

## China 2019: Xi Jinping's new era and the CPC's agenda

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# ASIA MAIOR

Vol. XXX / 2019

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## **Asia in 2019: Escalating international tensions and authoritarian involution**

**Edited by  
Michelguglielmo Torri  
Nicola Mocci  
Filippo Boni**

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**viella**

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CENTRO STUDI PER I POPOLI EXTRA-EUROPEI “CESARE BONACOSSA” - UNIVERSITÀ DI PAVIA

# ASIA MAIOR

The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989

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Articles meant for publication should be sent to Michelguglielmo Torri (mg.torri@gmail.com), Nicola Mocci (nmocci@uniss.it) and Filippo Boni (filippo.boni@open.ac.uk); book reviews should be sent to Oliviero Frattolillo (oliviero.frattolillo@uniroma3.it) and Francesca Congiu (fcongiu@unica.it).



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*When this Asia Maior issue was finalized and the Covid-19 pandemic raged throughout the world, Kian Zaccara, Greta Maiorano and Giulio Santi, all children of Asia Maior authors (Luciano Zaccara, Diego Maiorano and Silvia Menegazzi), were born. We (the Asia Maior editors) have seen that as a manifestation of Life, reasserting itself in front of Thanatos. It is for this reason that we dedicate this issue to Kian, Greta and Giulio, with the fond hope that they will live in a better world than the one devastated by the Covid-19 pandemic.*

# CHINA 2019: XI JINPING'S NEW ERA AND THE CPC'S AGENDA

*Silvia Menegazzi*

Luiss Guido Carli University  
smenegazzi@luiss.it

*In 2019, China's domestic politics was characterized by Xi Jinping's striking consolidation of power. This stabilization involved three important trends. First, institutional events organized through the course of the year were all aimed at fortify a political narrative envisioning Xi Jinping as the one and only leader able to guide China toward a New Era. To this extent, total and unconditioned support to the Party was seen as essential to guarantee China's development and stability. Political documents analysed in this article exemplify such trend and highlight the significance Xi Jinping's political theory plays today in Chinese domestic politics. Second, ideological education was dramatically transformed into a tool in the hands of the leadership to cement support and Party's legitimacy. Along with a «repoliticization» of the educational system, the article suggests that patriotic education was also increasingly directed toward political elites and Party cadres. Third, the Xi Jinping's administration undertook measures to bypass economic stagnation; however, the necessity to avoid discontent among different stakeholders, from local governments to private firms, also contributed to slow down the recovery of the Chinese economy.*

## *1. Introduction*

The year 2019 marked the 70<sup>th</sup> anniversary of the People's Republic of China (PRC). For the Communist Party of China (CPC), which has ruled the country since 1949, the year 2019 stands out as a glorious year, one that marks a precious occasion to celebrate the PRC's numerous achievements, reached in the course of its history. Founded in 1921, the CPC is today the world's largest political organization and has been the PRC's governing party since October 1949. When Xi Jinping took up office in 2012, the CPC's role became of strategic importance to build Xi's image as China's supreme political guide. Through the CPC, Xi strengthened its political power as China's supreme leader, precisely by envisioning a more efficient and centralized, yet more authoritarian, Party. Strong censorship increased, and propaganda and ideological control became consolidated elements of the CPC and its governance. Xi Jinping's speech at the ceremony of the 70<sup>th</sup> anniversary reflects his vision for China's prominence in the 21<sup>st</sup> century on the basis of a strong national pride: a great nation and a great civilization, which «has stood up, grown rich and is becoming stronger» and «has come

to embrace the brilliant prospects of national renewal».<sup>1</sup> However, the year 2019 was also the anniversary of two other emblematic – yet problematic – events, which, in mainland China, went uncelebrated. They were the 30<sup>th</sup> anniversary of the Tiananmen Square protests, and the 100<sup>th</sup> anniversary of the May Fourth Movement. The legacy of the May Fourth is controversial in China, not to mention Tiananmen; the two events are interrelated, as they are both symbols of the potency of the Chinese civil society, rebelling against discredited leaderships. Today, this legacy appears lost in a distant and undetermined past, while the younger Chinese generations are asked more and more to obey the Party, renouncing their political rights.<sup>2</sup>

For some observers, there is no doubt that Xi's rule has been marked by a return to personalistic leadership in which authoritarian elements are on the rise. Not only has he taken charge of the most powerful political and military institutions – he chairs eight of the leading small groups (LSGs)<sup>3</sup> and serves as the Chairman of the Central Military Commission (CMC) – but he has also intensified CPC propaganda and social control.<sup>4</sup> Xi Jinping has embarked on a systematic blueprint to reorganize party leadership and, especially, give it paramount legal powers; as a consequence of this programme, the politicization of decision-making has increased at the expense of transparency and accountability. Consequently, this article presents an evaluation of the Chinese domestic political dimension by analysing some major political institutional events that occurred in the course of 2019. More precisely, through the analysis of official documents, the article will show to what extent the Xi Jinping administration spared no effort to strengthen an increasingly centralized leadership system that envisions absolute loyalty to the Communist Party as the only means to expand his influence and power. This however coincided with China's economic slowdown and a rising criticism in economic policy implementation that may put Xi Jinping's future credibility at risk.

