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Party Watch Annual Report 2019
Scrambling to Achieve a Moderately Prosperous
Society

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Introduction: Scrambling to Achieve a Moderately Prosperous Society

Julia G. Bowie

At the first meeting of the Politburo Standing Committee of 2019, Chinese Communist Party (CCP) General Secretary Xi Jinping set the tone for the upcoming year, calling it a “crucial year for building a moderately prosperous society and achieving the first centenary goal.”¹ He was rallying his party to fulfill its promise to build a “moderately prosperous society” by 2021, the 100th anniversary of the founding of the CCP. Jiang Zemin first laid out this goal when he was general secretary in 2002 and the entire party has been working toward it ever since. By transforming China into a moderately prosperous society by 2021—an achievement that is defined and reached according to the CCP’s judgement alone—the CCP hopes to reinforce its legitimacy and ensure it is on track to realize its second centenary goal, the “great rejuvenation of the Chinese nation,” by the 100th anniversary of the founding of the People’s Republic of China in 2049.

While national rejuvenation suggests the restoration of China’s economic and political significance on the world stage, the interim strategic objectives for 2020 acknowledge that domestic challenges must first be confronted to achieve it. Following the framework of the five-sphere integrated plan that is the CCP’s schema for achieving national rejuvenation, these goals define developmental benchmarks that China must reach in five realms: economic, political, cultural, social, and environmental.² Until the goals were updated by Xi Jinping, the most specific and measurable goals were largely in the economic realm, such as the commitment to double China’s 2010 gross domestic product by 2020, reflecting the primacy of economic growth over all other indicators of the CCP’s performance legitimacy.³

But since Xi Jinping made national rejuvenation the hallmark of his administration by introducing his personal slogan, the “China Dream” of the “great rejuvenation of the Chinese nation,”⁴ shortly

¹ “Politburo Standing Committee Convenes a Meeting; General Secretary Xi Jinping Presides” [中共中央政治局常务委员会召开会议 中共中央总书记习近平主持会议], Xinhua, January 7, 2019, http://www.xinhuanet.com/politics/2019-01/07/c_1123958476.htm.

² “The Five-Sphere Integrated Plan,” *People’s Daily* Online, September 6, 2017, <http://theory.people.com.cn/n1/2017/0906/c413700-29519343.html>.

³ “Full Text of Hu Jintao’s Report at the 18th Party Congress,” Embassy of the PRC in the United States of America Website, November 27, 2012, http://www.china-embassy.org/eng/zt/18th_CPC_National_Congress_Eng/t992917.htm.

⁴ Cary Huang, “Just what is Xi Jinping’s ‘Chinese dream’ and ‘Chinese renaissance’?,” *South China Morning Post*, February 6, 2013, <https://www.scmp.com/news/china/article/1143954/just-what-xi-jinpings-chinese-dream-and-chinese-renaissance>.

after taking office,⁵ the 2020 goals have been updated to reflect the senior leadership's belief that the CCP's legitimacy could no longer be predicated solely on economic growth. While Deng Xiaoping, Jiang Zemin, and Hu Jintao each sought to double China's gross domestic product every decade, Xi's administration explicitly stated that it would no longer bring up the target of doubling GDP, instead focusing on high-quality, sustainable growth in the long-term.⁶ To shift the basis of the CCP's performance legitimacy away from rapid economic growth, he emphasized various concrete commitments in other realms, such as vows to completely eradicate poverty and make measurable air quality improvements by 2020.⁷ Demonstrating how seriously the CCP leadership takes these objectives, Xi Jinping identified "three tough battles" (三大攻坚战) the Party must win ahead of 2021 in his 2017 report to the 19th Party Congress—forestalling and defusing major risks, carrying out targeted poverty alleviation, and controlling pollution—and the CCP launched major campaigns to ensure results in these areas.⁸

The CCP is now hurtling toward the deadline to achieve a moderately prosperous society and Xi Jinping has premised the legitimacy of his increasingly repressive regime on his ability to deliver on these goals. The Party Watch Annual Report 2019 discusses the CCP's race to achieve the first centenary goals in the economic, political, cultural, social, and environmental realms.

Joseph Fewsmith's section discusses the Xi Jinping administration's effort to revive Leninism and gain greater control of the Party, not only to ensure its continued rule, but also to mobilize the power and resources needed to achieve national rejuvenation. Fewsmith argues that the Party under Xi has seen two phases of development: first, a "destructive" period of political struggle and the consolidation of power, and where such anti-corruption investigations played a notable role, and second, a recently-begun "constructive" phase in which efforts are being made to rebuild the Party into a cleaner, more centralized system than it was under Hu Jintao. To that end, Xi has implemented major reforms to the structure of China's discipline apparatus, and has reinvigorated the inspection system, which has become an essential tool for ensuring results on the 2020 goals. This comprehensive control of the Party from the center is key, in Xi's view, to staving off internal decay, ensuring its continued legitimacy in the eyes of the masses, and achieving national rejuvenation.

⁵ "Xi Jinping: Follow the Past and Herald the Future, Continue the Dauntless Advance of the Chinese People toward the Great Rejuvenation" (习近平：承前启后 继往开来 继续朝着中华民族伟大复兴目标奋勇前进), Xinhua, November 29, 2012, http://www.xinhuanet.com/politics/2012-11/29/c_113852724.htm.

⁶ "China Says Will Not Set Target to Double GDP From 2021, in Change from the Past," Reuters, October 25, 2017, <https://www.reuters.com/article/us-china-congress-growth/china-says-will-not-set-target-to-double-gdp-from-2021-in-change-from-the-past-idUSKBN1CV07S>.

⁷ "Xi Pledges to Do All to Rid China of Poverty by 2020," *China Daily*, October 16, 2015, https://www.chinadailyasia.com/nation/2015-10/16/content_15330833.html; Feng Hao, "China Releases 2020 Action Plan for Air Pollution," *China Dialogue*, June 7, 2018, <https://www.chinadialogue.net/article/show/single/en/10711-China-releases-2-2-action-plan-for-air-pollution>.

⁸ Xi Jinping, "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" [习近平:决胜全面建成小康社会 夺取新时代中国特色社会主义 伟大胜利——在中国共产党第十九次全国代], Xinhua, October 27, 2019.

Victor Shih's section examines the evolution of the CCP's economic priorities since the 19th Party Congress. This section explores whether Xi's administration has maintained its commitment to invest in high-quality economic growth initiatives over high-speed growth in the face of trade conflict with the United States through a comparative analysis of press materials from Politburo meetings since late 2017. It finds that the focus of the Politburo appears to have turned from initiatives focusing on the overall quality of economic growth to the more basic concerns of macroeconomic stability, betraying an anxiety over the trade war that is not immediately apparent when relying on more public-facing statements and analysis of data on economic outcomes alone.

Jean-Pierre Cabestan's section discusses the Party's political goals for 2020, which are defined as making progress toward building a "socialist democracy." The section provides an overview of the stated principles and recent history of socialist democracy in the Chinese political context, and how these principles have been translated into practice under Xi Jinping. In contrast to the Hu administration, Xi has focused much less attention on "intraparty democracy" and instead emphasizes the absolute role of the Party. Mechanisms to promote "democratic consultation" and "community-level democracy" have continued under Xi, but their implementation remains gradual at best, and particularly in less developed areas, is beset by numerous political and organizational hurdles. Overall, Chinese socialist democracy remains a notion subservient to the absolute guiding leadership of the Party, functioning primarily as a means of legitimizing ongoing communist rule.

Mike Gow's section discusses the increasing importance of the CCP's cultural goals under Xi Jinping. Recognizing the unsustainability of economic growth as a source of performance legitimacy, Gow explains, the CCP has made efforts to leverage cultural power as a source of shared identity. The CCP under Xi has mobilized new concepts such as "core socialist values" and "excellent traditional Chinese culture," incorporated them into the PRC's constitutional and legal frameworks, and used them to transform civic spaces into "cultural arenas for the performance of citizenship which conforms to the state's vision." As such, Gow concludes that the "China Dream is less a project that aims to create a powerful nation, and more a project that serves to create a citizenry to populate a powerful nation."

John Donaldson's section discusses Xi Jinping's ambitious pledge to end poverty in China by 2020, toward which the CCP has deployed a locally adaptable set of policies that have mobilized actors in the public and private sectors and tied officials' performance to success in poverty reduction. The Party understands that poverty—a manifestation of a severe inability to provide a good life for the people—represents a concerning indictment of the regime's legitimacy overall. This paper fills in an analytic gap among Western sources regarding these programs, which have to date seen well over fifty billion dollars of poverty alleviation funding disbursed since the pledge was made. Current poverty reduction policy in China includes an impressive array of locally-oriented, precise guidelines that are also adaptable to circumstances on the ground. At the same time, these measures suffer from a number of problems and the motivation to falsify or otherwise manipulate data is high for local officials. In particular, current poverty reduction programs appear to operate based on a number of assumptions about the nature of rural poverty in ways that do not comport with reality. While certainly not lacking effort and energy, and while great progress has undoubtedly been made, this section concludes that the absolute, total elimination of poverty from China will certainly not occur any time soon.

Finally, Isabel Hilton's section discusses the upcoming "year of reckoning" for China's environmental targets under the first centenary goal and the 13th Five Year Plan. China under Xi Jinping has placed significant emphasis on the development of an "ecological civilization" that balances the needs of economic development with those of maintaining harmony with the environment, not in the least because the public has grown only more aggrieved over pollution over the last decade. Hilton analyzes China's efforts toward the incredibly complex task that is constructing such an ecological civilization, to which Xi has rhetorically tied the credibility of the government as a whole. The new Ministry of Ecology and Environment has been empowered in ways its predecessor, the Ministry of Environmental Protection, was not, and substantial progress has been made over the last several years in enforcement of environmental regulations. Similar to Shih's findings, Hilton assesses that unforeseen challenges have forced the CCP leadership to walk back some of its ambitious environmental targets. As internal pushback and pressure from trade tensions with the US grows, environmental concerns have evidently taken a back seat.

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Reviving Leninism and National Rejuvenation: Can Tighter Cadre Control Produce Better Governance?

Joseph Fewsmith

Meeting with reporters following the close of the 18th Party Congress, Xi Jinping declared that to realize the “great rejuvenation of the Chinese nation” (中华民族伟大复兴), generations of Chinese had struggled without success. Only after the Chinese Communist Party (CCP) was founded could it unite the Chinese people and, through hard struggle, transform a poor and backward China into an increasingly prosperous, new China.⁹ A few days later, Xi led his Politburo Standing Committee colleagues to the History Museum on Tiananmen Square to view the exhibit “Road to Rejuvenation” (复兴之路). The exhibit reinforced Xi’s message that only the CCP could lead China from poverty to independence, wealth, and power. It was there that Xi first enunciated his mantra, the “China Dream” of realizing the great rejuvenation.¹⁰ This would be achieved in stages: the first centenary goal of achieving a moderately prosperous society by 2021, and the second centenary goal of achieving a fully modernized society by 2049. Thus, within days of Xi being inaugurated as general secretary, the basic themes that have animated his tenure—nationalism, national revival, the role of the CCP, and the dream of wealth and power—were enunciated.

Looking back over the now seven years of Xi’s time in power, it seems apparent that one can divide the time into two parts, one of “destruction” and one of “construction,” to repurpose the old Maoist rhetoric. While not strictly separated chronologically, the first phase was dominated by political struggle—the purging of political rivals and the concentration of power—while the second phase, just coming into view, has been characterized by an effort to rebuild the CCP into a stricter, more responsive (to the center) party, characterized by important structural changes to prevent the corruption and dysfunction that characterized the Hu Jintao era from recurring.

The first phase began even before Xi took power. In September of 2012, Xi disappeared for two weeks in an absence that still has not been explained. Circumstantial evidence suggests that Xi was bargaining hard. Bo Xilai had been arrested the previous spring, and the head of the General Office, Ling Jihua, whose son’s death in an automobile crash in March had just been exposed, was suddenly moved to the United Front Work Department. It appears that Xi argued that corruption and party discipline were major problems and that he needed to have real power if he were to deal with these crises. Rumors suggested that he threatened to resign if he were not given the necessary authority.

⁹ “Full Text: China’s New Party Chief Xi Jinping’s Speech,” BBC, November 15, 2012, <https://www.bbc.com/news/world-asia-china-20338586>.

¹⁰ “Xi Jinping: Follow the Past and Herald the Future, Continue the Dauntless Advance of the Chinese People toward the Great Rejuvenation” (习近平：承前启后 继往开来 继续朝着中华民族伟大复兴目标奋勇前进), Xinhua, November 29, 2012, http://www.xinhuanet.com/politics/2012-11/29/c_113852724.htm.

Apparently, he was given the authority; shortly after the 18th Party Congress in November 2012, the first “tiger” in Xi’s new campaign against corruption, Li Chunheng, deputy party secretary of Sichuan province, would fall. Li was part of a chain of alliances that would ultimately lead to Zhou Yongkang, who would be arrested for corruption in December 2014 and convicted in April 2015. Bo Xilai, who had been detained in March 2012 before Xi took power, was tried and convicted in August 2013. This unfolding campaign against corruption was soon compounded by a parallel campaign to prevent “peaceful evolution.” Although it was never labeled in those terms, it quickly became obvious that that is what it was. It quickly became obvious that Xi was obsessed by the fall of the former Soviet Union. When Xi went to Guangdong in December 2012, he said that the Soviet Union had fallen not only because no one was a “real man” who would stand up to oppose it but more fundamentally because people—party members—had lost their “ideals and convictions.”¹¹ Xi would soon oversee a campaign in China to restore those ideals and convictions there.

Xi’s campaign against peaceful evolution was helped, however inadvertently, by the liberal newspaper editors of *Southern Weekend* (南方周末) who wrote a New Year’s editorial declaring that their “China Dream,” already Xi’s buzzword for building a strong China, was “constitutional government.” Xi and the propaganda authorities acted quickly to turn out the now infamous “Document No. 9,” which listed seven tendencies that must be fought against: Western constitutional democracy, universal values, civil society, neoliberalism, freedom of the press, historical nihilism, and doubting the socialist nature of socialism with Chinese characteristics.¹²

So within a very short period of time, Xi had been able to carry out a campaign against corruption, raise issues about the threat posed by “peaceful evolution,” and launch an ideological campaign to restore the “ideals and convictions” of the Chinese people. Over time, these campaigns would take down his political enemies, remake the political elite, and begin to open up new means of controlling the Party and the broader society. In other words, these campaigns would not only consolidate Xi’s position in power—defying the predictions that he would be a weak and conservative leader—but make a concerted effort to revive China’s Leninist political system. In doing so, he would turn away from Deng’s efforts to reform China’s political system and return to something more akin to Mao Zedong’s system.

The Dengist Political System

To see how far Xi has moved from the Dengist system, it is helpful to lay out a few characteristics of that system. During the Cultural Revolution, Deng Xiaoping had five years in a tractor factory in Nanchang, Jiangxi, to contemplate what had gone wrong in the Maoist era. When he finally became preeminent leader in 1978, he began changing the political system in important ways, four

¹¹ Chris Buckley, “Vows of Change in China Belie Private Warning”, *New York Times*, 15 February 2013, https://www.nytimes.com/2013/02/15/world/asia/vowing-reform-chinas-leader-xi-jinping-airs-other-message-in-private.html?_r=0.

¹² An English translation of the memo can be found at: “Document 9: A ChinaFile Translation,” ChinaFile, November 8, 2013, <http://www.chinafile.com/document-9-chinafile-translation>.

of which are relevant to this comparison. First, coming off the Cultural Revolution, Deng took steps to lower the political temperature in China. Under the slogan “practice is the sole criterion of truth,” Deng focused on economic work; “class struggle” was no longer the “key link.” Second, and closely related to the first, he took steps to end the cult of personality. Deng deliberately took the third rank position on the Politburo Standing Committee. Although Deng was clearly the paramount leader, he gave the first two positions in the political hierarchy to General Secretary Hu Yaobang and Premier Zhao Ziyang. Mao was made human sized again, and the 1981 “Resolution on Certain Questions in Our Party’s History since the Founding of the PRC” did much to change the ideological atmosphere and open up space for intellectual freedom.¹³ Third, Deng pushed to open China, encouraging the development of the market economy domestically and opening of the country diplomatically. Fourth, and perhaps most important, he took steps to institutionalize the succession process. As Deng told Italian journalist Oriana Fallaci, for a leader to name his own successor was “feudal.”¹⁴ Thus, when Jiang Zemin was appointed general secretary in the wake of the Tiananmen crackdown, Deng prevented him from naming his own successor in turn by appointing Hu Jintao as such, creating a balance (albeit a fragile one) within the leadership and the Party.

Phase II: Bringing Leninism Back In

Much commentary about Xi Jinping has emphasized his centralization of power and personalistic rule. What has been less noticed has been his efforts to revivify China’s Leninist system. In the academic literature, Leninism is usually seen as going through phases. Jowitt, who has written with great insight on Leninism, argued that there are three basic phases. The first is transformation, in which the Leninist party transforms society, destroying traditional social structures, and reforming society to mirror the party. Second, as the Party consolidates these changes and its own power, it maintains isolation from society. This exclusionary phase keeps social forces at arm’s length. Finally, as the revolutionary mission runs its course, the Party adopts an inclusionary approach that tries to bring the party and social forces into concordance. This is the phase of reform.¹⁵

Jowitt sees reform as deadly for the Party. As the Party tries to reconcile its maintenance of rule with social forces, it opens itself to bribery and other corrosive forces. Writing some years ago, Jowitt did not broach the idea that nationalism and technology might maintain the Leninist party for an extended period. Certainly the development of local factions and the dysfunctionality that the CCP has witnessed would not have seemed strange to Jowitt, but the idea that a Leninist party could reinvigorate itself, restoring a sense of mission, would have surprised him. But that seems to be what the CCP under Xi is doing, or trying to do.

¹³ “Resolution on Certain Questions in Our Party’s History since the Founding of the PRC,” 11th Central Committee of the CCP, June 1981, http://www.china.org.cn/china/CPC_90_anniversary/2011-06/22/content_22839137.htm.

¹⁴ Deng Xiaoping, “Answers to the Italian Journalist Oriana Fallaci,” in *Selected Works of Deng Xiaoping (1975-1982)* (Beijing: Foreign Languages Press, 1984), 326-334.

¹⁵ Ken Jowitt, *The New World Disorder: The Leninist Extinction* (Berkeley: University of California Press, 1993).

The key to this effort to revivify Leninism is gaining greater control over the Party and extending the reach of the Party. The basic characteristic of any Leninist regime is party control of the cadres, that is, higher-level party committees appoint those at a lower level. In the past, China tried to manage two levels down, so, for instance, the central government would appoint provincial party secretaries and governors (ministerial level) as well as deputy party secretaries and vice governors (deputy ministerial level). This “two-level-down” practice involved too many cadres to manage, so in 1984, the Party switched to “one-level-down” management. The problem with one-level-down management, as Minxin Pei points out, is that it creates incentives for lower-level cadres to curry favor with their superiors.¹⁶ If the cadre system were truly meritocratic, one would not need to curry favor, but in fact, many cadres believe that just doing their jobs is not enough to secure promotion. Hence, gifts and bribes became an important part of the cadre system.

There is a commission for discipline inspection (CDI) at each level down to the county level, but the problem has always been that the members of that commission are ultimately under the control of the party secretary at that level. Discipline inspection commissions are supposed to be under the dual leadership of the party committee at the same level and the discipline inspection commission at the next highest level, but in fact, the party secretary at the same level has been able to exert control because he or she provides the resources needed. In recent years, the CCP has been trying to strengthen the vertical control. Xi Jinping has pushed this much further than previous party leaders.

This push got underway in November 2016 when the General Office promulgated the Plan for Experimenting with Reform of the State Supervisory Structure in Beijing, Shanxi, and Zhejiang (关于在北京，山西省，浙江省开展国家监察体制改革试点方案). Shortly thereafter, in January 2017, it was announced that Yang Xiaodu, who would be named a member of the Politburo and Secretariat at the 19th Party Congress in October that year, was a member and office director of the newly established Central Leading Small Group for Deepening the Reform of the State Supervision Structure (中央深化监察体制改革试点工作领导小组).

The rise of Yang Xiaodu is a bit surprising. Born in Shanghai in 1953, he served in Tibet from 1976 to 2001. As deputy commissioner of Naqu District, he must have been well known to Hu Jintao, who served as a party secretary there from 1988 to 1992. Yang certainly thrived under Hu’s successors, Chen Kuiyuan and Guo Jinlong, who succeeded Hu as party secretaries in Tibet. Yang rose to be a deputy party secretary in the autonomous zone. In 2001, he was transferred to Shanghai as deputy mayor. In 2007, when Xi Jinping served as party secretary of Shanghai, Yang was head of the United Front Work Department of the city, so he would have been well known to Xi. In 2013, he became head of the Third Inspection Team sent out by the Central Commission for Discipline Inspection (CCDI). He must have impressed his boss, Wang Qishan, because he became a deputy secretary of the CCDI in 2014. In 2016 he took on the concurrent position of minister of supervision.¹⁷

¹⁶ Minxin Pei, *China’s Crony Capitalism* (Cambridge, MA: Harvard University Press, 2016).

¹⁷ For Yang Xiaodu’s career history, see: “Comrade Yang Xiaodu Curriculum Vitae,” Central Commission for Discipline Inspection Website, May 16, 2019, http://www.ccdi.gov.cn/xxgk/ldjg/yxd/201905/t20190505_193380.html.

Following the appointment of Yang, experiments were carried out in Beijing, Shanxi, and Zhejiang. Shanxi had been the target of a major corruption investigation in the wake of the Ling Jihua case, and Beijing no doubt wanted to bring that province under control. The experiment in all three locations moved very quickly. By April 2019, the prosecuting functions of the supervisory commissions at various levels had been transferred to the CDIs at corresponding levels. Although the task was to create a National Supervision Commission with subordinate units branching downward, in actuality it was the CDIs at various levels that were being strengthened. Both employees of the old people's procuratorate and the CDI at the corresponding level were working in the same building. Officials of the new supervisory commissions were both members of the CDI *and* the supervisory commissions.¹⁸ In other words, they were both state and party officials, meaning that the new organizations had the authority to investigate both party and non-party people.¹⁹

Although one stated purpose of the reform was to reduce redundant investigations by the CDIs and the procuratorate, the more important reason was to strengthen supervision of lower-level offices and to make the investigative offices more independent of the local party secretary. Under the new rules, although local CDIs still need the party secretary's approval to initiate certain investigations, they can initiate other investigations on their own. In either case, they must pass the same materials to their superordinate CDI—and the higher level CDI not only leads the casework, they can overturn the decision of a local party secretary if that secretary declines prosecution.²⁰ This weakens the local party secretary's control while strengthening the vertical controls.

According to figures released by China, many leading cadres, called “tigers,” have been caught. “Tigers” are generally defined as cadres of vice-ministerial rank and above; in other words, they are the centrally-managed cadres (中管干部). Although there is not an official figure for the number of centrally-managed cadres, it is believed that there are about 2,500. In 2017, Yang Xiaodu stated that since the 18th Party Congress in 2012, 440 centrally managed cadres had been investigated. Of these, 43 were full or alternate members of the Central Committee and nine were members of the CCDI. Moreover, over 8,900 cadres at the department level (厅) had been investigated and 63,000 cadres at the division (处) level had been investigated. Some 278,000 basic level cadres had been disciplined, and 3,453 cadres had been brought back from overseas.²¹

¹⁸ Jinting Deng, “The National Supervision Commission: A New Anti-Corruption Model in China,” *International Journal of Law, Crime and Justice*, 2018.52, 70, <https://www.sciencedirect.com/science/article/pii/S1756061617300848>.

¹⁹ “The Experiments with the Reform of the National Supervision Structure Have Achieved Real Results,” [国家监察体制改革试点取得实效], People's Daily via Chinese Communist Party News (中国共产党新闻网), June 1, 2017, <http://dangjian.people.com.cn/n1/2017/1106/c117092-29628258.html>.

²⁰ Deng, “The National Supervision Commission,” 65-66.

²¹ *Xinhua*, October 19, 2017, available at baike.baidu.com/reference/2296555/364dlvgVZefZrwJ0O...oOpCUosmXiSbJctA5J7zHc_pfacF_iD00TNaevC1gBB_mRQ8CnB3sVkXB.

In 2019, the CCDI opened investigations into 68 centrally-controlled cadres, sending 15 to the judicial system for prosecution. Throughout the country, supervisory commissions cited 526,000 cadres for violations of party discipline (党纪处分) and cited 135,000 non-party cadres for violations of public affairs (政务处分).²² These figures suggest a closeness of supervision far exceeding anything seen in the Jiang Zemin or Hu Jintao eras.

