammoth resources towards them. While both the plenum announcement and Wang Zhigang paid lip-service to international cooperation in scientific research, ultimately, “crucial core technologies cannot be taken, nor can they be bought,” according to Wang. China likely will seek to achieve a technological edge in a number of fields.

To be sure, Chinese commitment to investment in science and technology will benefit the world tremendously, especially in fields such as renewable energy, medicine, and climate change. Still, with a Leninist dictatorship firmly in charge, China may well leverage its growing technological edge to compel other countries to fall into line in silencing critical voices and in foreign policy. In democracies, even advanced ones, a decisive Chinese edge in AI, telecommunication, and military technology may undermine the integrity of the democratic process in substantial ways. This eventuality behooves advanced democracies likewise to commit more public and private resources to science and technology.

On the face of it, there is much to like about the 14th Five-Year Plan. China finally will boost domestic demand, potentially increasing the world’s export to China. Scientific progress in China also will have positive spillovers around the world. Yet, the recent plenum also made clear that the Party is firmly committed to keeping a closed political system and rejecting liberalization. Thus, a small, nationalist elite in Beijing likely will continue to shape policies in a way that mainly benefit them.



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