

July 14, 2006

## China Communists Target Private-Sector Role

 By SHAI OSTER  
 July 14, 2006

BEIJING -- China's Communist Party hopes to continue expanding its presence in the rapidly growing private sector by establishing party "cells" within more private businesses, a senior party official said.

More than 85% of the private-sector enterprises in China that employ three or more party members currently have party branches, Ouyang Song, vice minister of the Organization Department for the Communist Party's powerful Central Committee, said Thursday in a rare news conference.

The Communist Party historically had branches in every organization within China's state-controlled economy. When China allowed a private sector to develop two decades ago, a new segment formed outside the party structure. China's Communist leaders are struggling to keep their party and its ideology relevant in an increasingly capitalist society, and they want to solidify their presence and control over this emergent sector.


"We hope to make greater progress in this area soon," Mr. Ouyang said. He didn't give a total number of private-company party branches or a comparison figure from previous years.

China's private sector has exploded in the past two decades, and many analysts say it now accounts for at least half of the country's total economic output. The party has grudgingly embraced the trend: Beginning in 2001 after a heated internal debate, it allowed private entrepreneurs to have membership.

Mr. Ouyang's news conference Thursday focused on an 18-month "educational" campaign aimed at bolstering both the orthodoxy and integrity of the party's 70.8 million members. The party is wrestling with a number of issues as it prepares for the 17th Party Congress in late 2007, at which key policies and leadership appointments will be made. Rampant corruption among party and government officials and a growing wealth gap have sapped support for the party among many Chinese citizens.

The corruption issue has been especially prominent lately amid a spate of embarrassing

### DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: [www.djreprints.com](http://www.djreprints.com).

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

scandals. Last month, for example, Beijing Vice Mayor Liu Zhihua was dismissed from his post and put under investigation for "corruption and dissoluteness," according to the official Xinhua news agency. Mr. Liu ran the city's planning department and oversaw construction, including preparations for the Summer Olympics in 2008.

Mr. Ouyang declined to elaborate on the status of Mr. Liu's case, except to say that the former official remains under investigation. He said that during the recent ideological campaign, 44,738 "unqualified" members were dismissed from the party; he didn't explain what "unqualified" meant.

Despite the challenges facing the party -- and the disconnect between its Marxist ideology and the growing materialism generated by China's rapid economic growth and its burgeoning middle class -- party membership continues to grow. Much of the attraction for young new members, analysts say, comes from the fact that the party's continued lock on power makes it a necessary tool to get ahead, even in business.

Mr. Ouyang said that of the 17.6 million applicants for party membership last year, about 76% were less than 35 years old. Of the 2.47 million new party members, 80% were younger than 35, he said.

**Write to** Shai Oster at [shai.oster@dowjones.com](mailto:shai.oster@dowjones.com)<sup>1</sup>

**URL for this article:**

<http://online.wsj.com/article/SB115282631017506174.html>

**Hyperlinks in this Article:**

(1) <mailto:shai.oster@dowjones.com>

**Copyright 2006 Dow Jones & Company, Inc. All Rights Reserved**

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).