At the same time that Xi has overseen the change in the way corruption is investigated, he has also reinvigorated the inspection system. The CCP has used inspectors (巡视员) from its earliest days. The system is intended to gather unfiltered information for top leaders and to convey instructions directly to local leaders. Inspectors are sometimes authorized to make changes they deem necessary on behalf of the central leadership.

In 2009 the Party established a Central Leading Small Group for Inspection Work (中央巡视工作领导小组). He Guoqiang, as head of the CCDI, was its first leader, and its office was established within the CCDI. When Wang Qishan took over as head of the CCDI, he also became head of this leading small group; since the 19th Party Congress, Zhao Leji, as head of the CCDI, took over this group, with Yang Xiaodu and Chen Xi, head of the Organization Department, as deputy heads. In 2015, the CCDI promulgated “Regulations on Inspection Work,” and in 2018 the Party promulgated the “Plan for Central Inspection Work, 2018-2022.” Although these changes extend back into the Hu Jintao era, it is apparent that inspection work took on new life as Wang Qishan spearheaded the drive against corruption. Inspection teams went to provinces, stayed for extended periods of time, and referred cases to the People’s Procuratorate for prosecution.

In 2018, the CCDI promulgated “Work Plans for Central Inspection Work, 2018-2022.” Inspections were carried out in 27 provinces and municipalities, 18 central departments, eight centrally managed enterprises, two centrally managed financial enterprises, and put the leading cadres for the “four teams” (四套班子)—namely the Party, the government, the National People’s Congress, and the Chinese People’s Political Consultative Congress—of ten vice-ministerial level cities under investigation. Altogether Zhao Leji said that 126,000 party organizations at the county and city level had been inspected, uncovering 975,000 problems of various sorts, including 190,000 cases of violating party discipline, of which 36,000 were further investigated.²³

Conclusion

In October 2013, Wang Qishan told a meeting of party leaders that it was necessary to create a mechanism so that cadres would not “dare” to be corrupt, would not be “able” to be corrupt, and

²² Zhao Leji (赵乐际), “Loyally Carry Out the Responsibilities Conferred by the Party Charter and Constitution; Strive to Realize High Quality Discipline Inspection and Supervisory Work in the New Era” [忠实履行党章和宪法赋予 努力实现新时代纪检监察高质量发展], Central Commission for Discipline Inspection, January 11, 2019, http://www.ccdi.gov.cn/toutiao/201902/t20190220_188859.html.

²³ Ibid.

would not “want” to be corrupt.²⁴ Wang’s formula was formalized in the “Some Regulations on Inner-Party Political Life in the New Era” adopted at the Sixth Plenum of the 18th Central Committee in October 2014.²⁵ For the first few years of Xi’s term, as the campaign against corruption unfolded, it seemed that the central leadership was creating conditions under which cadres would indeed not dare to be corrupt. But it was difficult to see what would prevent cadres from going back to old habits once the campaign passed.

Beginning in 2016, however, as the plan to develop the National Supervision Commission took place, it became apparent that Xi had far-reaching structural reforms in mind. As these measures went from the experimental stage to being implemented across the country, a new inspection regime came into view, one in which local party leaders had much less ability to limit investigations and much less ability to escape scrutiny. Moreover, higher-level organization had significantly greater control over lower-level organizations. The extension of control to non-party cadres as well as party cadres meant that the inspection regime was far more comprehensive. It can even reach into “service” organizations, such as universities and hospitals, whose employees are all state employees.²⁶ It extended down farther, including the township level, and it was supplemented by a re-invigorated inspection regime. No longer were investigations into corruption occasioned by either political enemies or particularly egregious cases but rather they were systematized, making it increasingly difficult to escape the dragnet. China is now clearly in the stage of making it so the cadres “cannot” be corrupt. This is an important change. No longer can we believe that China will revert to a pre-Xi era when he leaves the stage; on the contrary, he is making changes that will affect China for years to come.

Whether these changes will, as Xi hopes, strengthen the Party and extend its hold on power is less certain. The new centralization and heightened scrutiny raise at least two questions of concern. The first is whether such tight scrutiny is compatible with incentivizing cadres to foster development. One of the keys to China’s development over the years was the initiative local cadres took to draw in investment and spur growth. In recent years, there has been much talk about cadres not daring to do anything beyond their basic jobs; they are too afraid of making mistakes to undertake development that might call their behavior into question. The increasing tightness of surveillance makes it likely that cadres will find it even more difficult going forward.

The other issue is the recruitment and retention of capable cadres. Already, in the wake of the campaign against corruption, there has been a wave of cadres resigning their positions in favor of

²⁴ Wang Qishan (王岐山), “How Can We ‘Make the Cadres Neither Want to, be Able to, Nor Dare to be Corrupt?’” [让干部不想不能不敢腐“咋落实?], *CPC News Weekly* (天天周刊), October 2013, <http://cpc.people.com.cn/pinglun/n/2013/1018/c241220-23251723.html>.

²⁵ “Regarding Some Standards of Internal Party Political Life under New Circumstances” [关于新形势下党内政治生活的若干准], 6th Plenum of the 18th Central Committee, November 2, 2016, http://www.xinhuanet.com/politics/2016-11/02/c_1119838382_5.htm.

²⁶ Kerry Brown, “‘Supervision Power’: Party Discipline under Xi Jinping,” in *Party Watch Annual Report 2018*, Center for Advanced China Research, <https://www.ccpwatch.org/single-post/2018/10/18/Party-Watch-Annual-Report-2018>.

pursuing business.²⁷ Cadres are not paid well and promotions come slowly. The incentives for pursuing a cadre career in the past were security, the possibility of power, and the ability to profit from one's position. The campaign against corruption has made cadre positions less secure and certainly less profitable. China will no doubt be able to fill its cadre force, but one wonders whether it will attract the best and the brightest, or whether those people will find other avenues to pursue their dreams. Would a less capable cadre force bring about poorer governance? It can't help.

Xi sees tightening control over the Party as the key to realizing China's national rejuvenation and staying in power. But Xi's gamble on greater centralization and surveillance of cadre behavior risks curbing the cadre activism that has been central to China's growth over the last three decades. Can such strict control be compatible with the growing diversity of China and the innovation and entrepreneurship that will be necessary for realizing the greatness and rejuvenation Xi seeks?

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²⁷ Li Lianjiang, "The Cadre Resignation Tide in the Wake of the 18th Party Congress," *China: An International Journal* 17.3, 2019, 188-99, <https://muse.jhu.edu/article/732783>.

From High-Quality Growth to “Holding the Bottom-line”: The Evolution of Elite Economic Priorities in the CCP since the 19th Party Congress

Victor Shih

During its late-2017 19th Party Congress, the Chinese Communist Party (CCP) had wanted to focus on laying the medium-term foundation for a “new era” of socialism with Chinese characteristics, including de-leveraging, providing an even playing field to private companies, and SOE reform. This was a reasonable focus because at the end of 2017, China was making good progress toward meeting the first of the “two centenary” goals, namely, to double China’s GDP between 2010 and 2020. Indeed, by the end of 2017, China’s nominal GDP had already doubled from 41 trillion RMB at the end of 2010 to 82 trillion RMB. However, as the trade conflict with the US escalated and China’s economy slowed, Xi Jinping himself began to put greater emphasis on growth maintenance and overall stability. In examining the text of the press releases for various types of central policy meetings involving either all or a plurality of Politburo members, it becomes apparent that the Party has shifted gears toward ensuring growth and preventing financial instability, neglecting market and state-owned enterprise (SOE) reform in relative terms. This suggests that policy-making at the highest level is much more reactive to external shocks and less consistent than might be suggested by the plethora of plans and long-term strategic documents issued by the CCP. Escalating tension with the US and turmoil in Hong Kong may detract the leadership from other long-term policy objectives. Also, the renewed focus on growth in 2018 suggests that although the “two centenaries” objectives were meant to motivate China’s bureaucrats, the real underlying policy objective is persistent growth of above 6%, regardless of whether centenary objectives had been met already.

The 19th Party Congress Economic Agenda

To be sure, the thrust of the 19th Party Congress was consolidating Xi Jinping’s ideological and constitutional control over the Party. However, a comprehensive economic agenda also was put forth, as stated in Xi’s political report.²⁸ Continuing themes proposed at the Third Plenum of the 18th Central Committee, the 19th Party Congress political report called for, “effective incentivization of property rights, free movement of factors, flexible movement of prices, and orderly and fair competition....”²⁹ This wording suggests the potential for wide-ranging legal and administrative reform to strengthen property rights, lessen the rural-urban divide, and diminish the

²⁸ Xi Jinping, “Achieving Victory over Comprehensively Building a Prosperous Society, Seizing Great Victory over Socialism with Chinese Characteristics in the New Era” [决胜全面建成小康社会夺取新时代中国特色社会主义伟大胜利], Report before the 19th Session of the Chinese Communist Party, October 18, 2017, http://www.xinhuanet.com/politics/19cpnc/2017-10/27/c_1121867529.htm.

²⁹ Ibid.

role of the state in setting prices. The political report, delivered by Xi himself, also suggests legal reform to protect the interests of private and foreign firms in the market, thus creating a more equal playing field for all firms.

On the topic of SOE reform, the 19th Party Congress report likewise hinted at an ambitious reform agenda of “perfecting the management system of all types of state assets, reforming the entrusted management of state capital, and speeding up the improvement in the deployment of state capital...”³⁰ Again, although vaguely worded, if the Party had chosen to pursue this agenda, it could have led to the formation of highly professional state asset managers in the mold of Singapore’s Temasek and GIC. It also could have led to a strategic withdrawal of SOEs from additional sectors in China’s economy in favor of the private sector. As we will see, an examination of Politburo and Central Commission for Deepening Reform press releases suggests that few of these policies were actually considered in subsequent months, especially going into the second half of 2018.

At the same time, the 19th Party Congress political report paid less attention to growth per se than previous party congresses had done. To be sure, the report states that “...development resolutely must be the primary task of the Party’s effort to govern and to revitalize the country.”³¹ However, in the “new era” that characterizes Xi Jinping’s personal ideology, “the main contradiction of our society has transformed into one between the ever increasing need for the good life and unequal and insufficient development.”³² In other words, growth concerns needed to be balanced by the demand for the “good life” of better social services and a cleaner environment. As we will see, however, growth concerns will continue to be a high priority in subsequent elite policy discussions. The discussion on the financial sector focuses on improving banks’ ability to finance the “real economy” and on developing novel types of financial instruments to increase efficiency of the Chinese financial system. However, it was “hold the bottom-line of avoiding systemic risks” which would capture much of the elite discussion in subsequent years.³³

Elite Policy Discussions

In assessing whether the ruling CCP has pursued its economic policies as set forth at the 19th Party Congress, one can focus on economic outcomes. Yet, as we can see, tracking major outcome data series such as growth largely fails to capture the intentions of the policy makers or even the impact of policies over a relatively short period of time. Another approach would track elite discussion to discern policy intentions, which also would uncover elite policy priorities and their dynamic evolution over time.

As Figure 1 shows, it is not possible to discern any clear patterns after the 19th Party Congress in terms of both economic growth and loan growth. By and large, the Chinese government pursued

³⁰ Ibid.

³¹ Ibid.

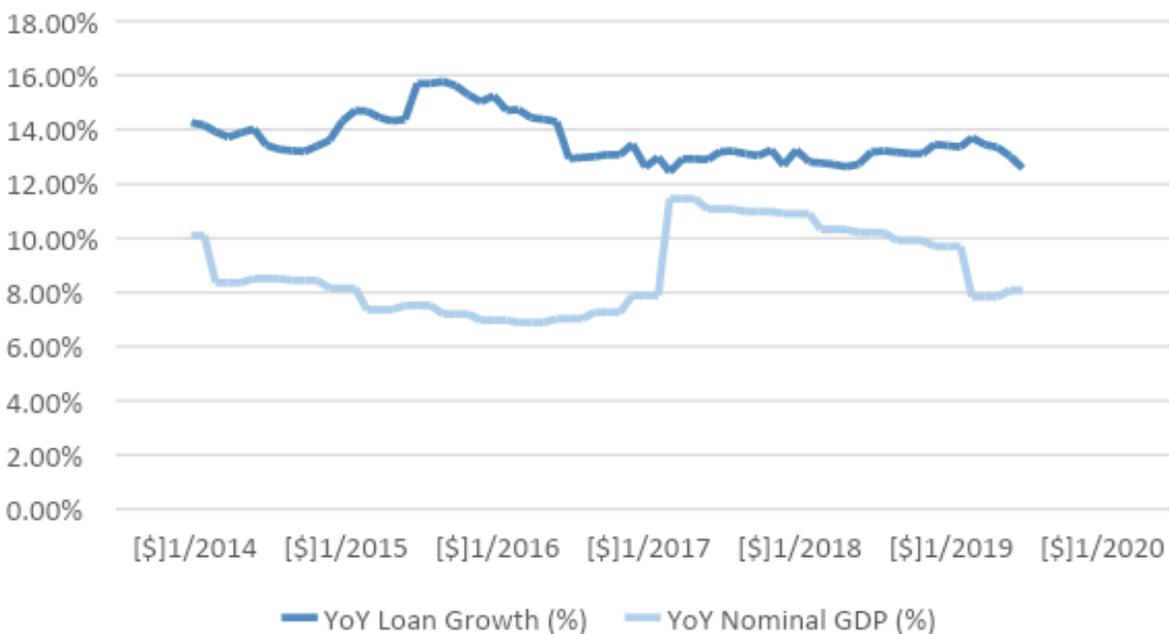
³² Ibid.

³³ Ibid.

gradual deceleration in the growth of credit, but steady economic growth. Although the data clearly do not suggest a massive stimulus to boost growth, it remains unclear whether the government has struggled to maintain the growth rate or whether growth continued to be a high policy priority. The steady growth rate that China has seen after the brief price-driven burst of early 2017 can either be the result of the government's benign neglect or its constant vigilance and interventions in the face of powerful forces to slow growth.

Similarly, credit growth has declined gradually in the past five years (Figure 1), but this occurred in the backdrop of already high debt levels, estimated to be 250-300% of GDP.³⁴ Thus, the relatively stable outcome may have hidden gigantic struggles behind-the-scenes to uphold growth and to prevent rapid deleveraging at the same time. Economic data alone cannot tell the full story.

Figure 1: Year-on-Year Growth in Lending and Quarterly Nominal GDP (%)



Source: CEIC

Instead of examining economic data, this paper focuses on elite economic policy discussion to discern both the content and the policy priorities in the economic arena over time. Because Chinese leaders often signal different messages to internal and external audiences, this paper only focuses on meetings discussing economic topics which involved either all or a large plurality of Politburo members and excluded the attendance of any foreigner. These meetings included Politburo meetings, Politburo study sessions, meetings of the Central Commission for Comprehensively Deepening Reform (Formerly Central Leading Group), meetings of the Central Finance and Economic Leading Group, the annual Central Economic Conference and the Central Agricultural Work Conference, and central leadership meetings with party and non-party elite. Politburo

³⁴ Victor Shih, "Financial Instability in China: Possible Pathways and Their Likelihood," Mercator Institute for China Studies, October 20, 2017, https://www.merics.org/sites/default/files/2017-10/191017_merics_ChinaMonitor_42.pdf.

meetings, Politburo study sessions, and the national economic work conference were attended by all Politburo members. Meanwhile, the leading group (commission) meetings, as well as special central meetings with party or non-party elite were attended by Xi Jinping plus several Politburo or Politburo Standing Committee members.

The state media, including the Xinhua and *People's Daily* websites, have published the synopses and important speeches of most of these meetings, which describe some of the content of discussion. Because these meetings sought to convey to lower officials the “center’s spirit” (中央的精神), state media likely recorded the content of these meetings accurately, although at times being vague or striking out sensitive content altogether. For example, these reports often contained the wording “the meeting also discussed other matters,” which suggests the omission of sensitive matters from the synopsis. Because this paper focuses on economic issues, I assume that only a few topics under economic policy would be so sensitive that they would not be even vaguely mentioned in these press releases. As Table 1 shows, I divide the analysis into four periods, from the 19th Party Congress to the end of 2017, the first half of 2018, the second half of 2018, and the first half of 2019.

Table 1: The Number and Breakdown of High Level Meetings Discussing Economic Issues

	4Q201	1H201	2H201	1H201
Politburo	2	3	4	3
Study Sessions of the Politburo	1	0	3	2
Central Finance and Econ LG	0	1	2	1
Reform LG (Commission)	0	1	2	3
Central Economic Conference	1	0	1	0
Central Agriculture Conference	1	0	1	0
Meetings w/senior party and non-party elite	0	0	1	1
Total	5	5	14	10

To begin, Table 1 shows an extraordinary increase in high-level meetings on economic issues after the first half of 2018. To be sure, comparing the fourth quarter of 2017 and the second half of 2018 is rather unfair, but the tripling of elite meetings discussing economic topics suggests an increasing emphasis on the economy. Certainly, the comparison between the first half of 2018 and the same period in 2019 suggests an increasing emphasis on economic issues. Of course, the biggest change in the economic landscape between the first half of 2018 and second half was the US’ imposition of tariffs on Chinese export starting July 6th, 2018. The tariffs were announced earlier in April, but China might have believed that given the lack of precedence, some agreement would have been reached prior to July.

“Hold the Bottom Line”

Indeed, in examining Politburo press releases between April and July, one can discern a difference in the way that growth was discussed. At an April Politburo meeting, the focus was still on supply side reform, which involved shutting down thousands of firms in surplus industries, and on

“actively matching the demands of high quality development.”³⁵ By the July 26th Politburo meeting, however, the tone of the discussion on growth had changed: “[We must] preserve the healthy and stable development of the economy, insist on active fiscal and steady monetary policy...preserve the reasonable ampleness of liquidity and improve the stabilization of employment.”³⁶ Instead of achieving high-quality growth, an objective stated at the 19th Party Congress, the focus has shifted to maintaining bare-bone economic growth with sufficient fiscal and monetary tools. The emphasis on stable employment, which had disappeared from the elite discussion after the 19th Party Congress, made a reappearance.

In fact, the late July 2018 Politburo meeting raised for the first time the importance of “six stabilities” (六稳), which included “stabilize employment, stabilize finance, stabilize external trade, stabilize foreign investment, stabilize investment, and stabilize expectations.”³⁷ The “six stabilities” became a recurring theme in several subsequent high level meetings, including the two Politburo meetings in the second half of 2018, as well as the Central Agriculture and the Central Economic conferences at the end of 2018. It continued to be a theme in two Politburo meetings in 2019. The appearance of the “six stabilities” likely was germane to the trade conflict with the US because two of the six “stabilities” had to do with actions of external actors, including foreign importers and investors. Although the emphasis on growth, employment, and financial stability had been perennial themes in the Chinese government, the new focus on external trade and investment likely aimed to counter the potentially deleterious effects of the trade conflict.

In order to systematically measure whether elite internal discussions on the economy have shifted priorities, I track how often four topics made appearances in elite policy meetings in the four periods laid out on Table 1. These topics include growth/stimulus, financial stability, equalizing the playing field for firms, and SOE reform. Again, the 19th Party Congress had placed a heavier emphasis on higher quality growth by creating an equal playing field for firms and by reforming SOEs. Meanwhile, maintaining growth through stimulus was not emphasized. Financial stability was a topic mentioned at the 19th Party Congress, but only in passing.

³⁵ “Politburo Holds Meeting to Analyze and Study Current Economic Situation and Economic Work” [中共中央政治局召开会议分析研究当前经济形势和经济工作], Xinhua, April 23, 2018, http://www.gov.cn/xinwen/2018-04/23/content_5285191.htm.

³⁶ Ibid.

³⁷ Ibid.

Figure 2: The Proportion of Elite Meetings which Discussed Growth/Stimulus, Financial Stability, Equal Playing Field for Firms, and SOE Reform: 4Q2017 to 1H2019

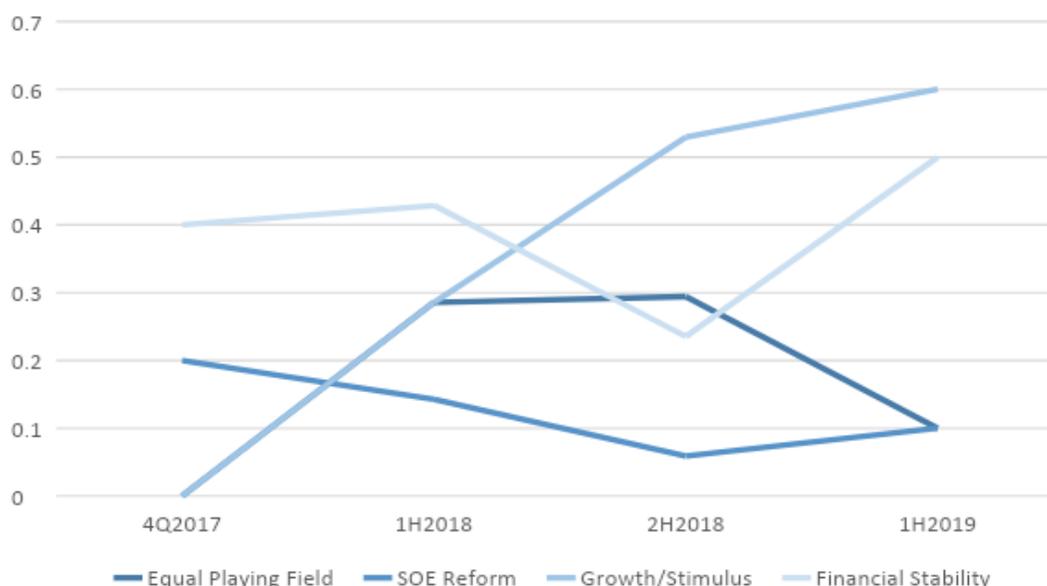


Figure 2 shows the evolution of the appearance of these topics at elite policy meetings from the fourth quarter of 2017 through the first half of 2019. Immediately after the 19th Party Congress, elite policy meetings such as Politburo meetings and leading group meetings did not discuss growth or market competition issues for the first three months. Even at the encompassing annual Central Economic Work Conference at the end of 2017, the focus was on supply side reform, rural development and poverty alleviation, as well as SOE reform.³⁸ For SOE reform, the summary of the conference contained a relatively lengthy discussion on strengthening the role of state asset managers as investors rather than as regulators, especially in key industries such as transportation, electricity, and energy.³⁹ Of course, this objective had been discussed numerous times in previous elite meetings in the prior three decades with little real progress evident. Still, the appearance of the SOE discussion suggests that at least the top leadership did prioritize SOE reform as a key policy objective for 2018.

Interestingly, although only mentioned in passing at the 19th Party Congress, financial stability immediately became a topic of discussion at elite meetings, including a December 2017 Politburo meeting and the Central Economic Work Conference at the end of the year. The Central Work Conference synopsis contains the stern wording of “defending the bottom-line of not having systemic financial risks.”⁴⁰ It is noteworthy that for the top leadership, the “bottom line” was not

³⁸ “Central Economic Work Conference Held; Xi Jinping and Li Keqiang Give Important Remarks” [中央经济工作会议举行; 习近平李克强作重要讲话], Xinhua, December 20, 2018, http://www.xinhuanet.com/fortune/2017-12/20/c_1122142392.htm.

³⁹ Ibid.

⁴⁰ Ibid.

to prevent or guard against a financial crisis, but instead was “not having” (不发生) one, which undoubtedly placed a heavy burden on financial technocrats to monitor and prevent any and all potential causes of a financial crisis.

Meanwhile, in the first few months after the 19th Party Congress, the political elite did not discuss growth or leveling the playing field issues at these meetings. At the Central Economic Work Conference, besides wordings to “ensure that the economy is developing toward the correct direction” and mentions of supply side reform and rural development, a focus on economic growth per se was entirely absent.⁴¹ One interpretation of the absence of a growth-focused discussion was that the leadership was not worried about growth in late 2017.

Although growth was discussed at two of the five elite policy meetings in the first half of 2018, the focus was on the quality of growth, as discussed. Also, the relatively low number of meetings discussing economic issues, even when compared with the first half of 2019, suggests that economic issues overall were not especially urgent priorities in early 2018. A key meeting on economic issues in the first half of 2018 was the Third Politburo Study Session, which focused on building a “modernized economic structure” (现代化经济体系).⁴² Instead of focusing on growth per se, this meeting studied how institutions in China could change in the medium term to support higher quality growth. Measures discussed included greater integration of technological breakthroughs and economic growth, greater coordination of regional development, better institutions and laws governing market entries, operation, and exit, and greater opening of the economy, especially toward Belt and Road countries.⁴³ Similar to a leisurely graduate seminar, the participants of the study session “learned by themselves and then shared their insights with each other.”⁴⁴

The one economic issue of immediate concern discussed by the elite in the first half of 2018 was that of financial stability. The April 2018 Central Financial and Economic Affairs Commission meeting, chaired by Xi Jinping, called on SOEs to lower their debt level and for “strengthening the organizational guarantee for the winning the tough battle of preventing and resolving financial risks,” which suggests the need for better coordination between agencies to ensure that every risk is monitored and dealt with.⁴⁵ As one can see in Figure 2, financial stability was an ever-present concern after the 19th Party Congress and a topic of discussion in 25-50% of elite policy meetings

⁴¹ Ibid.

⁴² “Xi Jinping: Deeply Understand the Importance of a Modernized Economic Structure; Elevate Our Country's Economic Development Vitality toward a New Stage” [习近平：深刻认识建设现代化经济体系重要性 推动我国经济发展焕发新活力迈上新台阶], *People's Daily*, February 1, 2018, <http://cpc.people.com.cn/n1/2018/0201/c64094-29798984.html>.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ “Xi Jinping Convenes the First Meeting of the Central Finance and Economic Leading Group” [习近平主持召开中央财经委员会第一次会议], *Xinhua*, April 2, 2018, http://www.gov.cn/xinwen/2018-04/02/content_5279304.htm.

in every period. This suggests that the top leadership continued to worry about the specter of a financial crisis in China through the entire post-Congress period.

As noted, growth suddenly became a serious concern of the top leadership in the second half of 2018, and as Figure 2 shows, this worry continued to escalate through the first half of 2019. By the first half of 2019, 60% of the 10 elite policy meetings discussed the topic of growth and stimulus. After the “six stabilities” were raised at the late July 2018 Politburo meeting, another Politburo meeting in late October repeated the emphasis on the “six stabilities” after assessing that “downward pressure on the economy has increased; some firms have faced greater difficulties, and some risks which had been accumulated for some time have revealed themselves.”⁴⁶ The end of the year Central Economic Work Conference likewise re-emphasized the “six stabilities” and described the situation facing China as “a dire and complicated external environment and an economy facing downward pressure.”

Notably, when communicating with external audiences, the leadership did not display a similar degree of pessimism and alarm. For example, in addressing a group of former state leaders who attended the Imperial Springs International Forum in December of 2018, Xi Jinping described the Chinese economy in glowing terms: “We have firm confidence in the fundamentally positive movement of the Chinese economy in the long run and firm confidence in maintaining the medium- to high-speed growth of China’s economy toward a medium to high level of development.”⁴⁷

Going into the first half of 2019, the sense of alarm continued to build in elite policy discussion. 2019 began with the central leadership holding a special study session for ministerial and provincial level cadres on the topic of “risk prevention and holding the bottom line.” During the inaugural speech of the course, Xi Jinping himself laid out the dire situation facing China, stating that “currently, the larger situation in the world is undergoing accelerating and deep changes; global sources of volatility and risk points have increased; our external environment is complicated and dire.”⁴⁸ For Xi Jinping, his demand of senior cadres in the Party was no longer improving the quality of growth or other medium term objectives. Rather, his stern message was focused on risk prevention: “You must be highly alert against ‘black swan’ events while preventing ‘gray rhino’ incidents; you must act first to prevent risks while also having the skills to meet with and resolve risks and challenges; you must fight well the battle of preventing and resisting risks while also

⁴⁶ “Politburo Holds Meeting,” Xinhua.

⁴⁷ “Xi Jinping Meets with Foreign Guests Attending 2018 Imperial Spring International Forum” [习近平会见出席“2018 从都国际论坛”外方嘉宾], Xinhua, December 12, 2018, http://www.xinhuanet.com/politics/leaders/2018-12/12/c_1123844157.htm.

⁴⁸ “Xi Jinping Gives an Important Speech at the Inaugural Class of the Ministerial- and Provincial-Level Major Leadership Course on Resolutely Upholding the Bottom Line, Thinking and Striving to Prevent and Resolve Major Risks: Increase Preventive and Control Ability, Strive to Prevent and Resolve Major Risks, Maintain the Continuous and Healthy Development of the Economy and Ensure the Overall Stability of Society” [习近平在省部级主要领导干部坚持底线思维着力防范化解重大风险专题研讨班开班式上发表重要讲话强调提高防控能力着力防范化解重大风险保持经济持续健康发展社会大局稳定], Xinhua, January 21, 2019, http://www.gov.cn/xinwen/2019-01/21/content_5359898.htm.

going on the offensive of turning risks into calmness and transforming danger into opportunities.”⁴⁹

Interestingly, the January 21st conference came at the heels of the Trump Administration’s announcement of imposing a whopping 25% tariff on 200 billion USD in Chinese goods and the announcement of a 90-day grace period immediately thereafter. If the Chinese government had intended to make major concessions to the US, which likely would have earned China further delays on the 25% tariffs, why did it feel the need to prepare its senior cadres for a “complicated and dire” international environment? Perhaps the change in tone and language in these elite policy meetings was meant to prepare CCP cadres for the tough road ahead and to signal externally Xi’s personal desire to fight the trade war with the US.

This state of vigilance maintained through the imposition of 25% tariffs on 200 billion USD in Chinese exports to the US on May 10th, 2019. At a July 2019 Politburo meeting, Xi continued to call for vigilance: “While the downward pressure on the economy is increasing, we must strengthen our vigilance, grasp the long-term trend, grasp the main contradiction, and do well to turn danger into opportunities.”⁵⁰ In response to the political elite’s obsession with growth, various government departments have echoed the center’s message of “holding the bottom line.” The fourth quarter 2018 *People’s Bank of China Monetary Policy Implementation Report*, for example, states “the PBOC has further strengthened countercyclical adjustments, strived hard to relieve capital, liquidity, and interest rate constraints related to the supply of credit, and guided banks to increase their lending support for the real economy.”⁵¹

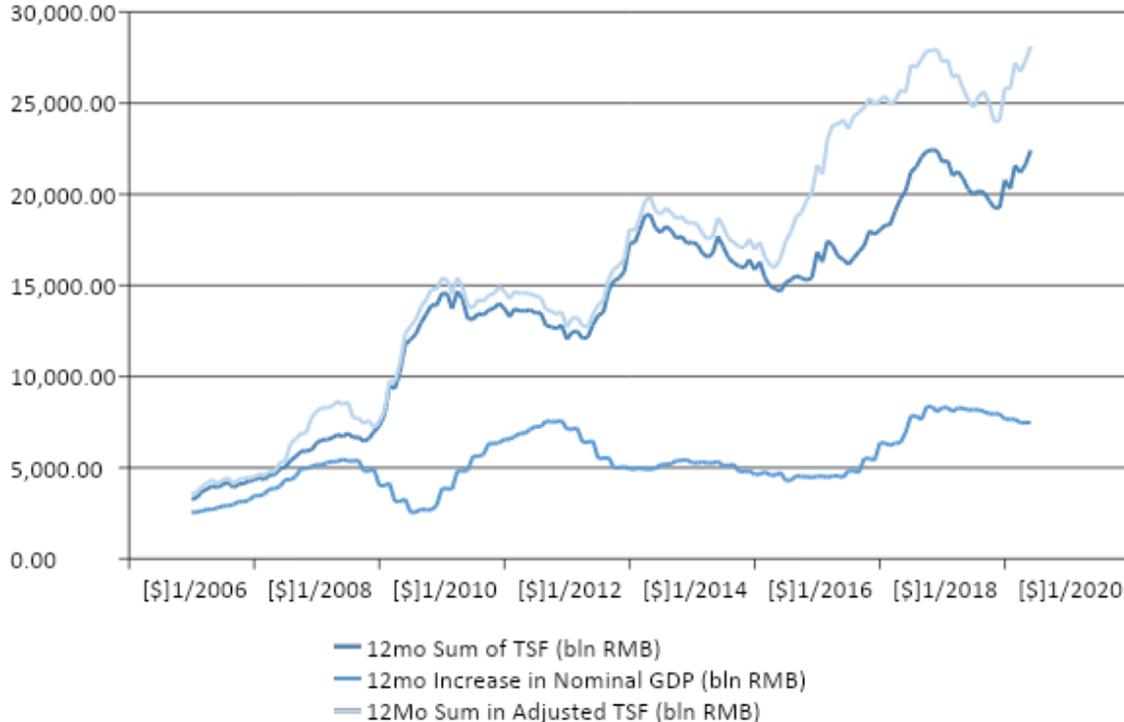
As a result, although Figure 1 shows a relatively even pace of growth for lending, total social finance (TSF), a broader gauge of credit expansion in China, displays a sharp turnaround in the pace of growth in late-2018, as shown on Figure 3. The 12-month sum of TSF, if adjusted to include government bond issuance, rose sharply from 25 trillion RMB to 28 trillion RMB. This increase managed to keep nominal GDP growing at a pace of 7 trillion RMB over a 12 month period.

⁴⁹ Ibid.

⁵⁰ “Politburo Holds Meeting to Analyze and Study Current Economy and Economic Work and to Review 'Decrees on the Responsibilities of the Chinese Communist Party' and Report on the Third Round of Inspections During the 19th Central Committee” [中共中央政治局召开会议: 分析研究当前经济形势和经济工作 审议《中国共产党问责条例》和《关于十九届中央第三轮巡视情况的综合报告》], Xinhua, July 30, 2019, http://www.xinhuanet.com/politics/leaders/2019-07/30/c_1124817133.htm.

⁵¹ *4th Quarter 2018 Chinese Monetary Policy Implementation Report* [中国货币政策执行报告], People's Bank of China, February 21, 2019, <http://www.chinamfi.net/upload/link/1902/f221939.pdf>.

Figure 3: 12-month Sum of TSF, Adjusted TSF, and Nominal GDP (bln RMB)



In the meantime, because of the relative neglect by the elite, little was done on SOE reform. The State Asset Supervision and Administration Commission (SASAC) has moved very cautiously on restructuring SOEs into holding companies. At the end of 2018, SASAC held a meeting with 12 test-point SOEs, where the primary task for these firms in 2019 was to “grasp tightly the task of drafting reform proposals.”⁵² In other words, action on that front continued to be very tentative through much of 2019.

Conclusions

The 19th Party Congress and the Third Plenum before it had laid out an ambitious agenda for increasing the quality of China’s economy. Through legal and regulatory changes and a complete overhaul of China’s state asset bureaucracy, the market was set to become fairer for private and even foreign companies, at least on paper. State-owned enterprises also were going to transform into holding companies and begin to focus more on the profitability of state assets.

Because of the rapidly escalating elite concern over growth, however, these policy objectives have been left by the wayside. To be sure, Figure 2 shows that several elite policy meetings discussed the issue of creating an even playing field for firms, but the number of meetings devoted to that topic paled in comparison to meetings discussing downward pressure on growth. Meanwhile, in

⁵² “SASAC Holds a Meeting to Launch 11 State Asset Investment Companies for Central SOEs” [国资委召开 11 家央企国有资本投资公司试点启动会], State Assets Supervision and Administration Commission (SASAC), December 28, 2018, <http://www.sasac.gov.cn/n2588030/n2588924/c10121840/content.html>.

the face of elite neglect, SOE reform was almost completely abandoned, save for a few perfunctory meetings by SASAC.

The analysis above highlights some broader themes about contemporary policy making in China. First, despite carefully thought out aspirational plans at the five-yearly party congresses or at the annual Central Economic Work Conferences, external shocks rapidly shifted the elite agenda, especially when issues were deemed jeopardizing the “bottom line” of stability and systemic risks. In other words, surprising shocks can quickly turn elite attention toward addressing it to the neglect of long-standing strategic initiatives; at least they reshuffled elite priorities in China. Furthermore, this tendency may be more acute under a one-person dictatorship than in a decentralized power structure because one person’s attention span is much more finite than 7 or 9 people. This has led to an acute tradeoff between growth maintenance and reform, which may benefit China in the short-run, but may cause small problems to get bigger in the future. A series of perceived threats may derail much needed reform for years. Also, although China had already reached the first of its “two centenaries” objectives of doubling its GDP between 2010 and 2020 by late 2017, the regime continued to be obsessed with growth, suggesting that the top leadership, likely Xi himself, has a genuine desire to make China the largest economy in the world, even if only in nominal terms. The continual focus on growth also does not bode well for reform and deleveraging of the economy, which will require periods of slow or even negative growth.

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The Contradictions of Xi Jinping’s Socialist Democracy

Jean-Pierre Cabestan

Deepening “socialist political democracy” has been one of the important objectives of both the Hu Jintao and Xi Jinping eras. Yet, since Xi came to power in late 2012, the Chinese Communist Party (CCP) has clearly given priority to strengthening its leadership on all fronts—“north, south, east, and west,” as the current CCP General Secretary once said. Under these circumstances, it is useful to first give an accurate definition of socialist democracy, then to assess the progress made in this area since 2012, before attempting to better comprehend where democracy sits in Xi’s overall rejuvenation plan of the Chinese nation.

The Basic Features of Socialist Political Democracy

The most authoritative document defining China’s socialist democracy is the white paper “Building of Political Democracy in China,” published by the State Council Information Office on October 19th, 2005. This document clearly defines the four basic pillars of “socialist political democracy”:

1. “China’s democracy is a people’s democracy under the leadership of the [CCP].”
2. “China’s democracy is a democracy in which the overwhelming majority of the people act as masters of state affairs.”
3. “China’s democracy is a democracy guaranteed by the people’s democratic dictatorship.”
4. “China’s democracy is a democracy with democratic centralism as the basic organizational principle and mode of operation.”⁵³

Although these four principles seem contradictory to the very idea of democracy, we can try to explain the rationale behind them. First, the CCP has viewed itself as the sole legitimate ruler of the country ever since it won the Civil War and established the People’s Republic of China (PRC) in 1949. Second, adopting a highly instrumental approach to politics, as the white paper further explains in detail, the CCP’s leadership “*is needed*” for guaranteeing the realization of the country’s major goals: “promoting socialist modernization and realizing great national rejuvenation”; “safeguarding China’s unification and keeping Chinese society harmonious and stable”; “making state power stable”; “uniting hundreds of millions of people to work in concerted efforts in building a beautiful future”; and “ensuring that the people are the masters of the state.”⁵⁴ In retrospect, Xi Jinping’s report to the 19th Party Congress did not innovate as much as many observers have argued: rejuvenation of the Chinese nation, national unification and building a beautiful future were already among the key objectives of the CCP as well as the major pillars of

⁵³ “Building of Political Democracy in China,” State Council Information Office, October 19, 2005, <http://www.china.org.cn/english/2005/Oct/145718.htm>.

⁵⁴ Ibid.

its regime's legitimacy in 2005. The two others mentioned here—economic modernization and political stability—are not new either, having been invoked by the CCP since the beginning of the reform era to justify its opposition to any evolution towards multiparty democracy.

Finally as the 2005 white paper reminds us, the CCP's ideology is Marxism-Leninism, a set of theories and principles that have three major political implications. First, while “people enjoying the democratic rights include[s] everyone who has not been deprived of political rights by law” (a notion borrowed from the Soviet Union), public ownership of the economy remains dominant so that “China's democracy will not be manipulated by capital.” Second, segments of the people, particularly those opposed to the one-party system, are excluded from democratic life: “criminal activities, such as sabotage of the socialist system, endangering state security and public security, infringement on citizens' rights of the person or their democratic rights, embezzlement, bribery and dereliction of duty, are penalized according to law so as to safeguard the fundamental interests of the broad masses.” Third, democratic centralism, a key Leninist principle, means that the Party has the final say, even if it is not openly mentioned here: “all the correct opinions are pooled, and decisions are made collectively so that the people's wishes and demands are realized and met.”⁵⁵ This principle is very close to Mao Zedong's and now Xi Jinping's mass line (群众路线).

In other words, China's socialist democracy is very similar to the one practiced by the defunct Soviet Union and people's democracy created by Stalin in Eastern Europe after WWII, or by Cuba and Vietnam today. It is based on harsh criticism of Western democracy and the failure of Sun Yat-sen's “bourgeois republic” that “included parliamentarism and a multiparty system.”⁵⁶

Socialist Democracy Can be Perfected and Deepened

However, the 2005 white paper and subsequent statements have clearly emphasized that democracy is not only, as official scholar Yu Keping once said, “a good thing,” but is also perfectible and should be gradually improved and deepened.⁵⁷ Yet for the CCP, each country's “path to develop democracy” is “different” and differences should be respected.

The 2005 white paper presents in great detail the major features of China's governance to demonstrate that China is a full-fledged democracy while maintaining all the characteristics of a one-party “socialist democracy”:

- It pretends that people's congresses (or local parliaments) at various levels are democratically elected though the candidates are strictly selected by the CCP and their powers are limited;
- It lends credence to the national and local Chinese people's political consultative conferences (CPPCC) at each level while, as symbols and tools of the CCP's united front

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Yu Keping (俞可平), *Democracy is a Good Thing* [民主是好东西] (Beijing: Social Sciences Academic Press, 2006).

policy, these conferences are constituted of CCP-co-opted local elites, including the new powerful and wealthy, and operate under the CCP leadership;

- It praises the system of autonomy put in place since the 1950s as the best way of managing ethnic minorities in spite of the multitude of problems that this policy faces, especially in Xinjiang and Tibet;
- It highlights the improvement of grassroots democracy, particularly village and urban resident committee elections though most elections are manipulated by the local CCP committees;
- It underscores the progress of citizens' economic and political rights and attempts to show that China abides by the United Nations approach to human rights;
- It tries to demonstrate that the CCP itself operates according to democratic principles and that its intraparty democracy is deepening;
- It presents both the government and the judiciary as practicing democracy in their interactions with citizens.

Both the content and the conclusions of this important document are still considered valid today. Of course, since Xi Jinping came to power, the Party's leading role has been more forcefully promoted and enhanced. As a result, Xi has deprioritized the development of intraparty democracy, which had been a priority of the Hu Jintao era, particularly after the 17th Party Congress in 2007. Nonetheless, the definition of socialist political democracy as well as all the institutions and mechanisms on which it is based have remained identical.

Progress Since 2012

It is therefore on the basis of the 2005 white paper that Hu Jintao's report to the 18th Party Congress⁵⁸ and Xi Jinping's report to the 19th Party Congress⁵⁹ have spelled out the reforms that need to be introduced in order to perfect "socialist political democracy with Chinese characteristics."

As alluded to above, there are a number of differences between Hu and Xi's respective reports. First of all, "democracy" (民主) appears 70 times in the Chinese version of the former document against 61 times in the latter. While the development of intraparty democracy (党内民主) was one of Hu's major objectives (with six occurrences), Xi pays only lip-service to this reform (one occurrence). Likewise, Hu's report includes an entire section on "promoting reform of the political structure" (推进政治体制改革). In contrast, Xi does not even use this concept in his report, an expression that was coined by Deng Xiaoping in 1986 and probably resurrects too openly previous

⁵⁸ Hu Jintao, "Firmly March on the Path of Socialism with Chinese Characteristics and Strive to Complete the Building of a Moderately Prosperous Society in all Respects," Speech before the 18th National Congress of the Communist Party of China, November 8, 2012, http://www.china.org.cn/china/18th_cpc_congress/2012-11/16/content_27137540.htm.

⁵⁹ Xi Jinping, "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," Speech before the 19th Congress of the Communist Party of China, October 18, 2017, http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf.

failed attempts to open up the political system, although the difference between “structure” (体制) and “system” (制度) should not be overlooked: structural reform refers to modifications and improvement of the internal organization of the one-party system while systemic reform implies a regime change or at least an evolution towards another political system.⁶⁰ Perhaps more importantly, Hu gives priority to the expansion of the role of the local people’s congresses, the diversification of its membership (with fewer party officials) and the improvement of its contact with society. In contrast, Xi insists on the Party’s absolute leadership, including over supposedly elected people’s congresses.

Priority to Consultative Democracy

A main feature common in both reports is the CCP’s willingness to expand what it calls a “system of consultative (or deliberative) democracy” (协商民主制度). To be sure, consultative democracy is not new in China. For example, the 12th Five Year Plan for National and Social Development of March 2011 already mentioned the need to “improve the public hearing and expert consultation system of public decision-making process,” a suggestion that was included in the chapter regarding the invitation to “actively and proactively respond to social concerns.”⁶¹ Consequently, already under Hu, citizens handpicked by the Party were more often invited to attend local people’s congress hearings. Yet, officially introduced and adopted in November 2012 at the 18th Party Congress, this particular feature of “socialist democracy” occupies a much more prominent place today.

Here is what Hu’s report says on the matter:

“Extensive consultations should be carried out on major issues relating to economic and social development as well as specific problems involving the people’s immediate interests through organs of state power, committees of the Chinese People’s Political Consultative Conference, political parties, people’s organizations and other channels to solicit a wide range of opinions, pool the wisdom of the people, increase consensus, and build up synergy.

We should conduct intensive consultations on special issues with those who work on these issues, with representatives from all sectors of society, and with relevant government authorities on the handling of proposals. We should actively carry out democratic consultation at the community level.”⁶²

And here is what Xi’s report indicates:

⁶⁰ To be fair, political structure reform is still used by the CCP today.

⁶¹ “Outline of the Twelfth Five-Year Plan for the National Economic and Social Development” [国民经济和社会发展第十二个五年规划纲要], *Xinhua*, March 17, 2011, http://jjuban.moa.gov.cn/fwllm/jjps/201103/t20110317_1949003.htm.

⁶² Hu Jintao, “Firmly March on the Path of Socialism”: “Keeping to the Socialist Path of Making Political Advance with Chinese Characteristics and Promoting Reform of the Political Structure.”

*“The essence of the people’s democracy is that the people get to discuss their own affairs. Consultative democracy is an important way of effecting Party leadership and a model and strength unique to China’s socialist democracy. We will advance extensive, multilevel, and institutionalized development of consultative democracy, and adopt a coordinated approach to promoting consultations carried out by political parties, people’s congresses, government departments, CPPCC committees, people’s organizations, communities, and social organizations. We will strengthen the institutions of consultative democracy and develop complete procedures and practices to enable the people’s broad, continuous, and intensive participation in day-to-day political activities.”*⁶³

Interestingly, neither of the reports directly indicate the rationale behind this reform. Its main objective is very pragmatic, though: to reduce contradictions within society and between the government and society, and promote consensus, harmony, and stability.⁶⁴

At first glance, Xi appears to go further than Hu. He has turned consultative democracy into the major feature of China’s democratic life and wishes to institutionalize it. As early as 2013, he sees it as an important component of the political structure reforms introduced by the 18th Central Committee’s Third Plenum.⁶⁵ And less than a year and a half later, the CCP Central Committee issued a specific and authoritative “opinion” (意见) on the issue that emphasizes the importance of developing consultative democracy both at the national and community levels—under CCP leadership, of course—in order to better tackle social conflicts and control interest networks that have emerged from the introduction of a market economy.⁶⁶

As a result, consultative democracy has become a major and arguably “unique” feature of China’s socialist political democracy today.⁶⁷ Yet, Xi is clearly more willing than his predecessor to keep “democratic consultation” within proper boundaries; he closely associates them with the CCP’s

⁶³ Xi Jinping, “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” [习近平:决胜全面建成小康社会 夺取新时代中国特色社会主义伟大胜利——在中国共产党第十九次全国代表大会上], *Xinhua*, October 27, 2019.

⁶⁴ Fang Ning (房宁), “Specificity and Uniqueness of China’s Socialist Democratic Politics” [我国社会主义民主政治的特有形式和独特优势], *People’s Daily*, November 25, 2018, <http://opinion.people.com.cn/n1/2018/1125/c1003-30419616.html>.

⁶⁵ Xi Jinping, “Explanatory Notes to the ‘Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Continuing Reforms,’” November 9, 2013, in *The Governance of China, Vol. I*. (Beijing: Foreign Language Press, 2014), 91-92.

⁶⁶ “CCP Central Committee Publishes ‘Opinion of Strengthening the Building of Consultative Democracy’” [中共中央印发《关于加强社会主义协商民主建设的意见》], *Xinhua*, February 9, 2015, http://www.xinhuanet.com/politics/2015-02/09/c_1114310670.htm.

⁶⁷ Xi Jinping, “Confidence in the Political System of Chinese Socialism,” September 5, 2014, in *The Governance of China, Vol. II*. (Beijing: Foreign Language Press, 2018), 313; Wang Yongxiang (王永香) and Lu Weiming (陆卫明), “Deliberative Democracy is the Unique Form and Unique Advantage of Chinese Socialist Democratic Politics” [协商民主是中国社会主义民主政治的特有形式和独特优势], *Red Flag Manuscript* (红旗文稿) 2019.5, March 5, 2019, http://www.qstheory.cn/dukan/hqwg/2019-03/05/c_1124193748.htm.

united front work as well as with the Party's "mass line," and seems less ready to open this exercise to segments of society that the Party does not control.⁶⁸ He mainly relies on local and national elites co-opted by the CPPCC and official mass organizations.⁶⁹ Xi also considers consultative democracy an important contribution to the "scientification" (科学化) and democratization (民主化) of political decision making.⁷⁰

Positive examples of consultative democracy building at the community level have been publicized. For example, in Beijing's Chaoyang District, local communities have introduced mechanisms with the help of the district government and party committee to conduct deliberations; for the author of the investigation into this development, the inclusive nature of local consultations and the flexibility of topic setting demonstrate that Chaoyang overpasses the Western model of deliberative politics.⁷¹ More generally and more modestly, consultative democracy helps solve problems, alleviate tensions, and improve the party-state's policy-making as well as policy implementation. As He Baogang has shown in a recent case study about Guangming Village in Guangdong, even in the countryside consultative democracy has contributed to reducing what he calls "over-petitioning" and economic conflicts, particularly disputes about the village's married-out women.⁷²

Nonetheless, problems regarding the implementation of consultative democracy abound. Firstly, contrary to what some may have expected, it is far from being standardized and institutionalized everywhere. Party experts and academics keep debating and making suggestions about it. For instance, Fan Ning, former head of the Institute of Political Science of the Chinese Academy of Social Sciences, has insisted on the need to increase consultative democracy's transparency and accountability.⁷³

⁶⁸ Ibid; see also Xi Jinping, "Broad, Multilevel and Institutional Consultative Democracy," September 21, 2014, in *The Governance of China, Vol. II*. (Beijing: Foreign Language Press, 2018), 318-26.

⁶⁹ Rebekka A. Sagild and Anna L. Ahlers, "Honorary Intermediaries? The Chinese People's Political Consultative Conferences in Theory and Practice," *China Perspectives* 2019.2, 9-16.

⁷⁰ Xiong Jie (熊玠), "The Xi Jinping Era: Turning Consultative Democracy into a National Strategy" [《习近平时代》：把协商民主作为国家战略], *The Study Times* (学习时报), June 30, 2016, http://www.ceps.gov.cn/zt/xjpsdxz/wz/201812/t20181211_118033.shtml.

⁷¹ Lang Zhangxing (郎友兴) and Zhang Pin (张品), "The New Development in the Deliberative Democracy and Chinese Practices' Overpassing of the West: The Study on Deliberative Democracy Practice of Chaoyang District in Beijing" [中国协商民主的新进展及对西方经验的超越——北京市朝阳区协商民主实践之分析], *Journal of Zhejiang University (Humanities and Social Sciences)* (浙江大学学报(人文社会科学版)) 3.6, 2017, <http://www.zjujournals.com/soc/CN/abstract/abstract11708.shtml>.

⁷² He Baogang, "Deliberative citizenship and deliberative governance: a case study of one deliberative experimental in China," *Citizenship Studies* 19 (January 2018).

⁷³ Fang Ning, "Consultative Democracy is an Important Characteristic of China's Democracy" [协商民主是当代中国民主的重要特色], *Qiushi*, 25 Oct. 2018, http://www.qstheory.cn/politics/2018-10/25/c_1123610204.htm.

Secondly, at the countryside's grassroots level and using Anhui Province as an example, consultative democracy is limited by villagers' committees' lack of executive economic power and the hollowing out of many villages since the acceleration of China's urbanization process.⁷⁴ This phenomenon has been observed elsewhere. A study shows that in 2016, improving community-level consultative democracy in the countryside is complicated by the fact that villages are more and more deserted and as a result 70% of all rural associations have been set up with the help of the county government. As a solution, the author unsurprisingly recommends strengthening party leadership as local CCP branches could more effectively introduce newborn political elites like graduate students to rural areas, a policy called *daxuesheng cun guan* (大学生村官).⁷⁵

In other words, it is fair to conclude that this reform is still in its infancy.

The Building of Community-level Democracy

Under Xi, the building of community-level democracy has remained an important feature of socialist democracy. While the Party continues to be part of the picture, its relationship with grassroots communities has become less top-down and more transactional, giving more breathing space to the latter.

In the most developed part of the country, it appears that local communities have been able to assert their authority and create a new form of cooperation with local party branches and housing management companies. For example, in Shanghai's Bamboo Garden Community, residents, or their representatives, have been more often involved in community decisions regarding cultural activities, housing management and security.⁷⁶ Some authors go so far as to assert this as proof that local democracy is viable in a one-party state.⁷⁷ In any event, on political, administrative, and legal matters, the local party branch of each urban community (社区) has the final say, not the urban residents' elected representatives.

⁷⁴ Liu Haijing and Liu Haitao, "Research on Mechanisms of Anhui Province Rural Basic-level Democracy Construction from Perspective of Consultative Democracy" [协商民主视角下安徽农村基层民主建设的机制研究, 南京航空航天大学学报(社会科学版)], *Journal of Nanjing University of Aeronautics and Astronautics (Social Sciences)* 15.1, March 2013, 14-19.

⁷⁵ Bai Qipeng (白启鹏) and Yan Liguang (闫立光), "A Survey and Forward Outline on Problems of Construction of Base-Level Consultative Democracy in Rural Villages: A Rational Perspective Based on the Phenomenon of Hollowing in Rural Villages," [农村基层协商民主建设的问题扫描与路径建构——基于农村“空心化”现象的理性透视], *Academic Exchange* [学术交流] (2016).

⁷⁶ Liu Chunrong, "Empowered Autonomy: The Politics of Community Governance Innovations in Shanghai," *Chinese Public Administration Review* (2016).

⁷⁷ Wang Zhengxu, Liu Jianxiong, and Dragan Pavličević, "Democratic Localism: The Case of Grassroots Self-Governance in Urban China," *Chinese Political Science Review* (March 2018), https://www.researchgate.net/publication/323737065_Democratic_Localism_The_Case_of_Grassroots_Self-Governance_in_Urban_China.

In the countryside, the situation remains complicated ever since village elections were introduced in the late 1980s. In many villages there has been a tug-of-war between elected but weak village committees and non-elected but powerful village party branches. There is also more at stake in this conflict as village authorities have more say on the local affairs than their urban counterparts. In order to overcome this tension, some provinces such as Guangdong, Hubei, and Shandong, have introduced a new system in which the elected president of the village committee is recommended to become secretary of the party branch.⁷⁸ Nicknamed “*yijiantiao*” (一肩挑) or “one person shoulders all responsibilities,” this new model has been gradually adopted by other regions. For example, by 2008, in Xixia County, Henan, 95% of the villages had adopted this reform.⁷⁹

After Xi came to power, this creative method of legitimizing party leadership at the grassroots level seems to have been questioned. Yet, as a 2017 *Qiushi* article noted, only 41.05% of resident committee chairpersons and 34% of village committee chairpersons are simultaneously CCP secretaries at the same level. For the author, generalizing the above-mentioned method of appointment of the party branch secretary can only enhance the Party’s legitimacy and as a result help community-level organizations both better implement local regulations, and become more transparent and accountable.⁸⁰

Even under Xi, therefore, community-level democracy has not gone backwards. It has rather continued to be gradually introduced in order to better guarantee the stability of the state-society relationship and the legitimacy of the Party’s leading role.

What Remains of Intraparty Democracy?

The development of intraparty democracy remains an objective of the CCP under Xi. Some articles refer to its significance in tackling “unhealthy phenomena” such as corruption, cronyism, and factionalism. It is also presented as having a “demonstrating and guiding effect” (示范和带动作用) on “people’s democracy.”⁸¹ They claim that Xi himself has made an important theoretical contribution to intraparty democracy, promoting in particular the principle of equality among

⁷⁸ Liu Yiqiang (刘义强), “Democratic Innovation: Developing Structure of Grassroots Democracy in China” [民主创新：中国基层民主发展机制的一种阐释], Institute for China Rural Studies, November 9, 2017, <http://www.ccrs.org.cn/List/Details.aspx?tid=4911>.

⁷⁹ Zhang Qianghua (张强华), “Reflections about the Practice of the Village Party Secretary and Village Chief ‘Shoulders all Responsibilities’” [对村支书、村主任“一肩挑”的实践与思考], *Chinese Communist Party News* (中国共产党新闻网), October 6, 2008, <http://cpc.people.com.cn/GB/117092/8130620.html>.

⁸⁰ “Remarkable Achievements of Grassroots Democracy Building with Chinese characteristics since the 18th Party Congress” [党的十八大以来中国特色基层民主建设的显著成就党的十八大以来中国特色基层民主建设的显著成就] Party Committee of the Chinese Ministry of Civil Affairs (中共民政部党组), *Qiushi* 2017.11, May 31, 2017, http://www.qstheory.cn/dukan/qs/2017-05/31/c_1121047632.htm.

⁸¹ Yang Weibing (杨伟宾), “On the Three Dimensions of Xi Jinping’s Thought on Intra-Party Democracy” [论习近平党内民主思想的三个维度], *Mao Zedong Thought Study* (毛泽东思想研究) 2018.1, via *Qiushi*, http://www.qstheory.cn/lqikan/2018-01/24/c_1122309401.htm.

members, as well as the need to listen and take into account all members' views. Moreover, for them, Xi wants to increase the Party's openness (开放性) to the society.⁸²

Nonetheless, Xi clearly places much more emphasis on democratic centralism and discipline than intraparty democracy and collective leadership. He prefers to consult before appointing new leaders rather than rely on elections. The expulsion of Sun Zhengcai from the Politburo and the Party in the summer of 2017 after he was accused of manipulating top CCP leadership elections gives a good indication of Xi's limited trust in intraparty democracy. As a consequence, all the initiatives taken at the grassroots to better articulate community-level democracy into intraparty democracy have been abandoned since 2012. Such has been the case, for instance, of the so-called "Xindu model," named for a county in Sichuan where the party secretary had been directly elected by the county's adult population since 2003; this stopped after the 18th Party Congress.⁸³ According to some studies, this practice had greatly enhanced the legitimacy of local CCP leaders.⁸⁴

Socialist Political Democracy under Xi

Under Xi, the Party's leadership has become an obsession, as if its very future was in immediate danger. While asserting more and more self-confidence, the PRC regime gives a strong impression of increasing paranoia, perceiving itself to be surrounded by dangers and enemies, and keeping a constant eye on the triggers that led to the collapse of the Soviet Union. In this particular environment, socialist political democracy can only be developed under the close oversight of the CCP.

In his report to the 19th Party Congress, Xi has acknowledged the new, and growing, expectations of the Chinese people:

"Not only have their material and cultural needs grown; their demands for democracy, rule of law, fairness and justice, security, and a better environment are increasing."

But he has remained very cautious:

"We must uphold long-term and steadily strengthen China's socialist democracy, make active and prudent efforts to advance the reform of the political system, and improve the institutions, standards, and procedures of socialist democracy. We should ensure that people participate, in accordance with law and in various ways and forms, in the management of state, economic, cultural, and social affairs, and consolidate and enhance political stability, unity, and vitality."

⁸² Ibid.

⁸³ Ren Zhongping (任仲平), "Recollection and Prospect on the Creative System of the Political Building of Grassroots Democracy in Sichuan" [回顾与展望四川省基层民主政治建设的制度创新], Institute for China Rural Studies, October 11, 2016, <http://www.ccrs.org.cn/List/Details.aspx?tid=2706>.

⁸⁴ Ma Deyong and Hsu Szu-Chien, "The Political Consequences of Deliberative Democracy and Electoral Democracy in China: An Empirical Comparative Analysis from Four Counties," *China Review* 18.2, May 2018, <https://www.jstor.org/stable/26435646>.

Xi, of course, asks party cadres to change their mindset:

“Officials at all levels must deepen their understanding of democracy, be democratic in their conduct, willingly accept public oversight, and perform as they should in their role as public servants.”

But for Xi, all reforms are linked together, and political structure reform is subordinate to the country’s five-sphere integrated plan (五位一体), namely, promoting coordinated economic, political, cultural, social, and ecological advancement.

Xi has also established a close linkage between the establishment of a moderately prosperous society (小康社会) and not only “deepening reform” but also “advancing law-based governance and strengthening party self-governance.” This has been summarized in the “Four Comprehensives” or “Four-pronged Comprehensive Strategy” (四个全面), introduced in December 2014. The strategy’s objective is “to make comprehensive moves to finish building a moderately prosperous society in all respects, deepen reform, advance law-based governance, and strengthen party self-governance” (“四个全面”，即全面建成小康社会、全面深化改革、全面依法治国、全面从严治党).⁸⁵

This set of priorities for 2021, when the moderately prosperous society goal is supposed to be achieved, is much more important in Xi’s eyes than improving political democracy. Though political structure reform is included in overall reform plans, for Xi, the development of “socialist democracy” has become more closely associated with the establishment of a “socialist rule of law” and progress in this area since the Third Plenum of the 18th Central Committee in 2013 (which dealt with the creation of circuit courts, the fight against local judicial protectionism, professionalization, and partial autonomization of the judiciary). For critics of the regime, it is also associated with all the political restrictions indicated above. In addition, under Xi’s governance, top-down discipline and control has clearly taken the priority over the development of intraparty democracy, transparency, and accountability.

Finally, Xi has set for the CCP and China a much more ambitious objective for 2049, which coincides with the 100th anniversary of the PRC: the complete rejuvenation of the Chinese nation or “develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.”

Obviously, democracy is part of the plan but Xi refers to “socialist democracy” or democracy under the Party’s leadership. More than a set of values, socialist democracy is understood by Xi as much as his predecessors as an instrument aimed at strengthening the CCP’s legitimacy and power. In other words, socialist democracy’s objective is not to weaken the Party’s leadership but to strengthen it and help it, as well as the whole country, fulfilling today the China Dream (中国梦), namely the rejuvenation of the Chinese nation. Yet it can be added that under Xi, socialist

⁸⁵ Xi, “Secure a Decisive Victory in Building a Moderately Prosperous Society.”

democracy is more clearly overwhelmed by a general plan which appears above all to be the revival of the late Qing *fugiang* (wealth and power) nationalist dream.

More importantly perhaps for the foreseeable future, all the socialist democracy- or intraparty democracy-related proposals made in Xi's report are now part of "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" (习近平新时代中国特色社会主义思想), the new dogma that is going to dominate the PRC as long as Xi remains in power. Although Xi's "Thought" does include a disposition to pursue political structure reforms, it is dominated by an ominous priority given to the absolute leadership of the Party, on the government, the military and the society as a whole.

Conclusion

China does not have the same approach to democracy as "liberal" democracies. And under Xi Jinping, the gap between what Beijing calls socialist political democracy and liberal democracies has been widening. Yet, this article has tried to underscore the fact that the foundations of the CCP approach to "democracy" have not really changed since the beginning of the reform era, and even since 1949. True, it is now perfectible; new forms of societal consultation, particularly at the grassroots, have been explored and developed. But these innovations have been very pragmatic, and linking up with Chinese political reformers and modernizers' old penchant or bias, very instrumentalist. All the reforms described above have no other objective than to preserve and improve social and political stability, and as a result, the Party's legitimacy and survival.

In other words, the PRC feigns to practice democracy. It claims to have a multiparty system but the so-called "democratic parties" sitting in the CPPCCs operate under the leadership of the CCP, which largely finances them; it has national and local parliaments, the people's congresses, but the election of their members remains tightly controlled by the Party which uses these bodies to co-opt local elites that it can trust, and their capabilities are limited; the CPPCC network is aimed at taming as many segments of society as possible, particularly the new elites (private entrepreneurs); in other words, there are no checks and balances, apart from the anti-corruption and political controls exerted by the Party's much-feared and very opaque discipline inspection commissions.

No external force, in other words, is able to limit and restrain the CCP's power. Is this democracy? In my view, democracy does not need to be qualified (liberal, illiberal or socialist). It is first of all a set of values and behaviors, values and behaviors that are still very much missing in the PRC and will continue to be missing as long as the CCP keeps the monopoly of political power.

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Xi Jinping's Civil Sobriety: Cultural Power in the New Era

Mike Gow

“Culture is a country and nation’s soul. Our country will thrive only if our culture thrives, and our nation will be strong only if our culture is strong. Without full confidence in our culture, without a rich and prosperous culture, the Chinese nation will not be able to rejuvenate itself.” —Xi Jinping⁸⁶

Since his ascent to power at the 18th Party Congress in 2012, Xi Jinping has significantly shifted the Party’s strategic focus to emphasize superstructural reform. This shift serves to distinguish Xi’s New Era from the Deng-Jiang-Hu post-reform era, which concerned itself primarily with perpetuating a legitimacy predicated on economic opportunity and double-digit growth. Cultural power is now being pursued through a highly choreographed orchestration of both coercive and consensus-building initiatives mediated through the political state apparatus, civil society institutions, and the private sector. The result is a systematic and ongoing monopolization of cultural power, effectively terraforming a superstructural landscape where all institutions in the political, civil, and commercial realms are not only captured and subjugated but effectively mobilized under the aegis of Xi’s umbrella project of the China Dream (中国梦).

Unraveling the array of techniques, tactics, and strategies is a challenging proposition for both those on the ground and for external observers. Here we will examine several tenets of the Xi administration’s efforts to both harness and wield cultural power. We begin with a brief discussion of base/superstructure distinction in relation to Xi’s New Era. Discussion then moves to provide an overview of the Party’s cultural objectives outlined at the 18th and 19th Party Congresses before examining three key aspects of the Party’s cultural landscaping: ideas, institutions, and civic spaces.

Cultural Power: The Economic Base and the Superstructure

The post-reform era from 1978 to 2012 is undergoing an analytical reassessment in view of the highly authoritarian retrenchment that has taken place since Xi Jinping’s ascension to power in late 2012.⁸⁷ The rapid economic growth, market reforms, and China’s integration in the global trade system had, somewhat optimistically, been viewed as a precursor to political liberalization—an assumption that now seems to be fundamentally misplaced. In retrospect, it is perhaps more appropriate to frame the eras under Deng Xiaoping, Jiang Zemin, and Hu Jintao both as a rejection

⁸⁶ Xi Jinping, *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*, October 18, 2017, http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf.

⁸⁷ Carl Minzner et al., “Is China’s Reform Era Over and, If So, What’s Next?” ChinaFile, July 21, 2015, <http://www.chinafile.com/conversation/chinas-reform-era-over-and-if-so-whats-next>.

of a radical Maoist interpretation of Marxism and as the reestablishment of an orthodox Marxism-Leninism whereby the vanguard party determines the trajectory of reform through the stages of agrarianism, capitalism, socialism, and communism. The challenge presented to the Party in 1978 was how to transition to this second stage of development: the capitalist mode of production. If we are to accept that the post-reform era between 1978 and 2012 was not a period of liberalization by a nominally socialist one-party state, but a staging post in the reassertion of Marxism-Leninism, then we must turn to Marxist concepts to frame our analysis of the Party's policies. The following discussion of the concepts of the economic base and superstructure is provided to frame the analysis of cultural power that follows, with the express intention of informing our understandings of future potential trajectories under the aegis of Xi's New Era of Socialism with Chinese Characteristics.

Orthodox Marxism defines a capitalist mode of production as the combination of two mutually reinforcing components—the economic base and the superstructure.⁸⁸ The economic base is comprised of two components: the means of production and the relations of production. To clearly grasp the distinction between the means of production and productive forces, we need to understand three concepts which constitute the factors of production: the means of labor (tools, technology, infrastructure), the subject of labor (resources, materials), and human labor itself (an educated workforce). While the means of production are the combination of the means of labor and the subject of labor, the productive forces are the combination of the means of labor and human labor.⁸⁹

The period between 1978 and 2012, then, was less an era of liberalization and more a period characterized by an intense policy focus on building both the means of production and the productive forces following the chaos of the Cultural Revolution. Policy was directed, throughout successive administrations, at developing both the means of production and the productive forces which characterized the economic base—yet rejecting economic shock therapy in favor of a gradualism acknowledged in Deng's famous epithet that China would “cross the river by feeling the stones (摸着石头过河)”. Examples of policy innovations to facilitate the rapid yet controlled development of productive forces included Deng's immediate focus on re-establishing a functioning education and higher education system; the dual-track pricing systems (双轨制) and township and village enterprises (乡镇企业) of the early 1990's; Zhu Rongji's reform of state-owned enterprises and mass privatization in the late 1990's, and the development of higher education and scientific and technological R&D capability throughout Hu Jintao's successive administrations. The result has been rapid transformation of the economic base, with the development of industrial capacity (means of labor), the securing of resources (subject of labor), and the education of an industrial workforce (human labor).

The second component of the economic base is the relations of production, a term which defines the relation of people according to their relationship with the means of production in a given mode

⁸⁸ Chris Harman, “Base and Superstructure,” Marxists' Internet Archive, Summer 1986, <https://www.marxists.org/archive/harman/1986/xx/base-super.html>.

⁸⁹ For further information and definitions of Marxist terms, a good, open access resource is: Marxist Internet Archive Encyclopedia “Glossary of Terms,” <https://www.marxists.org/glossary/index.htm>.

of production. In the capitalist mode of production, this is where we see the distinctions between classes emerge, with those who possess only their labor to produce (proletariat) versus those who own the means of production (bourgeoisie). Throughout the post-reform era, tensions between the nominal socialist rhetoric of the Party and the reality of emerging middle and working classes have been consistently evident. For example, anti-corruption campaigns targeting the illegitimate transfer of public wealth into private hands; Jiang Zemin's expanding of Party membership to allow the bourgeoisie and petite-bourgeoisie to join, and the large-scale privatization of underperforming state-owned companies in the late 1990's resulting in the transfer of the means of production from the public to an emergent private sector. Yet, the relationship between Chinese people and the means of production has been transformed beyond recognition over 30 years of gradual reform and opening policy, resulting in the emergence of a state-capitalism engineered through effective and coordinated industrial policy comprising both state-planning and market mechanisms.

These policies have been accompanied by transformations in the superstructure, which includes any and all activity outside the economic realm. The superstructure comprises those non-economic aspects of reality, constituting the social reality that determines the institutional, cultural and social context for economic activity including formal and informal institutions. Two concepts developed by Marxist theoretician Louis Althusser are very useful in defining the dual functions of the superstructure: the repressive state apparatus and the ideological state apparatus.⁹⁰ Althusser identifies the institutions through which coercion and violence are exercised as the repressive state apparatus, including the executive, legislature, judiciary, police, paramilitary, regulatory frameworks and systems of governance. Conversely, Althusser's ideological state apparatus is a configuration of institutions where ideas are not only communicated but inculcated and reproduced, reinforcing the legitimacy of the relations of production. The relationship between the economic base and the superstructure, then, is one of mutual reinforcement:⁹¹ the economic base transforms and reproduces the superstructure, while the superstructure, comprised of the repressive and ideological state apparatus, reproduces and transforms the economic base through delimiting the boundaries of acceptable behavior and inculcating normative and shared understandings.

While we have seen policies transforming the political institutions, family, law, education, media, the arts, culture, tourism, entertainment, and religion throughout the post-reform era, these superstructural reform policies have ostensibly been geared towards constructing a political, legal, and developmental framework to keep transformation of the economic base on track. Since 2012, this has changed dramatically. The recognition that opportunities presented by double-digit economic growth are an unsustainable source of performance legitimacy, and the imperative to transition to a consumer driven economy, necessitate strategies which aim to mobilize cultural power as a source of shared identity and shared destiny. It is not through the economic base that this can be achieved, but through the mediation of cultural power via the ideological state

⁹⁰ Louis Althusser, "Ideology and Ideological State Apparatuses," *Lenin and Philosophy and Other Essays*, Monthly Review Press, 1971, <https://www.marxists.org/reference/archive/althusser/1970/ideology.htm>.

⁹¹ Raymond Williams, "Base and Superstructure in Marxist Cultural Theory," *New Left Review*, December 1973, <https://newleftreview.org/issues/182/articles/raymond-williams-base-and-superstructure-in-marxist-cultural-theory>.

apparatus where consensus to the state vision can be mediated, and where resistance to that vision can be dealt with via the coercive power of the repressive state apparatus.

The Party's Cultural Objectives

Culture occupies an important position in the Party's mindset. Reports given by the incumbent general secretary at the CCP Party Congress every five years typically give attention to cultural objectives following (1) a review of the Party's work in the preceding five year period; (2) party doctrine and ideology; (3) the current general secretary's guiding philosophy; (4) outline of the basic goals for next 5 years; (5) political objectives, and (6) economic objectives.⁹² Culture is, then, afforded a status seemingly more prominent than social development, national defense, the One-China policy for Hong Kong and Taiwan, foreign policy, and even party reform.

On November 27th 2012, in his final report to the 18th Party Congress, outgoing general secretary Hu Jintao laid out a vision for cultural reform over the next five years that emphasizes civility, morality, ethics, and the development of cultural industries:

*"The country's cultural soft power should be improved significantly. Core socialist values should take root among the people, and both the level of civility of citizens and the moral and ethical standards of the whole society should be significantly raised. More cultural works should be created; a system of public cultural services should be basically in place, and the cultural sector should become a pillar of the economy. Even greater progress should be made in taking Chinese culture to the global stage. By taking these steps, we will lay a more solid foundation for developing a strong socialist culture in China."*⁹³

In the intervening five year period that followed—from 2012 to 2017—the Xi administration developed an array of ideological concepts directly related to cultural reform that were part of a configuration of doctrinal elements constitutive of a new guiding philosophy. Amongst these were the core socialist values (社会主义核心价值观)⁹⁴ and the concept of excellent traditional Chinese culture (中华优秀传统文化).⁹⁵ These concepts, and others, would later be recognized within that new guiding philosophy: Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era (习近平新时代中国特色社会主义思想). Xi Jinping firmly secured his position as Core Leader through the elevation of his new philosophy (hereafter Xi Jinping Thought—习近平思想)

⁹² Alice Miller, "How to Read Xi Jinping's 19th Party Congress Political Report," *Hoover Institution*, May 25, 2017, <https://www.hoover.org/sites/default/files/research/docs/clm53am.pdf>.

⁹³ "Full Text of Hu Jintao's Report at 18th Party Congress," Xinhua, November 27, 2012, http://www.china-embassy.org/eng/zt/18th_CPC_National_Congress_Eng/t992917.htm.

⁹⁴ Michael Gow, "The Core Socialist Values of the Chinese Dream: Towards a Chinese Integral State," *Critical Asian Studies* 49, no. 1 (2016): 92-116, <https://www.tandfonline.com/doi/full/10.1080/14672715.2016.1263803>.

⁹⁵ Aleksandra Kubat, "Morality as Legitimacy under Xi Jinping: The Political Functionality of Traditional Culture for the Chinese Communist Party," *Journal of Current Chinese Affairs* 47, no. 3 (2018): 47-86, <https://journals.sub.uni-hamburg.de/giga/jcca/article/view/1181/1188.html>.

into the CCP Constitution at the 19th Party Congress in October 2017.⁹⁶ In addition to Section VI of his 19th Party Congress report focusing on cultural policy, Section III (7) of the report, dedicated to Xi Jinping Thought, highlights the centrality of cultural power to Xi’s new guiding philosophy:

“Cultural confidence represents a fundamental and profound force that sustains the development of a country and a nation. We must uphold Marxism, firm up and further build the ideal of communism and a shared ideal of socialism with Chinese characteristics, and nurture and practice core socialist values, while making continued and greater efforts to maintain the initiative and ensure we have our say in the realm of ideology. We must promote the creative evolution and development of (excellent) traditional Chinese culture, see our revolutionary culture remains alive and strong, and develop an advanced socialist culture. We should cherish our cultural roots, draw on other cultures, and be forward-thinking. We should do more to foster a Chinese spirit, Chinese values, and Chinese strength to provide a source of cultural and moral guidance for our people.”⁹⁷

Xi’s development of cultural policy is evident in comparing the 18th and 19th Party Congress reports (see Table 1), with Xi adding a leading section explicitly subsuming cultural policy under the ideological leadership of the Party. Similarly, while Hu’s report is more diffuse, Xi’s discussion is more specific in its identification of arts, literature, sports, academia, and cultural industries as both the targets of cultural policy and the channels through which the state’s cultural vision will be mediated.

Table 1: Cultural Objectives in 18th and 19th Party Congress Reports.

Hu Jintao Report at 18 th Party Congress November 2012 ⁹⁸		Xi Jinping Report at 19 th Party Congress October 2017 ⁹⁹	
Section VI. Developing a Strong Socialist Culture in China 扎实推进社会主义文化强国建设		Section VII. Building Stronger Cultural Confidence and Helping Socialist Culture to Flourish 坚定文化自信，推动社会主义文化繁荣兴盛	
(i)	Strengthen Core Socialist Values 加强社会主义核心价值观体系建设	(i)	Holding firmly the leading position in ideological work 牢牢掌握意识形态工作领导权
(ii)	Improve civic morality in an all-around way 全面提高公民道德素质	(ii)	Cultivating and observing Core Socialist Values 培育和践行社会主义核心价值观

⁹⁶ Yu Jie, “The Chinese Communist Party Congress: An Essential Guide,” *LSE IDEAS Strategic Update* 17, no. 4 (October 2017), <http://www.lse.ac.uk/ideas/Assets/Documents/updates/LSE-IDEAS-Chinese-Communist-Party-Congress-Guide.pdf>.

⁹⁷ Xi Jinping, “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,” Xinhua.net, October 18, 2017, http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf.

⁹⁸ “Full Text of Hu Jintao’s Report.”

⁹⁹ Xi, “Secure a Decisive Victory.”

(iii)	Enrich people's intellectual and cultural lives 丰富人民精神文化生活	(iii)	Raising intellectual and moral standards 加强思想道德建设
(iv)	Enhance the overall strength and international competitiveness of Chinese culture 增强文化整体实力和竞争力	(iv)	Seeing socialist literature and art thrive 繁荣发展社会主义文艺
		(v)	Promoting the development of cultural programs and industries 推动文化事业和文化产业发展

Ideas

The China Dream (中国梦) discourse serves as the umbrella term for the Xi administration's efforts to build consensus and, ultimately, reinforce the Party's claims to legitimacy. Under this umbrella, a configuration of state doctrine and propaganda campaigns has emerged, theoretically consistent yet functionally distinct, which aim to underline the ideological, teleological, moral, and normative legitimacy of the Party. This ideational configuration both defines the New Era whilst also providing continuity through the incorporation of terminology associated with Xi's post-reform predecessors. For example, the "Four-Pronged Comprehensive Strategy" (四个全面战略布局)—more commonly referred to as the "Four Comprehensives" (四个全面)—was first mentioned by Xi on a tour in Jiangsu Province in late 2014,¹⁰⁰ aiming to (i) "comprehensively build a moderately prosperous society" (全面建设小康社会); (ii) "comprehensively deepen reform" (全面深化改革); "comprehensively govern the nation according to law" (全面推进依法治国); and (iv) "comprehensively and strictly govern the Party" (全面从严治党). The "Four Comprehensives" emerged during the first two years of Xi's tenure, against the backdrop of Xi's formidable anti-corruption campaign, laying essential groundwork for Xi Jinping Thought. The first goal of the "Four Comprehensives," to "comprehensively build a moderately prosperous society" (全面建设小康社会), echoed a central focus of the preceding Hu-Wen era and policy focal point at both the 16th Party Congress in 2002 and the 17th Party Congress in 2007. However, the term "moderately prosperous society" (小康社会) can be traced back to Deng Xiaoping, who declared this a central goal of the Party's modernization project as early as 1979.¹⁰¹

An array of rhetorical weaponry accompanied Xi's earlier theoretical experiments, with anti-corruption and Party discipline high on the priority list following the 18th Party Congress in 2012. The Three Stricts, Three Honests (三严三实), a precursor campaign relating to the fourth objective of the "Four Comprehensives" to "strictly govern the Party" (从严治党), instructed cadres to strictly cultivate their moral character, strictly exercise power and authority and strictly exercise self-discipline, combatting the "four winds" (反四风) of formalism (形式主义), bureaucracy (官

¹⁰⁰ "Xi's 'Four Comprehensives'—A strategic blueprint for China's future," State Council Information Office of the PRC, March 30, 2017, http://www.china.org.cn/node_7247529/content_40529310.htm.

¹⁰¹ Zhang Airu, "From 'A Well-off Society' to 'Comprehensive Well-off Society'—On the Formation and Development of Deng Xiaoping's Theory of Well-off Society (从“小康”到“全面小康”——邓小平小康社会理论形成和发展述论)," *People's Daily*, July 14, 2017, <http://cpc.people.com.cn/n/2014/0714/c69113-25279758.html>.

僚主义), hedonism (享乐主义), and extravagance (奢靡之风), which Xi has identified as a threat to CCP legitimacy.¹⁰² Initially disseminated in 2013, the “anti-four winds” diatribe returned in the run-up to the 19th Party Congress in October 2017, reasserting a major thread of Xi’s rhetorical double-helix: internal party discipline and moral leadership.¹⁰³ Most recently, the importance of moral leadership was reinforced in an article attributed to Xi Jinping entitled “Promotion of the New Great Project of Party Building Requires Consistency” (推进党的建设新的伟大工程要一以贯之) appearing in the CCP theoretical journal, *Qiushi* (求是), on October 2nd 2019, the day after the 70th anniversary of the founding of the PRC.¹⁰⁴

Conversely, an arsenal of concepts has also been developed, forming the second thread of this rhetorical double-helix, with the focus on broader society. The core socialist values (社会主义核心价值观) constitute an ambitious doctrinal innovation encapsulating the vision for state-society-citizen relations. The core socialist values (社会主义核心价值观) were introduced at the 18th Party Congress in 2012. However, they first emerged in a *Red Flag* (红旗文稿) article written by Chongqing Party School Professor Tan Guotai in 2010 entitled “Focus the people and stabilize society with the Core Socialist Value system” (用社会主义核心价值观体系凝聚人心, 稳定社会).¹⁰⁵ This concept of a “core socialist values system” (社会主义核心价值体系) was discussed in a *Qiushi* article in March 2012 by Liu Yunshan, then the fifth ranked politburo member and head of the CCP propaganda apparatus.¹⁰⁶ On November 8th 2012, in his final report as outgoing general secretary, Hu Jintao stated that the Party should “promote prosperity, democracy, civility, and harmony; uphold freedom, equality, justice, and rule of law, and advocate patriotism, dedication, integrity, and friendship, so as to cultivate and observe core socialist values.”¹⁰⁷ Since then, the core socialist values have been crystallized into three levels of twelve values with four each at the national, societal, and citizenship levels. They have been rolled-out across the nation in a range of interrelated, prominent, and public propaganda campaigns incorporating billboards, posters, digital displays, video content, and educational materials developed by the Party’s Central

¹⁰² “The ‘Three Stricts and Three Honests’ Educational Campaign,” China.org, June 26, 2015, http://www.china.org.cn/china/2015-06/26/content_35915584.htm.

¹⁰³ He Wenwen, “Fight Against the ‘Four Winds (打好反‘四风’的攻坚战),” *Qiushi* Net, December 19, 2017, http://www.qstheory.cn/wp/2017-12/19/c_1122136425.htm.

¹⁰⁴ Xi Jinping, “Promotion of the New Great Project of Party Building Must Be Consistent (推进党的建设新的伟大工程要一以贯之),” *Qiushi* Net, October 2, 2019, http://www.qstheory.cn/dukan/qs/2019-10/02/c_1125068596.htm.

¹⁰⁵ Tan Guotai (谭国太), “Use Socialist Core Values to Consolidate the Will of the People, a Stable Society” (用社会主义核心价值观体系凝聚人心、稳定社会), *Red Flag* (via *Qiushi* Net), September 10, 2009, http://www.qstheory.cn/hqwg/2009/200917/200909/t20090909_11133.htm.

¹⁰⁶ David Bandurski, “Propaganda Chief Plugs New Culture Policy Book,” China Media Project, March 2, 2012, <https://chinamediaproject.org/2012/03/02/propaganda-chief-introduces-new-cultural-policy-book/>.

¹⁰⁷ “Report of Hu Jintao.”

Guidance Commission on Building a Spiritual Civilization (中央精神文明建设指导委员会) and the CCP Propaganda Department.¹⁰⁸

However, it is the substantive nature of the core socialist values that constitutes a vital departure from the Party doctrine of Xi's post-reform predecessors. It is increasingly difficult to level the criticism that state propaganda is only rhetorical, given extensive legislative moves which have sought to embed state values in law and, more importantly, ensure they permeate institutions across both political and civil society.

Institutions

While analysts have observed the demise of any discussion on the separation between Party and state—between the CCP and the PRC government—Xi's doctrine reaches beyond the political sphere.¹⁰⁹ It is not only the repressive state apparatus which Xi has sought to bring under the Party's purview, but also the entire ideological state apparatus including schools, universities, NGOs, charities, media outlets, the entertainment sector, digital and new media, cultural industries, publishers, and technology firms. All have a role to play in the terraforming of Xi's New Era, and all are undergoing an effective fumigation aimed at eradicating competing ideologies to allow conditions conducive for Xi's ideas to take root.

“Core socialist values should not only be cultivated and fostered by improving people's ways of thinking and encouraging good habits, but should also be guaranteed by institutions and mechanisms. Western countries are very good at this. Even though their governing parties alternate in power every four or five years, their values are stable and consistent. One important reason for this is that the design of their systems, the formulation of their policies, laws and regulations, and their judicial and administrative actions are all governed by their core values”¹¹⁰

Xi's first term (2012-2017) witnessed a number of legislative developments that preempted the incorporation of the core socialist values into the CCP and PRC constitutions at the 19th Party Congress and the 13th National People's Congress respectively (March 2018).^{111; 112} These legislative developments, outlined in Table 2, directly and indirectly related to a broader concern

¹⁰⁸ “Xi Jinping Sent a Letter to Congratulate the 70th Anniversary of the Founding of the Chinese Academy of Sciences (习近平致信祝贺中国科学院建院 70 周年),” Wenming Net, November 1, 2019, <http://www.wenming.cn/>.

¹⁰⁹ Nis Grünberg and Katja Drinhausen, “The Party Leads on Everything: China's Changing Governance in Xi Jinping's New Era,” Mercator Institute for China Studies, September 24, 2019, <https://www.merics.org/en/china-monitor/the-party-leads-on-everything>.

¹¹⁰ Xi Jinping, *How to Comprehensively Deepen Reform* (Beijing: Foreign Language Press, 2014), 122-123.

¹¹¹ See Article 3, Paragraph 8, Constitution of the Communist Party of China: Revised and Adopted at the 19th National Congress of the Communist Party of China on October 24, 2017, <http://www.china.org.cn/2017/11/05-001.pdf>.

¹¹² “Annotated Translation: 2018 Amendment to the P.R.C. Constitution (Version 2.0),” Article 39, NPC Observer, March 11, 2018, <https://npcobserver.com/2018/03/11/translation-2018-amendment-to-the-p-r-c-constitution/>.

with state security and ideational sovereignty, covering various institutions across both the repressive and ideological state apparatus between 2015 and 2017.

Table 2: Legislation, Regulation and the Core Socialist Values

Law/Regulation	Relevant Clause
Measures for Internet Audiovisual Program Management 2015 (Draft for Comments) 互联网视听节目管理办法（征求意见稿） ¹¹³	<i>Article 6: The development of online radio and television services shall persist in serving the people and serving socialism, persist in a correct orientation, placing societal interest first and carrying forward the core socialist values, following socialist regulation of morality, and continuously embodying the ideological culture of contemporary development and societal improvement, striving to carry forward the ethnicity's exceptional traditional culture, providing more and better online radio and television services to satisfy the public's ever increasing desires, and continuously enriching the emotional and cultural lives of the public.</i>
PRC Cybersecurity Law 2016 中华人民共和国网络安全法 ¹¹⁴	<i>Article 6: The State advocates sincere, honest, healthy and civilized network conduct; promoting dissemination of the core socialist values, adopting measures to raise the entire society's awareness and level of network security, and forming a good environment for the entire society to jointly participate in advancing network security.</i>
PRC Charity Law 2016 中华人民共和国慈善法 ¹¹⁵	<i>Article 5: The State encourages and supports natural persons, legal persons, and other organizations putting the core socialist values into practice, carrying forward the traditional virtues of the Chinese people and conducting charitable activities in accordance with law.</i>
PRC Film Industry Promotion Law 2016 中华人民共和国电影产业促进法 ¹¹⁶	<i>Article 1: This Law is formulated so as to facilitate the healthy and prosperous development of the film industry, to carry forward the core socialist values, to regulate the order of the film market, and to enrich the spiritual and cultural lives of the people and of the masses.</i>

¹¹³ “Internet Audiovisual Program Management Measures (Draft for Solicitation of Comments),” China Law Translate, November 6, 2015, <https://www.chinalawtranslate.com/en/nettv/>.

¹¹⁴ “Bilingual 2016 Cybersecurity Law,” China Law Translate, November 16, 2016, <https://www.chinalawtranslate.com/en/bilingual-2016-cybersecurity-law/>.

¹¹⁵ “Bilingual Charity Law,” China Law Translate, March 21, 2016, <https://www.chinalawtranslate.com/en/bilingual-charity-law/>.

¹¹⁶ “Film Industry Promotion Law 2016,” China Law Translate, November 7, 2016, <https://www.chinalawtranslate.com/en/2016年电影产业促进法/>.

<p>PRC Foreign NGO Management Law 2017 中华人民共和国境外非政府境内活动管理法¹¹⁷</p>	<p><i>Article 5: Foreign NGOs carrying out activities within mainland China shall abide by Chinese laws, must not endanger China's national unity, security, or ethnic unity; and must not harm China's national interests, societal public interest and the lawful rights and interests of citizens, legal persons and other organizations.</i></p>
<p>PRC Ministry of Education University and College Student Management Regulations 2017 中华人民共和国教育部普通高等学校管理规定¹¹⁸</p>	<p><i>Article 3: Schools must adhere to the direction of socialist education, adhere to the guiding position of Marxism, and fully implement the national education policy. We must adhere to the foundation of virtue and the education of ideals and beliefs, foster and practice the core socialist values, and carry forward China's excellent traditional culture and revolutionary culture, advanced socialist culture, cultivate students' sense of social responsibility, innovation and practical ability; must adhere to the rule of law, scientific management, improve and improve the management system, standardize management behavior, and manage and educate people, combine and continuously improve management and service levels.</i></p>
<p>PRC National Anthem Law 2017 中华人民共和国国歌法¹¹⁹</p>	<p><i>Article 1: This Law is drafted on the basis of the Constitution, so as to preserve the dignity of the national anthem, to regulate the performance, singing, playing, and use of the national anthem, to enhance citizens' conception of the State, to carry forward the spirit of patriotism, and to cultivate and practice the core socialist values.</i></p>
<p>PRC Protection of Heroes and Martyrs Law 2018 中华人民共和国英雄烈士保护法¹²⁰</p>	<p><i>Article 1: This law is formulated on the basis of the Constitution so as to strengthen protections of heroes and martyrs; to preserve the societal public interest, to pass on and carry forward the spirit of heroes and martyrs and the spirit of patriotism; to cultivate and practice the core socialist values, and to inspire the glorious spiritual force of the realization of the China Dream of the great rejuvenation of the Chinese nation.</i></p>
<p>PRC Regulations on the Registration and Management of Social Organizations 2018 (Draft for Comments)</p>	<p><i>Article 4: Social organizations shall follow the constitution, laws, regulations, rules, and national policies to practice the core socialist values and carry</i></p>

¹¹⁷ “Bilingual FNGO Law,” China Law Translate, April 29, 2016, <https://www.chinalawtranslate.com/en/bilingual-fngo-law/>.

¹¹⁸ “General College Students Management Regulations,” Ministry of Education of the People’s Republic of China, September 2017, http://www.moe.gov.cn/srcsite/A02/s5911/moe_621/201702/t20170216_296385.html.

¹¹⁹ “National Anthem Law of the PRC,” China Law Translate, October 3, 2017, <https://www.chinalawtranslate.com/en/中华人民共和国国歌法/>.

¹²⁰ “People’s Republic of China Law on Protection of Heroes and Martyrs,” China Law Translate, April 27 2018, <https://www.chinalawtranslate.com/中华人民共和国英雄烈士保护法/>.

社会组织登记管理条例 (草案征求意见稿) ¹²¹	<i>forward the traditional virtues of the Chinese people, and must not engage in or fund activities that harm the integrity or security of the nation or ethnic unity, harms the national interests, societal public interest, and the lawful rights and interests of other organizations and citizens, or in violation of societal mores. Social organizations must not engage in for-profit business activities.</i>
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The legislation highlighted above, while not comprehensive, is illustrative of the Xi administration’s sustained efforts since the 18th Party Congress to incorporate the core socialist values into law at every level, from national constitution to student codes of conduct. This mobilization of the legislature in the mediation of state values has been mirrored in the judiciary. Professor Susan Finder has documented the Supreme People’s Court (SPC) Five-Year Plan (2018-2023) aimed at incorporating the core socialist values into judicial interpretations, impacting judgements in both criminal and civil cases on legal issues as diverse as commercial disputes, labor disputes, intellectual property, environmental issues, women’s rights, acts of self-defense, property rights, and family law.¹²²

While certain legislation is directly and explicitly focused on national security, the web of legislation leaves all media outlets, domestic social organizations, foreign NGOs, educational institutions and commercial interests operating in an environment where observance and consideration of the core socialist values is a legal requirement and political imperative. While these legislative moves are coercive in nature, resulting from actions taken within the repressive apparatus of the PRC’s legal environment, they serve to circumscribe activity in and across civil society, delimiting the boundaries of acceptable cultural expression in the PRC.

Civic Spaces

What, then, are the substantive transformation of these ideological, legislative and regulatory maneuvers to the cultural landscape under successive Xi administrations?

The easier argument is that the marshalling of guiding ideological concepts, government policy, legislation, and regulation represent a ruthlessly coercive eradication of any competing narratives from domestic discourse. This assessment holds weight and, in certain contexts such as Xinjiang, any consensus building has been jettisoned and replaced with an extremely repressive imposition of cultural power through legal, extra-legal, and extra-judicial means. Where consensus is unlikely, coercion is the method of inculcation of the state vision for state-society-citizen relations with any and all activity. Yet, the objective remains consistent: to circumscribe all forms of cultural

¹²¹ “Regulations on the Registration and Management of Social Organizations (Draft for Solicitation of Comments)” China Law Translate, August 5, 2018, <https://www.chinalawtranslate.com/社会组织登记管理条例（草案征求意见稿）/>.

¹²² Susan Finder, “Socialist Core Values and Chinese Judicial Interpretations,” Supreme People’s Court Monitor, September 27, 2018, <https://supremepeoplecourtmonitor.com/2018/09/27/socialist-core-values-chinese-judicial-interpretations/>.

expression and ensure they fall in line with the state's narrow and tightly defined notion of Chinese citizenship. The result is an effective and forced assimilation of cultural expression in line with the highly politicized and nationalistic state vision of "Chineseness." Where coercion is apparently less evident, civic spaces are emerging where structural and institutional constraints reduce the potential for any activity which challenges the state vision. Yet the absence of coercion does not equate to an absence of domination—more that the Party's domination of the cultural sphere is exercised without reliance on explicit physical violence. Moreover, the Chinese people themselves are not the direct focus of doctrinal campaigns—but rather the institutions and spaces in which citizenship can be performed.

There are myriad examples where we can discern the nature of the state's monopoly on cultural power now being established under the Xi administration. The PRC Charity Law of 2016 effectively placed over 320,000 citizen-initiated non-enterprise units (民办非企业单位) in legal limbo.¹²³ According to Holly Snape, the term NGO (非政府组织) has all but been eradicated from public discourse, with the umbrella term "social service organization" (社会服务机构) replacing it. Other terms, have also been lexically cleansed, conveniently disenfranchising them of any notion of "citizens' rights, the public sphere, and anything conceivably oppositional."¹²⁴ Higher education has not only been the subject of discourse control but is also serving as an engine for the generation of discourse. The proliferation of research institutes that serve to engage with, control, and direct discourse across academia have flourished—less as a consequence of direct coercive moves, and more as the inevitable result of significant resources being made available to academics and institutions engaging with state doctrine across the fields of economics, international relations, politics, sociology, philosophy, and the arts and humanities. Within two months of Xi Jinping Thought being formally announced, 10 specialist "Xi Jinping Thought Research Centers" (习近平新时代中国特色社会主义思想研究中心)¹²⁵ had already been established at the Ministry of Education, Peking University, Tsinghua University, Renmin University, PLA National Defense University, The Chinese Academy of Social Science, and at the provincial and municipal government level. Since then many more have been established, while social science projects funded through the National Social Science Fund (NSSF) (国家社会科学基金) has seen an explosion of projects specifically related to Xi Jinping Thought in 2017 and 2018. The NSSF is the most important, prestigious, and competitive social science fund in the PRC, and patterns in the 3000+ projects approved each year are generally indicative of research trends prominent across the entire HE sector. In 2017, prior to the 19th Party Congress, there were no projects that used the term "New Era" (新时代) in the title, although there were 40 projects which referred to Xi Jinping directly by name. In 2018, there were 90 projects with titles specifically referencing Xi Jinping by

¹²³ Holly Snape and Karla W. Simon, "China's Social Organisations after the Charity Law," *Made in China Journal*, March 26, 2017, <https://madeinchinajournal.com/2017/03/26/chinas-social-organisations-after-the-charity-law/>.

¹²⁴ Holly Snape, "Painting in Grey and Permeating Gaps: Changing the Space for Chinese NGOs," *Made in China Journal*, July 23, 2019, <https://madeinchinajournal.com/2019/07/23/painting-in-grey-and-permeating-gaps-changing-the-space-for-chinese-ngos/>.

¹²⁵ "10 Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era Research Centers Open" (10 家习近平新时代中国特色社会主义思想研究中心(院)成立), *Xinhua*, December 14, 2017, http://www.xinhuanet.com//2017-12/14/c_1122112908.htm.

name, with 240 projects including the term “New Era” in the title. While this has fallen to 49 (Xi Jinping) and 165 (New Era) in 2019, there is still a clear indication that social science funding is being strategically deployed to projects that further the discourse agenda of the state and promote engagement and dissemination of Xi Jinping Thought and related ideological concepts. By extension, the intelligentsia has been mobilized to contribute to positive discourse across the traditional and new media sector, conveying a legitimacy upon discourse which extends far beyond the walls of China’s leading universities.¹²⁶

As with many aspects of the political landscape in the PRC, it can be difficult to discern the true nature of Xi’s New Era cultural terrain. Yet, we are afforded glimpses of this in instances in which transgression is evident, like throwing a stone in a still lake and watching the ripples. Bytedance CEO Zhang Yiming, whose company owns video platform Tik Tok (抖音) was forced to publicly apologize¹²⁷ following regulatory intervention by the State Administration of Press, Publication, Radio, and Television (SAPPRFT) (国家新闻出版广电总局).¹²⁸ Bytedance’s news site Jinri Toutiao (今日头条) was suspended and then removed from app stores for three weeks while their social media platform Neihan Duanzi (内涵段子) was ordered to shut down.¹²⁹ Zhang apologized via his Sina Weibo account for both Bytedance sites which he acknowledged contained content which was “incommensurate with the core socialist values.”¹³⁰ This example illustrates the legislative stranglehold the Party has over not only state media but also commercial media and social media. Cultural industries are similarly restricted, providing space only for performance of citizenship which complies with the state vision. State policies to create a vibrant football industry, establishing China as a world football power by 2050, are also platforms for nationalist unity to be expressed, and for “good” citizenship to be prominently displayed.¹³¹ Citizens can participate in civic spaces, both physical and digital, carefully carved out through a mix of government policy, legislation and private sector competition—yet they cannot themselves define the form of this cultural performance. Cyber-sovereignty characterizes the digital terrain, with China’s online ecosystem configured entirely of PRC companies such as Baidu, Sina, Tencent, Alibaba, and

¹²⁶ Viola Zhou, “Chinese Universities Encourage Professors, Students to Post Online Content that Promotes ‘Socialist Values’,” *South China Morning Post*, September 21, 2017, <https://www.scmp.com/news/china/policies-politics/article/2112269/chinese-universities-encourage-professors-students-post>.

¹²⁷ Jiayang Fan, “Why China Cracked Down on the Social Media Giant Bytedance,” *The New Yorker*, April 19, 2018, <https://www.newyorker.com/news/daily-comment/why-china-cracked-down-on-the-social-media-giant-bytedance>.

¹²⁸ SAPPRFT has since been formed into an agency with even greater jurisdiction over public media content - National Radio and Television Administration (国家广播电视总局) or NTRA.

¹²⁹ Jeremy Goldkorn, “Bytedance: Celebrating Innovation While Apologizing for Its Political Crimes,” SupChina, April 11, 2018, <https://supchina.com/2018/04/11/bytedance-celebrating-innovation-while-apologizing-for-its-political-crimes/>.

¹³⁰ David Bandurski, “Tech Shame in the ‘New Era,’” China Media Project, April 11, 2018, <https://chinamediaproject.org/2018/04/11/tech-shame-in-the-new-era/>.

¹³¹ Jonathan Sullivan, Simon Chadwick, and Michael Gow, “China’s Football Dream: Sport, Citizenship, Symbolic Power, and Civic Spaces,” *Journal of Sport and Social Issues* 43, no. 6 (2019), <https://journals.sagepub.com/doi/10.1177/0193723519867588>.

Bytedance—with foreign competitors exorcised and banished. We see other manifestations involving foreign firms operating in the PRC market which have offended state sensibilities usually in relation to issues of national sovereignty.¹³² Consumption is similarly emerging as a heavily politicized activity, again noticeable in instances in which tensions between the US and China have been evident—with perhaps Apple¹³³ and the Houston Rockets¹³⁴ being the most recent recognizable victims of nationalist consumption. The recent case involving the Houston Rockets and the NBA highlights the politicization of cultural expression through consumption, with all forms of media content and merchandising being proactively removed from Taobao, China’s dominant online e-commerce platform. From almost every angle we see a cultural industrial complex under the purview of the state, both under the constraint of the Party’s legislative straitjacket and simultaneously providing zones where citizen activity can, be it via participation or via consumption, only ever constitute an expression of consent.

Cultural Power Beyond 2020

Propaganda under the Xi administration has evolved into a doctrine that permeates every institution, every organization and every civic space in which individual citizens and groups interact with each other, with the state, and with commerce. The China Dream is less a project that aims to create a powerful nation, and more a project that serves to create a citizenry to populate a powerful nation. In Xi Jinping’s New Era, propaganda campaigns operate less like “magic bullets” aimed to persuade (or brainwash) and increasingly as doctrine that must frame and guide any and all political, judicial, civil, and commercial institutional activity. There is a tacit acknowledgement that control over thoughts is a distant and less pressing concern than control over activity, which over time becomes normalized as new generations of citizens emerge inculcated with identity consistent with the state vision. Recognizing the expansion of the Party’s strategic focus, shifting beyond the emphasis on economic growth that characterized the post-reform era through the Deng, Jiang, and Hu administrations, is essential for critically framing any discussion of the Party’s cultural objectives in 2020 and beyond. There seems, at the heart of Xi’s superstructural reform, an ambivalence towards civil society—that a vibrant civil society is desired due to the stability it may potentially convey upon the regime, but it must be one that is underpinned and characterized by the core socialist values and in which any other competing values must wither and die until an expansive consensus has been secured. While we’re unlikely to see any activity in the public sphere challenge the state or attempt to hold it to account, an expansion of civic spaces where the state vision is made visible through non-state channels, which we could view as less “vibrant civil

¹³² Manya Koetse, “These Are the Foreign Brands Apologizing to China amid Hong Kong Tensions,” What’s on Weibo, August 16, 2019. <https://www.whatsonweibo.com/these-are-the-foreign-brands-apologizing-to-china-amid-hong-kong-tensions/>.

¹³³ Kenneth Rapoza, “Huawei Has Taken Over Apple’s Market Share In China; It Will Get Worse,” *Forbes*, May 2, 2019, <https://www.forbes.com/sites/kenrapoza/2019/05/02/huawei-has-taken-over-apples-market-share-in-china-it-will-get-worse/#7fa9a2f1385f>.

¹³⁴ Laurie Chen, “Houston Rockets’ Daryl Morey ‘Meant No Offence’ with Hong Kong Protests Tweet – But Angry Chinese Demand More,” *South China Morning Post*, October 7, 2019, <https://www.scmp.com/news/china/politics/article/3031874/houston-rockets-daryl-morey-meant-no-offence-hong-kong-protests>.

society” and more “circumscribed civil sobriety.” We should expect that the level of cultural control will intensify with the aim of normalizing notions of national identity, citizenship, and values. If anything, this control is likely to increase beyond 2020 with a teleological lifespan related to the two centenary goals (两个百年奋斗目标) celebrating the centenary of the Party (2021) and the People’s Republic of China (2049).

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For Ye Have the Poor Always with You: Exploring China's Latest War on Poverty

John Donaldson

“A well-off China won't happen if people in rural areas, especially in the poverty-stricken regions, can't live a well-off life.” —Xi Jinping, 2012

In 2015, Xi Jinping made a stunning pledge to eliminate the poverty that has plagued China for millennia by 2020.¹³⁵ As the policy rolled out, it became clear that Xi's goal was ambitious and that he was quite serious about reaching it. His pledge was unambiguous—not simply to reduce poverty, but to eliminate it at the household level. An unprecedented amount of resources and personnel have been dedicated to what Xi refers to as a “war on the fortified position of poverty.”¹³⁶ This program emphasizes the precise targeting of poverty, as reflected in identifying poor households, learning about what caused their poverty, and applying appropriate solutions. He called on government officials and party cadres to take personal responsibility for the goal by charging them with identifying families, block by block, farm by farm, who remained in poverty. Each official was to be assigned a set of households and held accountable for ensuring that each household emerged from poverty.

The approach is multifaceted: the central government that year increased the line used to measure absolute poverty to 2,800 RMB (adjusted each year for changes in purchasing power),¹³⁷ but in practice uses broader measures to fight poverty. In rejecting a one-size-fits-all solution, Xi reflected the understanding that the causes of poverty in China, as everywhere, are diverse. Moreover, he encouraged each locality to adopt policies suitable to their local conditions by choosing from a suite of options and tools. In this and subsequent announcements, it became clear that Xi was associating the success of his administration with the success of this program. More than this, Xi seemed to be directly linking the legitimacy of the Party's rule to it successfully and permanently pulling people out of poverty.

¹³⁵ Lu Rucai, “Poverty Relief: Achievements in Five Years,” *China Today*, July 3, 2017, http://www.chinatoday.com.cn/english/society/2017-07/03/content_743378.htm.

¹³⁶ Lest Xi be accused of rigging his game by having set a low bar of poverty and thus excluding an undue number of people from his reforms, it should be noted that he actually did the opposite: as part of his plan he revised China's previous poverty line upwards to classify as poor any household with a per capita income below RMB 2,800 per capita: Lim Yan Liang, “After 40 Years, China Aims to Close Chapter on Poverty,” *The Straits Times*, December 7, 2018, <https://www.straitstimes.com/asia/east-asia/after-40-years-china-aims-to-close-chapter-on-poverty>.

¹³⁷ Zhao Fuchang, Li Chengwei, and Zheng Yuan, “Report on Sustainable Financing for Poverty Alleviation in China,” Chinese Academy of Fiscal Sciences, United Nations Development Programme, 2016, <https://www.undp.org/content/dam/china/docs/Publications/UNDP-CH-2016%20Financing%20for%20Poverty%20Alleviationin%20China.pdf>.

Precision Poverty Reduction

For most periods between the Party's maturation in rural China to Xi Jinping's appointment in 2012, the Party has underscored its commitment to eliminating rural poverty. To be sure, leaders did not always act in the best interests of the poor, but they typically acted in the name of eliminating poverty. Even as the anti-poverty strategies and the impact of those strategies both varied greatly, the Party has consistently taken concrete steps not to simply reduce poverty, but to eliminate it altogether. Seen in this light, precision poverty reduction represents a continuation of this commitment.

To what extent does the latest policy—precision poverty reduction—represent a new strategic approach to reducing poverty? Will it be effective in removing from poverty the last of the 30 million of the 1.4 billion Chinese people that remain impoverished? Scholarly evaluations of Xi's precision poverty reduction program published in the West are scant, primarily limited to a handful of articles, many in journals of questionable quality. Based on readings of unpublished manuscripts, journalistic accounts, and policy analyses by think tanks and international organizations, those who claim that precision poverty reduction represents a new strategy each point to specific characteristics of that policy:

- Grandness of scope: The policy promises to be the “largest poverty alleviation campaign in history.”¹³⁸
- Precision: Beijing demands the precise identification of poor households and that interventions be customized household by household in ways that address the causes of their poverty.
- Broad view of the nature of poverty: While monetary indicators remain the primary instrument to classify households as poor, the policy adopts a broader understanding of poverty as involving a range of factors.
- Flexibility: Beijing does not dictate local efforts, but instead allows officials to consider local conditions and problems in selecting specific policies from a buffet table of options.
- Mobilization: The policy counts on the commitment not just of a reported 700,000 to 800,000 government officials and party members, but also of rural teachers, soldiers, urban business leaders, and hundreds of government organizations.
- Tutelage: Each of these are asked to work closely with individual households in helping them remove themselves from poverty.
- Market-based development: The policy relies on the establishment of industry, as well as the entrepreneurship of rural residents supported with microcredit loans, to provide employment.
- Accountability: Each official is held personally responsible for removing assigned households from poverty.

¹³⁸ Fatoumata Diallo, “China's Anti-Poverty Efforts: Problems and Progress,” Institute for Security and Development Policy, March 2019, <http://isd.dp.eu/publication/chinas-anti-poverty-efforts-problems-and-progress/>.

While on the surface Xi's campaign appears to represent a wholly new approach, many of the striking features of precision poverty reduction may not be all that striking.¹³⁹ Is the grand scope new? The elimination of poverty was established as the goal of not only China's 1993 and 2001 policies, but it was also the point of Deng Xiaoping reforms from the 1980s and even the original purpose of socialism as established by Mao. Just as the history of eliminating global poverty is long, Xi is preceded by a long line of leaders who also pinned the success of their leadership, and even the legitimacy of the Party, on the elimination of poverty.

Second, precision poverty reduction's focus on the household level is also not new, but rather represents a continuation of China's ever-shrinking targeted unit: Mao besieged the structural problems that embroiled all of China, and China's historic 1986 anti-poverty policy focused on identifying and targeting poor counties (about one quarter of China's total) with aid, the thrust of which initiative subsequently shrunk to focus on impoverished townships and villages. Xi's policy shares targeting the household with Hu's household-based welfare policies.

Third, even precision poverty reduction targets myriad goals that indicate a broader conceptualization of poverty. According to the policy, poverty reduction requires substantially improving living standards, equalizing access to public services, raising education standards across the board, expanding the middle class, improving basic medical services, and providing housing for lower-income residents.¹⁴⁰ Yet, that broad base of concern reflects the past attempts to broaden indicators of success under Hu Jintao and reflects the understanding of early party theorists that poverty involves a broad range of social factors.

Fourth, the policy's reliance on tutelage—officials from wealthier provinces working with those of poor provinces, higher-level officials working with lower-level officials, grassroots officials working with poor farmers¹⁴¹—is founded on partnerships established to reduce poverty that originated in 1979.¹⁴² Similarly, mass mobilizations are nothing new, having long served as a tool to promote the will of the party-state to the most remote areas of China.¹⁴³

Neither is there particular novelty in focusing on poverty alleviation through market-based principles, including stimulating urbanization, industrialization and migration. These methods

¹³⁹ Several sources make the point that precision poverty reduction contains many elements that are not new. See for example: "China's Plan to Eliminate Poverty by 2020," *HSBC*, June 19, 2018, <https://www.business.hsbc.com/belt-and-road/china-s-plan-to-eliminate-poverty?cid=HBUK:DM:S2:CMB:L11:O:1:1806:008:ChinaIntl>.

¹⁴⁰ Lu, "Poverty Relief."

¹⁴¹ Diallo, "China's Anti-Poverty Efforts."

¹⁴² Jae Ho Chung, *Centrifugal Empire: Central-Local Relations in China*, (New York: Columbia University Press, 2016):128.

¹⁴³ Sebastian Heilmann and Elizabeth J. Perry, *Mao's Invisible Hand: The Political Foundations of Adaptive Governance in China*, (Cambridge MA: Harvard University Press, 2011); John James Kennedy and Dan Chen, "State Capacity and Cadre Mobilization in China: The Elasticity of Policy Implementation," *Journal of Contemporary China* 27, no. 11 (2018): 393–405.

represent a return to the urban development priorities of the Jiang Zemin administration, interrupted in policy if not in practice by Hu Jintao's emphasis on rural development.¹⁴⁴

Finally, the central government is holding local officials responsible for events that are largely out of their control—China's macroeconomy, central level policy, local resources, and even the weather have great impact on the poor, and local officials have little control over any of these. Yet holding others responsible for structural forces outside their control is not new in Chinese history—or elsewhere.

Evaluating the Potential

That many aspects of Xi's precision poverty reduction campaign are not especially new does not imply that the program does not have several impressive qualities and strengths. The first is Xi's ability to rally tremendous resources in terms of time and treasure. Even as different leaders have dedicated substantial resources towards poverty reduction, Xi has directed unprecedented amounts of money, both public and ostensibly private, towards this endeavor. According to official sources, funds from the central government alone had already grown more than 19 percent annually between 2013 and 2016, a total of 196.1 billion RMB (approximately 30 billion USD) of central funding over that period. Over that same period, financial institutes have chipped in 283.3 billion RMB (41.7 billion USD) for small loans to millions of families.¹⁴⁵ Funding accelerated rapidly since the 2015 launch of the precision poverty reduction plan, with some 384.4 billion RMB (56.8 billion USD) allocated to poverty reduction.¹⁴⁶ These figures do not include substantial contributions from layers of local governments.¹⁴⁷

If the pace at which funds have increased is impressive, even more so are the personnel resources rallied for the sake of success in 2020. Xi has activated the entire bureaucracy, explaining that “As long as the whole Party and all the Chinese people are united in their efforts and determined to work hard, they will surely win the tough battle against poverty as scheduled.”¹⁴⁸ In the six months between April and October of 2014 (even before Xi announced the precision poverty reduction policy), more than three-quarters of a million cadres were reportedly mobilized to inspect and

¹⁴⁴ Kristen E. Looney, “China's Campaign to Build a New Socialist Countryside: Village Modernization, Peasant Councils, and the Ganzhou Model of Rural Development,” *The China Quarterly* 224: 909–32 (December 2015), <https://www.cambridge.org/core/journals/china-quarterly/article/chinas-campaign-to-build-a-new-socialist-countryside-village-modernization-peasant-councils-and-the-ganzhou-model-of-rural-development/D9A5DB8DF97078B6595B2250CEABE12A>.

¹⁴⁵ Lu, “Poverty Relief.”

¹⁴⁶ Zeng Jinhua, “Poverty Alleviation Fund Performance Has a More Accurate ‘Scale’ Measurement,” State Council of the PRC, September 25, 2017, http://www.gov.cn/zhengce/2017-09/25/content_5227299.htm.

¹⁴⁷ While the increase is indeed impressive, by comparison the US federal government spends an estimated 212 billion USD annually to provide welfare for approximately 40 million poor people.

¹⁴⁸ Lim, “After 40 Years.”

identify 128,000 impoverished villages and nearly 90 million poor people.¹⁴⁹ Government officials of all levels are required to attend training courses and focused conferences, at which they are required to sign letters of commitment.¹⁵⁰ To ensure compliance, officials' anti-poverty work has been established as a key focus for evaluation, in addition to older criteria such as promoting GDP and ensuring social stability.¹⁵¹ These include officials that aren't normally considered to be part of the formal nomenklatura system, such as rural teachers. In addition, such moves divert officials from all departments, including those with no relationship with poverty reduction or development. The scant academic literature confirms my own visits to rural China in concluding that the pressure Xi has put on government officials has translated into their making great efforts. If Xi described his war on poverty as a "tough battle,"¹⁵² scholars underscore that this is reflected in local government offices, complete with maps and vigorous discussions as officials plan and implement their struggle against poverty.¹⁵³

One concern is that local officials may simply report fake statistics. As with economic growth rate targets set in previous administrations, when the center sets a target and establishes strict systems of accountability, local officials will meet it by hook or by crook. The Party shares this concern, including rare criticism of local officials who "shout slogans while doing little."¹⁵⁴ The government asserts it has systems to ensure proper accounting, and the Party has also recruited thousands of academics to make independent assessments.¹⁵⁵ Moreover, it is encouraging that local leaders are not generally acting as if they plan to fake the statistics. Instead, most academics have concluded that these officials appear to be running scared, lest their efforts fall short.

Government officials are far from the only group mobilized to this effort; the private and state-owned sectors have also responded. In addition to financial institutions funding micro-credit loans and financing other anti-poverty initiatives, the e-commerce giant, Alibaba, established thousands of "Taobao villages." By 2019 Alibaba boasted establishment of 4,310 such villages, with shop-

¹⁴⁹ Diallo, "China's Anti-Poverty Efforts"; Lu, 2017, "Poverty Relief."

¹⁵⁰ Lu, "Poverty Relief."

¹⁵¹ EIU, "China's Plan to Eliminate."

¹⁵² Diallo, "China's Anti-Poverty Efforts."

¹⁵³ Wen-Hsuan Tsai, "Mechanism of the CCP's Campaign-Style Enforcement: Case of the Poverty Alleviation in H County," Conference Paper, Asian Network for the Study of Local China (ANSLoC) Annual Workshop, Taipei, Taiwan; Lu Liu, interview by author, personal interview, Singapore, July 2019.

¹⁵⁴ Lim Yanliang, "China Boosting Supervision of Poverty Alleviation Work to Fight Corruption: Official," *The Straits Times*, March 7, 2019. <https://www.straitstimes.com/asia/east-asia/china-boosting-supervision-of-poverty-alleviation-work-to-fight-corruption-official>.

¹⁵⁵ Zhuang Pinghui, "Beijing Vows to Get Tough in War on Poverty," *South China Morning Post*, March 7, 2017, <https://www.scmp.com/news/china/policies-politics/article/2076837/beijing-vows-get-tough-war-poverty>.

owners making 2.6 billion exchanges, generating 700 billion RMB (103 billion USD) in revenue, and providing 6.8 million jobs in that year alone.¹⁵⁶

A second key strength of Xi's policy could at first blush be seen as a flaw. The goal (zero poverty) as well as the overall approach (precision poverty reduction, meaning targeting poverty programs on a household level) are established centrally. Yet the plan is vague on specifics. This is by design, as Xi himself explained in 2015: "We should take different measures toward different groups of people and different regions whose causes of poverty and situations vary, so that we can address their problems in the manner of drip irrigation and targeted therapy instead of introducing general policies indiscriminately."¹⁵⁷ Instead of mandating what policies local governments must implement, they are instead offered a portfolio of policy interventions including industrial development designed to generate employment for the poor; rural development; relocation of poor people living in extremely remote or inhospitable areas; compensation for damage to the environment that affects the livelihoods of rural residents; education; and social security. The fact that the central government leaves it to the local government to determine which mix of policies and approaches to adopt is overall encouraging. After all, implementation based on local conditions has been an essential tenet of Chinese politics for decades.¹⁵⁸ And despite the discretion, officials' feet are still being held to the fire as noted above, with Xi warning, "Empty slogans should be avoided."¹⁵⁹

A third key strength is that Xi explicitly targets "the least of these," even urging officials to look in every corner of China where poverty might have gone overlooked.¹⁶⁰ One thrust of the policy is to generate rural-based employment. Businesses are encouraged to invest in rural areas. In addition, the government has instituted programs that hire rural residents to build basic infrastructure, including water projects, rural electrification, and roads, but also to combat environmental problems, including desertification and deforestation.¹⁶¹ None of this is new. In the 1980s and 1990s, the central government funded "food for work" programs. While much of the funds were inefficiently used and even diverted, many of the programs succeeded both in employing self-selected poor people (compensated mainly in kind) and in establishing rural infrastructure (e.g., World Bank 2001; Huang et al. 2002; Zhu and Jiang 1995, 1996). If these and other programs allow rural residents to stay in rural areas, poverty rates can decline without increasing pressure on China's overstressed cities. Poor rural residents can diversify incomes

¹⁵⁶ "Taobao Village's Next Decade: More than 20,000 Taobao Villages, More than 20 Million Jobs," *AliResearch*, September 6, 2019, <http://www.aliresearch.com/Blog/Article/detail/id/21853.html>.

¹⁵⁷ Lu, "Poverty Relief."

¹⁵⁸ Chung, *Centrifugal Empire*.

¹⁵⁹ Yang Yutong and April Ma, "What We Talk about When We Talk about 'Precise Poverty Alleviation,'" *CGTN*, January 5, 2018, <https://news.cgtn.com/news/786b544f35637a6333566d54/index.html>.

¹⁶⁰ *Ibid.*

¹⁶¹ Lim, "After 40 Years."

generated from subsistence farming. They can remain home where they can take advantage of social capital, an integral part of the survival strategies of poor people around the world.

While specific facets of Xi's precision poverty reduction policies are encouraging, several aspects of the policy raise serious concerns. The policy itself seems to overlook some fundamental aspects of rural poverty. Here I will list just five. The first is that, far from the picture of China's poor "being lifted" from poverty, many poor people, both in rural China¹⁶² and globally,¹⁶³ experience acute, not chronic, spells of poverty. The household life cycle; changing weather patterns; births, marriages, and deaths; shifts in supply and demand; the quality of family members' decisions—any of these factors can cause households to enter and emerge from poverty. Poverty is never fully defeated. As Professor Wang Sangui of Renmin University cautions, "The population in poverty and need will still exist in some form."¹⁶⁴ China faces a two-fold risk. Once it is determined that China's millennia-old poverty problem is solved next year, will China's leaders be tempted to dust off their hands and direct their attention elsewhere? This impression is reinforced by the establishment of a campaign-style policy with a specific deadline, although some officials downplay this concern with discussion of a post-2020 strategy for poverty reduction.¹⁶⁵ A second risk is that acute poverty and chronic poverty have distinctly different causes.¹⁶⁶ If China's top leaders fail to understand that poverty is often acute, will they recognize acute poverty's acute causes?

Second, China's top leaders seem to have faith that urbanization and industrialization will solve China's poverty woes. While encouraging signs, noted above, suggest that some elements of the leadership are focused on rural development, the current top leaders' dominant paradigm remains that industrialization and urbanization remain the best ways to not only pursue poverty reduction but also spur China's continued modernization. In its broader development policy, Xi Jinping and Premier Li Keqiang are borrowing from—and doubling down on—Deng and Jiang's enthusiasm for rapid industrialization and urbanization. To this end, in March 2014, China unveiled the National New-Type Urbanization Plan (2014–2020). Underlying this ambitious plan is an economic imperative to raise the country's declining growth rates by creating new city dwellers to drive demand over the next few decades. The plan aims to increase China's urban population from 53.7 percent today to 60 percent by 2020 under the rationale that personal consumption is

¹⁶² Jyotsna Jalan and Martin Ravallion, "Is Transient Poverty Different? Evidence from Rural China," *Journal of Development Studies* 36, no. 6 (2000): 82–99; Patrick S. Ward, "Transient Poverty, Poverty Dynamics, and Vulnerability to Poverty: An Empirical Analysis Using a Balanced Panel from Rural China," *World Development* 78 (2016): 541–532.

¹⁶³ Michael Lipton and Martin Ravallion, Chapter 41: Poverty and Policy," In *Handbook of Development Economics*, Vol. 3, edited by Jere Behrman and T. N. Srinivasan, (Amsterdam: North Holland, 1995): 2551–2657.

¹⁶⁴ Zhuang Pinghui, "Five Things to Know about China's Huge Anti-Poverty Drive," *South China Morning Post*, September 6, 2017, <https://www.scmp.com/news/china/policies-politics/article/2109848/five-things-know-about-chinas-huge-anti-poverty-drive>.

¹⁶⁵ Bo Xiang, "China's Poverty Reduction Efforts Exemplary, UN Seminar Participants Say," *Xinhua Net*, May 18, 2019, http://www.xinhuanet.com/english/2019-05/18/c_138068847.htm.

¹⁶⁶ Ward, "Transient Poverty."

higher in cities than in the countryside. New urbanization thus aims to absorb long-term urban-residing migrant workers and to deepen the integration between rural and urban areas.¹⁶⁷ The urbanization element within Xi's precision poverty reduction complements that goal. The 10 million poor rural residents that will be relocated under precision poverty reduction are part of the 100 million rural residents relocating to urban areas under the urbanization plan. Even as relocation policies in China date back decades, Xi's precision poverty reduction builds on previous approaches both in terms of pace and orientation.

Third, the policy is based on the assumption that strong markets exist at local levels. To be sure, many of the development initiatives focus on labor-intensive, smaller in scale industries (such as basic manufacturing); are services in which rural residents can potentially participate (such as rural tourism); are attempts to link rural residents with the global economy (such as Taobao's e-commerce initiatives); or harness the entrepreneurial spirit of rural residents (such as the provision of microcredit loans). These types of initiatives have the potential to reduce poverty. Yet scholars studying China's development have on the whole concluded that the country's ability to reduce poverty in practice has a mixed record and is highly contingent. Well-structured microcredit can bring many out of poverty; microcredit poorly structured or not tied with larger development projects can create a vicious cycle of debt.¹⁶⁸ Rural tourism can diversify income sources, but too often the benefits are captured by non-poor outsiders.¹⁶⁹ Taobao Villages' poverty reduction record is also mixed.¹⁷⁰ Basic manufacturing's ability to generate off-farm employment enjoys a better record, though that too is contingent and its benefits are showing signs of saturation.¹⁷¹ Also worrying is the fact that these initiatives are being implemented on such a large scale. China's National Tourism Administration has encouraged 22,600 villages to participate in tourism. Taobao is reaching the majority of China's poor villages. Some 283.3 billion RMB (41.8 billion USD) in microcredit has been distributed to eight million families from 2014-17.¹⁷² Can these villages tap sufficiently large markets to give rural residents a fighting chance to run successful businesses?

Fourth, the policy's use of local officials to target individual households betrays two questionable assumptions. Many of the officials engaged in poverty work are not experts in identifying and ameliorating poverty. The majority of officials serving on the front lines of precision poverty

¹⁶⁷ Li Bingqin, Chen Chunlai, and Hu Biliang, "Governing Urbanization and the New Urbanization Plan in China." *Environment and Urbanization* 28, no. 2 (2016): 515–34.

¹⁶⁸ Abhijit Vinayak Banerjee, "Microcredit under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know?" *Annual Review of Economics* 5, no. 1 (2013): 487–519.

¹⁶⁹ Caroline Ashley, Dilys Roe, and Harold Goodwin, *Pro-Poor Tourism Strategies: Making Tourism Work for the Poor* (Nottingham: Overseas Development Institute, 2001).

¹⁷⁰ Anthony HF Li, "E-Commerce and Taobao Villages. A Promise for China's Rural Development?" *China Perspectives* (No.3, 2017): 57–62.

¹⁷¹ Alain de Janvry, Elisabeth Sadoulet, and Zhu Nong, "The Role of Non-Farm Incomes in Reducing Rural Poverty and Inequality in China," *CUDARE Working Papers 25043*, University of California, Berkeley, Department of Agricultural and Resource Economics.

¹⁷² Lu, "Poverty Relief."

reduction are borrowed from other government organs or are school teachers or other professionals. In energizing his bureaucracy, Xi has pressured local governments to enthusiastically and hastily act to reduce poverty. However, are these street-level bureaucrats qualified to understand the numerous and complex causes of poverty, and might they make recommendations that could potentially do more harm than good? Moreover, given Xi's faith that the unity and diligence of the Party assures victory, these front-line soldiers in the war against poverty bear a burden that they may not be equipped to shoulder.

Finally, in targeting rural households, the policy's architects assume that the primary causes of poverty can be found on the household level. However, much of poverty is caused by factors well above the heads of households, by distant institutions or immovable social structures. Some of these structural causes are common across countries throughout the world: racism, ageism, sexism, in addition to urban bias.¹⁷³ Other such structures emerge from China's unique circumstances: brain drain and youth flight from China's rural areas, increasing costs of living, neglect of rural development, and the reformed-but-still-binding *hukou* (户口) system. The attempt to consolidate land and scale-up agriculture is a case in point. These policies ignore the fact that China's fastest rate of poverty reduction (indeed, the world's fastest rate of poverty reduction) occurred not during the present period but during the early reform period, when scaling down of agriculture allowed the vast majority of rural residents to emerge from poverty.

Conclusions

Xi Jinping has bravely linked his administration's reputation and even the legitimacy of the CCP to the success of precision poverty reduction. As one Chinese economist observed, "For the Communist Party, the campaign is vital to its ruling status because it promised to bring the good life to the poor who supported it back in the days when it was first established."¹⁷⁴ In this regard, Xi is following generations of post-1949 rulers who staked their reputations on staring down the immortal enemy of rural poverty. There are enough encouraging elements behind the implementation of Xi's precision poverty reduction policies—plenty of resources in human and financial capital, commitment and know-how—that it is difficult to imagine disaster. Moreover, many of the genuine efforts have reportedly paid off.

At the same time, there are concerns regarding the assumptions upon which the precision poverty reduction policy are founded, and while we can identify some of the key factors that will determine the success or failure of precision poverty reduction, the initial research on policy efforts to date cannot yet demonstrate whether the energy invested in poverty reduction can be parlayed into overall success. Thus far, most reports depend on the veracity of official statistics or rely on anecdotal, often journalistic, accounts. There is too much at stake to trust either of these sources of information.

¹⁷³ Michael Lipton, *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (Cambridge, MA: Harvard University Press, 1977).

¹⁷⁴ Zhuang Pinghui, "Why Xi Jinping Cares so Much about Ending Poverty in China." *South China Morning Post*, September 4, 2017, <https://www.scmp.com/news/china/society/article/2109278/why-xi-jinping-cares-so-much-about-ending-poverty-china-political> (with slight correction to the translation).

This lack of conclusive (or indeed verifiable) information, however, may not keep Chinese officials from jumping the gun and not waiting until 2020 to declare victory. According to one official source, precision poverty reduction has already removed 68 million Chinese out of poverty over the past five years, a rate of 37,000 per day.¹⁷⁵ “Ten million people will be taken out of extreme poverty every year for the next four years. That is ten years ahead of the schedule for the first of the UN Sustainable Development Goals. It is not only impressive for China but sets an example for other countries in their efforts to eradicate extreme poverty,” UN Under-Secretary-General for Economic and Social Affairs Wu Hongbo predicted in 2017,¹⁷⁶ the midpoint between precision poverty reduction’s start and end date.

Whether the strengths of the strategy are sufficient to compensate for the disadvantages is an open question. But if future prospects are uncertain, we can nevertheless reach some conclusions regarding the significance of the precision poverty reduction policy. First, Xi cannot be criticized for lack of bold audacity. Whereas some global leaders fixate on the size of inaugural crowds and the direction of hurricanes, Xi’s focus on eliminating poverty is laudable. Second, the precision poverty reduction policy has helped to consolidate Xi’s already impressive grip on power. Party building, explicitly included as part of the policy,¹⁷⁷ has allowed Xi to deepen his hold over the bureaucracy. In addition, the program has centralized specific data on hundreds of thousands of farmers¹⁷⁸ and strengthened Xi’s position by punishing lower-level officials’ fiscal malfeasance.¹⁷⁹ As one scholar noted, “by sending officials down to the most grassroots and remotest areas, the Party is extending its control over the local organizations.”¹⁸⁰ The precision poverty reduction policy has also burnished China’s reputation overseas, as foreign leaders attend innumerable conferences and workshops extolling the successes of precision poverty reduction. These efforts spurred Pakistan’s prime minister to praise China as a global role model for poverty reduction.

Finally and more soberly, we must always remember that even if the policy is successful, poverty will not be eliminated entirely. China is vast. The causes of poverty are too diverse, and many are out of human control. Poverty is much easier to enter than it is to exit. The signs are encouraging that precision poverty reduction will substantially reduce poverty in China. Top Chinese officials will claim total victory and the statistics will back this claim. Nevertheless, the poor will always be among us. The struggle against poverty must continue.

¹⁷⁵ Diallo, “China’s Anti-Poverty Efforts.”

¹⁷⁶ Lu, “Poverty Relief.”

¹⁷⁷ Wang Ye, “Xi Calls for Fulfilling Poverty Fight Goal.” *People’s Daily*, March 8, 2019, <http://en.people.cn/n3/2019/0308/c90000-9553733.html>.

¹⁷⁸ Shi Baoyin and Xin Qi, “Data Collection Helps Lift People out of Poverty,” *China Daily*, July 23, 2019, <http://www.chinadaily.com.cn/a/201907/23/WS5d365c8da310d830564006f8.html>.

¹⁷⁹ An estimated 60,000 cases have been brought in the past five years alleging financial corruption linked to the precision poverty reduction policy alone. Diallo, “China’s Anti-Poverty Efforts.”

¹⁸⁰ Zhuang, “Why Xi Jinping Cares.”

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Green Mountains are Gold Mountains: Xi Jinping's Quest to Build a "Beautiful China"

Isabel Hilton

2020 will be a year of judgement for many of China's environment and climate policies: at home, air pollution and other targets are due to be met; abroad, China's intentions will be closely examined as the deadline approaches for raised ambition under the Paris Agreement; and as China prepares to host a critical international meeting on biodiversity in Kunming, its own record on and commitment to conservation will be under enhanced scrutiny.

There will also be a reckoning of the environmental and efficiency targets of the 13th Five Year Plan (2016-2020), which was designed with the goal of achieving a moderately prosperous society by 2020 in mind. The plan set targets for carbon emissions, a reduction of energy density by 15% from 2015 levels, increased efficiency of industries, the elimination of overcapacity, a cap on China's total energy consumption at 5 billion metric tons of standard coal equivalent, a greater share for renewable energy and the development of green infrastructure.¹⁸¹ That course remains set, but recent signs of slackening in progress towards these targets have raised concerns about the speed of implementation.

Improvements in the domestic environment remain a national priority. The impacts of several decades of breakneck growth with no regard to environmental costs now force the state both to address the toxic legacy of those years and to reshape future industrial policies and economic priorities in order to measure and account for the stock of natural capital and negative economic impacts of pollution.

Building a "Beautiful China" From Hu Jintao to Xi Jinping

As China's economy slows, sustainability is the new watchword: breakneck growth is out, circular economy is in; the philosophy of "pollute first, clean up later" is passé; and bureaucratic rewards and punishments are being recalibrated to give force to what is envisaged as a radical change in the economic model. Xi Jinping has pinned his credibility to the promise of a "beautiful China" to be achieved through the construction of "ecological civilization."¹⁸²

The roots of the phrase go back to 2007, when Xi's predecessor, Hu Jintao, acknowledged that rising pollution threatened both China's economic sustainability and the Party's credibility. In his

¹⁸¹ *The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China (2016-2020)*, National Development and Reform Commission, December 7, 2016, <http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>.

¹⁸² "China's President Xi Jinping Calls for Increased Efforts to Tackle Pollution," Reuters via the *South China Morning Post*, May 20, 2018, <https://www.scmp.com/news/china/policies-politics/article/2146945/chinas-president-xi-jinping-calls-increased-efforts>.

report to the 17th Party Congress, Hu announced that reaching the Party's goal of a moderately prosperous society would require the country to build an ecological civilization.¹⁸³ It was, in retrospect, a liberal moment in China, and the theory of ecological civilization had emerged from a loose consortium of civil society actors and progressive officials who also encouraged China's environmental movement and promoted the public's right to know, greater public participation, transparency, and accountability.

When Xi Jinping came to power in 2012 at the 18th Party Congress, he enshrined the slogan in the party constitution and initiated an important shift in policies, procedures, and lifestyles. At the 19th Party Congress, Xi mentioned "ecological civilization" 22 times in his speech and referred to the environment 89 times. The economy only rated 70 mentions.

Xi Jinping's enthusiasm for ecology no doubt reflects in part a concern for public opinion: the promise of a clean environment resonates with a population that has frequently demonstrated its resentment of the pollution that has accompanied China's growth. Many urban young people who take for granted the increased personal prosperity that economic growth has given their generation have hardly known a China with clean air and water, where crops contaminated by polluted soils do not find their way onto supermarket shelves, and where growth is not bought at the cost of environmental degradation or species extinctions.

But Xi Jinping's policies reflect more than a rhetorical commitment to environmental protection or the need for credibility with a pollution-weary populace. He argues that rebalancing to high-quality development is essential to deliver the "China Dream" as the old economic model reaches its limits. Nevertheless, despite the increasing centrality of ecological civilization in Chinese policy discourse, making it happen in the face of conflicting demands and competing interests remains, as retired Politburo member Jiang Chunyun put it, "a complex social undertaking of huge proportions."¹⁸⁴

Xi Jinping attacked the challenge on a number of fronts. The first step was to assign value to natural capital and other factors that traditional economics treats as externalities. Xi appears to have appreciated the importance of this early; in 2005, when he was party secretary in Zhejiang Province, he coined the phrase "green mountains are gold mountains," (绿水青山就是金山银山) and he has repeated it many times since. On a visit to Kazakhstan in 2013, he explained in a speech, "We want not only mountains of gold, but also mountains of green. If we must choose between the two, we would rather have the green than the gold. And in any case, green maintains are themselves gold mountains."¹⁸⁵ Embedded in the phrase is a warning that growth disregarding the environment would no longer be tolerated.

¹⁸³ Hu Jintao, "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive for New Victories in Building a Moderately Prosperous Society in All Respects," Speech before the 17th National Congress of the Communist Party of China, October 15, 2007, http://www.gov.cn/english/2007-10/24/content_785505.htm.

¹⁸⁴ Jiang Chunyun, "Creating an Ecological Civilization," *Qiushi Journal* 5.1, January 2013, via Climate & Capitalism, <https://climateandcapitalism.com/2013/03/31/chinese-leader-calls-for-ecological-civilization/>.

¹⁸⁵ "Key Terms to Understand Reform and Opening Up," *Beijing Review*, January 10, 2019, http://www.bjreview.com/Nation/201901/t20190107_800153482.html.

Conserving the environment is now one of the “five pillars of the struggle for the new era,”¹⁸⁶ but this is not the liberalizing vision of the earlier advocates of ecological civilization: today’s interpretation carries the hallmarks of Xi’s more authoritarian style. Xi frames environmental capital as a national asset and its protection as an economic and political imperative, and some of the methods of the drive to eliminate pollution are reminiscent of the anti-corruption campaign.

Progress should be set against the legacy of the high-carbon, high-pollution model of the reform era. China largely met its primary energy needs then by expanding its coal use, increasing coal consumption from 1.05 billion tons to 3.97 billion tons between 1990 and 2015 until, by 2016, coal made up 62 percent of its energy use.¹⁸⁷ Noxious air was one result, soaring greenhouse gas emissions another, phenomena that both created unease in the populations affected and threatened to damage China’s reputation as a responsible rising power.

According to the World Bank, in 2015, more than one million Chinese died as a result of air pollution.¹⁸⁸ In 2005, China became the world’s biggest carbon polluter,¹⁸⁹ and from 2007 onwards, there were frequent and large public protests against environmental threats. China’s own experts were beginning to warn that unless the government took a different approach, China could experience an environmental collapse. Today, Xi Jinping’s administration has bet heavily on low carbon industries and technologies as the way of the future, but dealing with the legacy of the earlier model remains a challenge.

The War on Pollution

Premier Li Keqiang declared war on pollution in 2014. In the months before, China released a national air quality action plan that set targets for urban areas to reduce concentrations of PM2.5, the fine particulate matter most hazardous to health, by at least 10 percent.¹⁹⁰ Beijing was required to reduce its concentrations by 25 percent, and 120 billion USD was set aside for the program.¹⁹¹

¹⁸⁶ Huang Qin, “The Special Role of Building an Ecological Civilization within the Five-Sphere Integrated Plan” [生态文明建设在“五位一体”中的特殊功能], February 1, 2014, <http://theory.people.com.cn/n/2014/0201/c40531-24272856.html>.

¹⁸⁷ “How is China’s Energy Footprint Changing?” Center for Strategic and International Studies China Power Project, February 15, 2016, <https://chinapower.csis.org/energy-footprint/>.

¹⁸⁸ Narain et al., *The Cost of Air Pollution: Strengthening the Economic Case for Action*, World Bank and The University of Washington Institute for Health Metrics and Evaluation, 2016, <http://documents.worldbank.org/curated/en/781521473177013155/pdf/108141-REVISED-Cost-of-PollutionWebCORRECTEDfile.pdf>

¹⁸⁹ John Vidal and David Adam, “China Overtakes US as World’s Biggest CO2 Emitter” *The Guardian*, June 19, 2007, <https://www.theguardian.com/environment/2007/jun/19/china.us>.

¹⁹⁰ Barbara Finamore, “China Pledges to Tackle Air Pollution with New Plan,” Natural Resources Defense Council, September 13, 2013.

¹⁹¹ Jennifer Duggan, “Beijing to Spend £76bn to Improve City’s Air Quality,” *The Guardian*, January 23, 2014, <https://www.theguardian.com/environment/chinas-choice/2014/jan/23/china-beijing-authorities-measures-tackle-air->

In the last decade, China has moved to upgrade its coal fired power stations to more efficient, less polluting models, new coal-fired power plants in the most afflicted regions have been banned, and existing plants told to reduce emissions or be replaced with gas. At the same time, investment in renewable energy and in natural gas has grown dramatically. In 2017, China invested 125.9 billion USD in renewables, equivalent to almost half of the global total and more than double the figure for 2013 (53.3 billion USD).

Despite these numbers, vested interests in the coal and coal-related industries, and anxieties over the potential for lost jobs seem to be acting as a brake on ambition. In the last two years there has been a small but persistent rise in coal use¹⁹² and despite China's claim to climate leadership, its coal and energy companies continue to build coal-fired power stations abroad, locking in several decades of high emissions for partner countries.¹⁹³

The 2020 domestic targets are ambitious since, at the same time as promising measurable air quality improvements by 2020, the government has also pledged to double China's 2010 GDP, double rural and urban per capita incomes and eliminate poverty, among other goals. Previously, ambitious economic goals would invariably entail further environmental degradation. Under the new dispensation, cadres are expected both to grow the economy and protect the environment. To enforce such a reordering of priorities required far-reaching administrative and legal reforms.

Administrative and Regulatory Reform

When the leadership began to turn seriously to the environmental crisis, it was confronted with some endemic structural problems: ministries and agencies charged with environmental protection were weak, responsibilities were fragmented, incentives were distorted and the industrial machine was geared towards linear growth. In both industry and government, jobs and revenues that depended on the old growth model could not easily be changed or disregarded. Failing to achieve the transition Xi Jinping envisaged would condemn more citizens to early death from pollution-related diseases and threaten the sustainability of China's new prosperity, but achieving it would demand radical reform.

Xi began with rewards and punishments. The behavior of local officials is conditioned by an assessment system that assigns points to performance against a set of criteria. Environmental protection was one of those criteria under previous administrations, but economic targets carried more weight. That meant that when there was a clash between environmental and economic interests, a cadre with an eye on promotion would be inclined to favor the economic. That choice was reinforced by the fact that promotion often brought a transfer to another district, leaving the environmental consequences of earlier decisions behind.

pollution.

¹⁹² Feng Hao and Tom Baxter, "China's Coal Consumption on the Rise," *China Dialogue*, January 3, 2019, <https://www.chinadialogue.net/article/show/single/en/11107-China-s-coal-consumption-on-the-rise>.

¹⁹³ Steven Inskeep and Ashley Westerman, "Why Is China Placing a Global Bet on Coal?" *NPR*, April 29, 2019, <https://www.npr.org/2019/04/29/716347646/why-is-china-placing-a-global-bet-on-coal>.

In 2014, only eight of 74 Chinese cities had met national standards for clean air and 60% of ground water had been judged “bad” or “very bad.”¹⁹⁴ New measures of economic and social progress and a radical revision of the mix of bureaucratic rewards and punishments would be needed to make ecological policies effective. Equally challenging was making the system honest: in January 2015, a revision to environmental law set out punishments for reporting false environmental data, a sign that fraudulent reporting remained an obstacle to effective governance.¹⁹⁵

In March 2015, Premier Li Keqiang promised “a firm and unrelenting approach to ensure blue skies, clear waters, and sustainable development,”¹⁹⁶ and in May the criteria for bureaucratic promotions were tied to performance against new regulations on air, water and soil pollution.¹⁹⁷ Further reform was in the pipeline.

Xi Jinping reinforced the need for administrative reform in his report to the 19th Party Congress in October 2017 and made clear that henceforth nature was to assume the status of national asset. “We will strengthen overall planning, organization, and leadership for building an ecological civilization,” he said. “We will establish regulatory agencies to manage state-owned natural resource assets and monitor natural ecosystems, and improve environmental management systems.”

The new agencies, he promised, “would perform the duties of the owner of public-owned natural resource assets...of regulating the use of all territorial space and protecting and restoring ecosystems, and of monitoring the discharge of all pollutants in urban and rural areas and conducting administrative law enforcement.”

“We will establish systems,” he continued, “for developing and protecting territorial space, [to] improve supporting policies on functional zones, and develop a nature reserve system composed mainly of national parks. We will take tough steps to stop and punish all activities that damage the environment.”¹⁹⁸

Hitherto, natural capital had barely figured in calculations of China’s growth, and earlier attempts

¹⁹⁴ “2014 State of Environment Report Review,” China Water Risk, July 14, 2015, <http://www.chinawaterrisk.org/resources/analysis-reviews/2014-state-of-environment-report-review/>.

¹⁹⁵ David Stanway and Kathy Chen, “False Emissions Reporting Undermines China's Pollution Fight,” *Reuters*, January 17, 2016, <https://www.reuters.com/article/us-china-power-emissions/false-emissions-reporting-undermines-chinas-pollution-fight-idUSKCN0UV0XS>.

¹⁹⁶ Li Keqiang, “Report on the Work of the Government (2015),” Speech to the 3rd Session of the 12th National People’s Congress, March 5 2015, http://english.www.gov.cn/archive/publications/2015/03/05/content_281475066179954.htm.

¹⁹⁷ Hannah Beech, “China Ties Officials' Promotions to Saving the Environment,” *Time Magazine*, May 6, 2015, <https://time.com/3848171/china-environment-promotions/>.

¹⁹⁸ Xi Jinping, “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,” Speech to 19th National Congress of the Communist Party of China, Xinhua, October 18, 2017, http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf.

to introduce Green GDP to account for ecological damage had not prospered.¹⁹⁹ In invoking “state-owned natural resource assets,” Xi signaled a shift in how the value of nature would be calculated.

In March 2018, a sweeping reform of the ministries responsible for various aspects of the environment came into effect.²⁰⁰ It was long overdue: officials charged with environmental protection had often complained that their institutions were weak and their responsibilities too fragmented across heavily siloed bureaucracies. In 2013, for example, the environment minister, Zhou Shengxian, had complained that while his ministry took care of carbon monoxide, carbon dioxide was the responsibility of the National Development and Reform Commission.²⁰¹ Other officials complained of fragmentation of responsibility for water resources, traditionally described as ruled by “nine dragons.” The confusion that resulted led to complaints that the frog in the water is regulated by one authority, while the frog on the bank is supervised by another.

The reforms gave an important upgrade to China’s Ministry of Environmental Protection (MEP) which became the more powerful Ministry of Ecology and Environment (MEE).²⁰² It marked the fourth—and most significant—promotion in 30 years, as the environment moved to the center of the government’s concerns. The new arrangements closely followed the recommendation of a 2015 report by the Chinese Academy of Sciences, which had proposed the formation of a “natural resources owner,” a “natural resources manager,” and a “pollution controller.”²⁰³ The new ministry emerged from the reorganization as the top regulator of pollution from all sources, charged with safeguarding the nation’s environmental capital.

State Councilor Wang Yong explained the responsibilities of the upgraded ministry at the First Plenum of the 13th National People’s Congress on March 13th, 2018. Its main responsibility, he said, was to formulate and implement eco-environmental policies, plans and standards, to monitor law enforcement, to supervise and manage pollution prevention, nuclear and radiation safety, and to organize environmental inspections.²⁰⁴ This new ministry quickly began to flex its muscles.

¹⁹⁹ Ma Zhong, “Turning Green GDP on its Head,” *China Dialogue*, July 26, 2006, <https://www.chinadialogue.net/article/show/single/en/220-Turning-green-GDP-on-its-head>.

²⁰⁰ Ma Tianjie and Liu Qin, “China Reshapes Ministries to Better Protect Environment,” *China Dialogue*, March 19, 2018, <https://dialogochino.net/10837-china-reshapes-ministries-to-better-protect-environment/>.

²⁰¹ “Environmental Protection Minister: I’ve Heard the MEP is One of the World’s Four Most Embarrassing Departments” [环保部长:听说世界有四大尴尬部门 包括环保部], *Xinhua via Sina News*, <http://news.sina.com.cn/c/2013-07-09/122827617987.shtml>.

²⁰² Wang Yong (王勇), “State Councilor Wang Yong’s Explanation of the Plan to Reform Structure of the State Council” [国务委员王勇作国务院机构改革方案说明], Speech to the 4th Plenum of the 1st Sess. of the 13th National People’s Congress, March 13, 2018, <http://news.sina.com.cn/c/nd/2018-03-13/doc-ifyscsmv0505118.shtml>.

²⁰³ *China Sustainable Development Report 2015—Reconstructing Ecological and Environmental Governance Systems* [2015 中国可持续发展报告——重塑生态环境治理体系], Chinese Academy of Sciences (Beijing: China Science Publishing (科学出版社), 2015).

²⁰⁴ Wang, “Explanation of the Plan to Reform Structure of the State Council.”

The Three-Year Action Plan

In June 2018, the State Council issued a directive, dramatically entitled "Three-Year Action Plan to Win the Blue Sky Defense War," that set out the targets the new ministry aimed for. The targets for 2020 included a reduction of sulfur dioxide and nitrogen oxides by more than 15% on a 2015 baseline; reduction in concentrations of PM2.5, the smallest particle, to 18% lower than 2015; and a target of 80% of days with superior air quality and a decrease by 25% in heavy and high pollution days compared with 2015. Provinces that reached their targets were to try to improve further.

The plan demanded that all levels of government set red lines for ecological protection and close or relocate polluting industries. New chemical parks were to be banned in key areas, as were new steel, coking, aluminum, cement and glass works, and efforts to clean up existing plants intensified. Factories that failed the stricter standards were to close. A comprehensive system of permits would cover all fixed pollution sources, with licenses to be issued before the end of 2020.

The plan covered a huge range of industrial production as well as non-fixed sources of pollution such as transport, storage, transfer, and processing of materials and waste. Rail freight was encouraged; by 2020, the national railway freight volume was to increase by 30% compared with 2017, with a target in the Beijing-Tianjin-Hebei and surrounding areas of 40%. Road transport was to be discouraged and older diesel vehicles retired—one million were to be eliminated in the Beijing-Tianjin-Hebei region alone by 2020 and two million new energy vehicles were to be deployed by the same date. Stricter emissions standards were to be rolled out from July 2019 in the Pearl River Delta and the Chengdu-Chongqing region.

Other measures included continuing anti-desertification work in north China, building an ecological safety barrier for sand control, promoting afforestation and urban greening, and reducing chemical fertilizer and pesticide use.

The plan also called for the development of a comprehensive system of environmental regulation, including pollution permit management, air pollution prevention and monitoring to international standards, controlling industrial pollutants, and more stringent transport fuel standards.²⁰⁵

Inspections

The new MEE was also charged with enforcement, a notorious weak spot in Chinese policy. Again, the language was tough, especially when considered against the backdrop of the anti-corruption campaign that had run since Xi Jinping took power, which Chinese officials had learned to fear. The new environmental policies were to be administered with an "iron fist" and a range of punitive measures, from plant closure to heavy fines and legal sanctions.²⁰⁶

²⁰⁵ "Three-Year Action Plan to Win the Blue Sky Defence War" [打赢蓝天保卫战三年行动计划], State Council of the PRC, June 27, 2018, http://www.gov.cn/zhengce/content/2018-07/03/content_5303158.htm; Feng Hao, "China Releases 2020 Action Plan for Air Pollution," China Dialogue, July 6, 2018,

²⁰⁶ Li Jing, "China will Use 'Iron Fist' against Pollution, Premier Li Keqiang Vows," South China Morning Post, March 13, 2014, <https://www.scmp.com/news/china/article/1447728/china-will-use-iron-fist-against-pollution->

A key difference from past enforcement mechanisms was the tougher inspection regime inaugurated in 2016, integrating ecological and environmental law enforcement and criminal justice. This meant that environmental violations would have more serious consequences than the administrative admonitions common in the past. The MEE was to lead on inspections and enforcement, but the Ministry of Public Security and the Party's discipline and inspection machinery were also involved.

Previously, the Environmental Protection Agency and its immediate successor, the MEP had both been too low down the bureaucratic pecking order to prevail against the powerful economic and party interests that they were meant to inspect and regulate. The range of punishments had been limited, and MEP enforcement officers were often met with defiance and resistance, barred from entering the factories and even illegally detained.

In 2015, the Central Leading Group for Comprehensively Deepening Reform approved a trial inspection program, which had been proposed by the Central Committee and the State Council, to raise the power of inspections and extend them to cover both industrial enterprises and, importantly, the government officials who were nominally responsible for them.²⁰⁷ The inspections would be led by ministerial level officials who were too senior to be defied, denied or abused. Their reports would go to the central government and feed into the official evaluation and appointment system.²⁰⁸

Between July and November 2016, the first major inspection campaign under the new rules demonstrated that inspections had changed. The inspections were explicitly aimed at "local protectionism" and the results lifted the lid on an entrenched culture of violations and bureaucratic impunity.²⁰⁹ In the eight provinces inspected, disciplinary action was taken against more than 3,000 local government officials, 310 people were detained, and heavy fines were levied. By the time the fourth round of inspections was completed in 2017, 12,000 officials had been disciplined and some eye-watering scandals uncovered.

Among the more striking discoveries was the fact that in the important city of Tianjin officials had

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²⁰⁷ Chen Xiangli (陈相利), "Provincial Cadres Take Lead on Current Round of Environmental Protection Investigations: Some Areas' Leadership Teams Criticized as Neglecting Specific Study" [省部级干部挂帅本轮中央环保督察：部分地市班子被批疏于专研], *The Paper* (澎湃), November 24, 2016, https://www.thepaper.cn/newsDetail_forward_1567198

²⁰⁸ Ruxin Wu and Piao Hu, "Does the "Miracle Drug" of Environmental Governance Really Improve Air Quality? Evidence from China's System of Central Environmental Protection Inspections," *Int. Journal of Environmental Research and Public Health* 16.5 (March 2019), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6427574/>.

²⁰⁹ Chen Xiangli (陈相利), "Provincial Cadres Take Lead on Current Round of Environmental Protection Investigations: Some Areas' Leadership Teams Criticized as Neglecting Specific Study" [省部级干部挂帅本轮中央环保督察：部分地市班子被批疏于专研], *The Paper* (澎湃), November 24, 2016, https://www.thepaper.cn/newsDetail_forward_1567198.

routinely falsified environmental data, invented records of meetings that had never taken place and created a paper trail of compliance with environmental regulation that was substantially fictitious.²¹⁰ Officials manipulated air quality monitoring data, temporarily blocked sewage outfalls to falsify water quality data, and fabricated meeting minutes. According to the inspection report, Tianjin officials had held plenty of meetings to study government documents and “chanted a lot of slogans,” but had done little to curb pollution.²¹¹

In the first quarter of 2017, levels of fine particulates (PM 2.5) had risen by 27.5%, but Tianjin’s planners still planned to build more thermal power plants. City inspectors allowed sellers of sub-standard coal to continue to do business in the city, and in one chemical plant, inspectors found that emissions from two devices were up to 561 times higher than the national standard. Sixty-one million tons of untreated sewage were being dumped directly into Tianjin’s rivers each year and only 15 percent of the city’s water was clean. Just five of Tianjin’s purported solid waste processing plants were operational and some parts of the city had no garbage processing capacity at all. In addition, the Ministry noted that Tianjin officials had tried to mislead inspectors, distorting air quality readings by controlling traffic flows and spraying water around the monitoring sites to damp down the pollution. One water bureau in the district of Jinghai, it noted, produced fraudulent meeting minutes and work logs.

The scandal of Tianjin was more eye-catching because this was not a remote municipality in a backward province. Tianjin is one of the wealthiest and most advanced cities in the country and only a short train ride from the capital. A year later, Tianjin reported that 83 officials had been punished for 11 environmental violations.²¹² None of the officials had been jailed or even dismissed, although 17 of those punished had been found to have failed to build planned garbage treatment facilities in five districts, which had resulted in the illegal disposal of landfill materials. Two higher-level officials involved in the scandal were given warnings and shifted to non-waste management fields of work.

Other policy initiatives showed some of the characteristics of an overly hasty, top-down approach. For example, to eliminate domestic coal use in North China in favor of gas, officials ordered a blanket ban on coal heating in the winter of 2017, but a lack of preparation and a shortage of gas left northern households shivering in the severe winter weather and forced a reversal of the policy.²¹³ Less well publicized was the associated and abrupt diversion of gas from industrial enterprises in west of China to the Beijing area, forcing them to cease operations for several

²¹⁰ Zhao Yusha, “Tianjin Slammed for Air, Water Pollution Coverup,” *Global Times*, July 30, 2017, <http://www.globaltimes.cn/content/1058698.shtml>.

²¹¹ Zhuang Pinghui, “China’s Environment Watchdog Reads Riot Act to Megacity over Litany of Pollution Failures,” *South China Morning Post*, July 31, 2017, <https://www.scmp.com/news/china/economy/article/2104793/chinas-environment-watchdog-reads-riot-act-megacity-over-litany>.

²¹² Hou Liqiang, “Environmental Inspections Catch Hundreds of Officials,” *China Daily*, December 28, 2018, <http://www.chinadaily.com.cn/a/201812/28/WS5c257146a310d9121405160a.html>.

²¹³ Li Jing, “What Caused China’s Squeeze on Natural Gas?” *China Dialogue*, December 22, 2017, <https://www.chinadialogue.net/article/show/single/en/10322-What-caused-China-s-squeeze-on-natural-gas->.

months.

Results

The government unquestionably achieved an improvement in air quality, most notably in a marked reduction in fine particulate matter in many cities in China. Further progress may be more challenging, however. As an article in *Nature Geoscience* explained, PM2.5 is a resonant term in China, but it refers only to the size of particulates, not the chemical composition of the pollutants. On June 5th 2019, when the UN's World Environment Day highlighted worldwide air pollution, China's MEE was able to report reductions in PM2.5 concentration levels of 42% between 2013 and 2018 across 74 major cities, but scientists meeting in Beijing the following day concluded that further progress would be more difficult.²¹⁴

China was still far from WHO-recommended levels of fine particulate matter and unlikely to achieve them because of the very high levels of industrial and coal emissions. The government succeeded in reducing SO₂, NO_x and black carbon by 59%, 21% and 28%, respectively, between 2013 and 2017, but levels of other pollutants continued to grow.²¹⁵ Despite attempts to regulate the powerful greenhouse gas methane, for example, emissions continued to rise, largely because of coal mining. And one unintended consequence of reductions in PM2.5 was an intensification of ground-level ozone due to a change in the chemical composition of the haze. To avoid a worsening ozone problem, a more scientifically sophisticated approach would be needed.

Technical difficulties aside, other problems with the new policies have emerged. Complaints began to surface that in order to protect themselves, officials had preemptively closed enterprises in advance of inspections, afraid they might be blamed for any violations uncovered and that widespread closures had led to hardship. Yet the MEE saw its enhanced inspection campaigns as a success. Between 2016 and 2017 the Ministry had collected 1.43 billion RMB (213 million USD) in fines from 29,000 enterprises, disciplined some 17,000 people from industry and local governments, and arrested 1,527.²¹⁶ In 2018, the inspection teams revisited 20 provinces in follow-up checks, collecting 920 million RMB (137 million USD) in fines and disciplining over 8,000 people.²¹⁷ But this unprecedented action had unintended consequences. In Hebei province,

²¹⁴ “Ministry of Ecology and Environment Publishes ‘China Air Quality Improvement Report (2013-2018)’” [生态环境部发布《中国空气质量改善报告（2013-2018年）》], Ministry of Ecology and Environment of the PRC, June 6, 2019, <https://go.nature.com/2xaWNEI>.

²¹⁵ Ke Li, Daniel J. Jacob, Hong Liao, Lu Shen, Qiang Zhang, and Kelvin H. Bates, “Anthropogenic Drivers of 2013–2017 Trends in Summer Surface Ozone in China,” *Proceedings of the National Academy of Sciences of the USA* 116.2, January 8, 2019, <https://doi.org/10.1073/pnas.1812168116>.

²¹⁶ “Decoding Environmental Supervision: Shifting from Focus on Enterprise Inspection to Government Supervision” [解码中央环保督察：由查企为主转变为督政为主], *China News*, March 15, 2018, <http://www.chinanews.com/gn/2018/03-15/8468302.shtml>.

²¹⁷ Gao Jing, “Ministry of Environmental Protection Supervision Group Conducts ‘Re-examinations’ of 20 Provinces This Year” [中央环保督察组今年共对 20 个省份实施“回头看”], *Xinhua*, December 26, 2018, http://www.gov.cn/xinwen/2018-12/26/content_5352407.htm.

for example, officials estimate that the campaign cut steel capacity by about 25 percent and forced an estimated 170,000 small factories to close over two years. A pushback had begun.

In Li Keqiang's 2019 work report to the NPC, he no longer talked of using an "iron fist" to crack down on polluters, talking instead of stimulating employment. Whilst pledging to continue the policies, he hinted that the approach had been too crude: an enterprise must fulfil its legal responsibilities to environmental protection, but officials should also entertain reasonable appeals and offer assistance and guidance, giving companies a "reasonable transition period" to reach the necessary standards. While he still spoke of strengthening pollution prevention and control, he also advocated that the government hear their "reasonable demands" and "offer support."²¹⁸

Li's speech followed news of a deterioration in environmental indicators and a small but sustained rise in coal consumption, which reinforced suspicion that the government was using a "smokestack stimulus" to offset negative economic developments. From the second half of 2018, the central government had boosted spending on infrastructure and heavy industrial production that had pushed up coal consumption and greenhouse gas emissions.^{219;220} In the Beijing area, Hebei, Shandong, Shanxi and Henan provinces, production of cement, metals, pig iron, steel and thermal power rose in the first quarter of 2019. Crude steel production in northern China for example, rose 21.2% in the winter of 2018-19 against a fall of 4.9% the previous winter.

There had been measurable progress in air quality, the most sensitive of China's pollution problems: between 2013 and 2017, PM2.5 levels had dropped 40% in the Beijing-Tianjin-Hebei area. Now, Premier Li was promising to reduce sulfur dioxide and nitrogen oxide by 3% and further reduce levels of PM2.5. Sixty billion RMB (9 billion USD) from central funds and technical assistance from the ministry was pledged for the effort. But the signs that policy is slackening continue. A Reuters analysis of official monitoring data reported that between October 2018 and February 2019, only six of 39 cities in the Beijing-Tianjin-Hebei area and the north China plain had reduced PM2.5 levels, while average levels of air pollutants had risen by 13%.²²¹

Li Ganjie, the Minister of Environment and Ecology, also promised to crack down on the "one-size-fits-all" approach that some local authorities had adopted when they imposed blanket production bans on businesses regardless of their environmental performance. In July 2019, as the

²¹⁸ "Li Keqiang's Government Work Report (Extracts)" [李克强作的政府工作报告 (摘登)], People's Daily, March 6, 2019, <http://lianghui.people.com.cn/2019npc/n1/2019/0306/c425476-30959513.html>; Li Jing, "China's 'Iron Fist' Against Pollution is Softening," China Dialogue, March 14, 2019, <https://www.chinadialogue.net/article/show/single/en/11139-China-s-iron-fist-against-pollution-is-softening>.

²¹⁹ "China to Expand Infrastructure Investment in 2019," *Xinhua* via Yicai Global, March 5, 2019, <https://www.yicai.com/news/china-to-expand-infrastructure-investment-in-2019>; Hao and Baxter, "China's Coal Consumption on the Rise."

²²⁰ Wallis Wang, "Inkstone Index: China's Emissions Peak," Inkstone News, January 2017, <https://www.inkstonenews.com/science/inkstone-index-chinas-emissions-peak/article/3000508>.

²²¹ Richard Stanway, "China to Extend Winter Anti-Smog Measures for Another Year," Reuters, March 5, 2019, <https://www.reuters.com/article/us-china-pollution/china-to-extend-winter-anti-smog-measures-for-another-year-idUSKCN1QN09E>.

new MEE prepared to launch a new round of inspections in six provincial level regions and two national level state owned enterprises, the Ministry voiced its support for a ban on the temporary production halts, and advised local governments to give officials time to rectify problems, and to establish long-term mechanisms to resolve different environmental problems.

Internationally, too, China appeared to relax its efforts. President Donald Trump's announcement that the US would withdraw from the Paris Agreement, his sustained attack on US environmental regulation along with a deepening conflict with China over trade have all had impacts on policy in China. The reinforcing effect of the close US-China collaboration on climate and environment established under previous administrations has gone, which reduces pressure on China to move faster and further on climate mitigation. When Wang Yi, China's foreign minister, spoke to the UN Climate Summit in New York in September 2019, his speech notably lacked new commitments and did not repeat the claim to climate leadership that China had made before. The word "torch bearer," deployed previously to describe China's approach to climate policy, was conspicuously absent.²²²

Wang Yi gave a preview of China's 2020 claim to sustainable development, repeating the commitment to "building (of) a moderately prosperous society in all respects next year," through "high-quality development that is innovative, coordinated and green." He set limits to what the wider world can expect from China when he said, "...a better life for the 1.4 billion Chinese will be, in itself, China's biggest contribution to global development." He did not offer a commitment to enhanced ambition on climate change that the UN Secretary General had called for.

There are unmistakable signs that China's policy on climate mitigation is slackening amid concerns about slowing economic growth.²²³ Looking to the immediate future, the clash between building to stimulate economic growth and the imperative of pollution and emissions control seems set to deepen. China continues to build new airports, for example, and still aims for a radical expansion of air travel, while opposing international efforts to contain aviation emissions.²²⁴ Support for renewable energy is being cut back and subsidies given to shale gas;²²⁵ coal use continues to rise, as do China's carbon emissions, from their low in 2016.²²⁶ In September 2019

²²² Lili Pike, "China Dashes Hopes of Raising its Climate Ambition at UN Climate Summit," China Dialogue, September 24, 2019, <https://www.chinadialogue.net/article/show/single/en/11535-China-dashes-hopes-of-raising-its-climate-ambition-at-UN-climate-summit>.

²²³ David Stanway, "China Plans 226 GW of New Coal Power Projects: Environmental Groups," Reuters, September 19, 2019, <https://www.reuters.com/article/us-climate-change-china-coal/china-plans-226-gw-of-new-coal-power-projects-environmental-groups-idUSKBN1W40HS>.

²²⁴ Emma Charlton, "China is Building 8 new Airports Every Year," World Economic Forum, August 24, 2018, <https://www.weforum.org/agenda/2018/08/these-five-charts-show-how-rapidly-china-s-aviation-industry-is-expanding/>.

²²⁵ Yao Jinnan (姚金楠) and Dong Zitong (董梓童), "Did Someone Mess Up? Why were Renewable Energy Project Funds Given to Non-Renewables?!" [有没有搞错？可再生能源发展专项资金为啥给了非可再生能源？！], China Energy News via WeChat article, July 2, 2019, <https://mp.weixin.qq.com/s/q9ayiKQoN9JjD-Uo1XxUQA>.

²²⁶ Michael Standaert, "Why China's Renewable Energy Transition is Losing Momentum," Yale Environment 360,

it was reported that China had a further 226.2 gigawatts (GW) of new coal-fired power plants in the pipeline, and although the proportion of coal in the primary energy mix had fallen, the volume of coal use overall continued to rise.²²⁷

China's economic prospects have darkened as the effects of the US-China trade conflict deepened and the Party finds itself in the grip of conflicting pressures to maintain a level of growth that will ensure social stability, fulfil Xi Jinping's promise of a "beautiful China," and uphold China's international promise of commitment to climate mitigation. In October, the Li Keqiang warned of economic difficulties, urging local officials to do whatever they could, including making good use of "special purpose bonds" to fund infrastructure and other designated projects as a way to "expand effective investment."²²⁸ For the time being, at least, it would appear that the Party has chosen stimulus over environment. A "beautiful China" may have to wait.

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September 26, 2019, <https://e360.yale.edu/features/why-chinas-renewable-energy-transition-is-losing-momentum>.

²²⁷ David Stanway, "China Plans 226 GW of New Coal Power Projects: Environmental Groups," Reuters, September 19, 2019, <https://www.reuters.com/article/us-climate-change-china-coal/china-plans-226-gw-of-new-coal-power-projects-environmental-groups-idUSKBN1W40HS>.

²²⁸ Zhou Xin, "China's Economy Cause of Growing Concern in Beijing as US-China Trade War Takes Toll on Growth," *South China Morning Post*, October 15, 2019, <https://www.scmp.com/economy/china-economy/article/3032940/chinas-economy-cause-growing-concern-beijing-us-china-trade>.