The year opened with the Chinese People's Political Consultative Conference (CPPCC) on 3 March, the annual meeting of China's top lawmakers and political advisers. This was followed by the National People's

1. 'Speech by Xi Jinping at the reception in celebration of the 70th anniversary of the founding of the People's Republic of China', *China Daily*, 30 September 2019.

2. Jeffrey N. Wasserstrom, 'May Fourth, the Day that Changed China', *The New York Times*, 3 May 2019.

3. As pointed out by a CSIS commentary, one of the most important innovations of Xi's leadership has been the expansion in number and role of leading small groups (LSGs). As explained in the same commentary, LSGs are coordinating bodies that address important policy areas that involve several different (and occasionally competing) parts of the bureaucracy. See Christopher K. Johnson, Scott Kennedy & Mingda Qiu, 'Xi's Signature Governance Innovation: The Rise of Leading Small Groups?', *CSIS*, 17 October 2017.

4. Susan L. Shark, 'China in Xi's «New Era»: The Return to Personalistic Rule', *Journal of Democracy*, Vol. 29, No. 2, April 2018, pp. 22-36.

Congress (NPC), held immediately afterwards, on 5 March, arguably the most powerful unicameral legislative body in China. Known as the «Two Sessions» (两会), NPC and CPPCC meetings are two of the most significant events in the Chinese political calendar.

At the 13<sup>th</sup> NPC, Prime Minister Li Keqiang presented a brief report titled Government Work Report (政府工作报告), with the intent to discuss China's major economic achievements in 2018, and future directions. However, the NPC was caught in the spotlight of attention because of the adoption of the new Foreign Investment Law (to take effect from 1 January 2020). The law replaces existing laws on wholly foreign-owned enterprises, Sino-foreign contractual joint ventures and Sino-foreign equity joint ventures. It aims to improve the business environment for foreign investors and to ensure that foreign-invested enterprises participate in market competition on an equal basis. However, the law was introduced in the midst of the harsh trade conflict with the United States and so far has not achieved the desired results.<sup>5</sup> At the same time, the article investigates one of the most discussed and renowned political institutional events to have occurred in China in 2019: the 4<sup>th</sup> Plenary Session of the 19<sup>th</sup> Central Committee of CPC, held between October 28 and 31, in Beijing. As one of the most secretive events in China's political life, the «Fourth Plenum» attracted intense attention among «China Watchers»; an attention that was further enhanced by the continuous postponements of the Plenary Session and widespread speculations about possible internal struggles within the CPC. The core theme of the Plenary Session was the discussion and further accreditation of Xi Jinping's political doctrine. Other topics discussed during the plenum concerned the protests in Hong Kong and the US-China trade dispute.

In addition, 2019 was also the year in which the State Council Information Office (SCIO) – the main organ in charge of political propaganda in China – released a new White Paper titled *China's National Defence in the New Era* (24 July). Although the White Paper is primarily relevant for its open strategic challenge to the United States, it touches on significant aspects concerning the domestic dimension of military reform, as well as the reorganization of the military and paramilitary apparatus in China. Xi Jinping has constantly repeated his call for China's military apparatus to serve the Party, as he conceives the military as one of the country's real strengths against internal struggles.<sup>6</sup> In the Xi Jinping era, even CPC-PLA relations are characterized by an extreme centralization of power in the hands of the leader, which further strengthens the image of Xi as the most powerful commander-in-chief in charge of civil-military relations in China since Mao's time.

5. Zhou Xin, 'China's New Foreign Investment Law is Too Vague, Says US Business Group', *South China Morning Post*, 13 March 2019.

6. Liu Zhen, 'Xi Jinping Reiterates Rallying Call To Chinese Military, Stresses Need For Communist Party's «Grip»', *South China Morning Post*, 11 November 2019.

It is worth noting that 2019 has also been the year in which the Xi Jinping administration devoted substantial efforts to boost political and ideological propaganda. The importance of two documents published in autumn deserve to be highlighted: the first, released on 11 November 2019, is entitled *2019-2023 National Work Programme for the Education and Cultivation of Party Members*; the second, released immediately afterwards, on 12 November 2019, was entitled *Implementation Guidelines for Patriotic Education in the New Era*. Once again, they represent the CPC's attempt to forge ideological education in China based on the so-called «Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era».

The three issues under scrutiny in this article – political reform, Party-army relations and ideological education – are all interlinked. They demonstrate the determination of the Xi administration to strengthen the ideology legitimating Xi's personalistic control above all sectors of Chinese society.

Lastly, by assessing China's political and economic developments in the course of 2019, major trends in the country's political economy and the challenges facing it are also discussed. Described by a trend that oscillates between continuity and uncertain change, the Chinese economic situation in 2019 was heavily affected by international factors, such as the US-China trade conflict, and the relations with the European Union (EU).

## *2. Domestic politics: The governance of Xi Jinping*

During 2019, China's domestic politics was characterized by Xi Jinping's power consolidation efforts on the political, military and educational fronts. Though it is now abundantly clear Xi's intention to stay in office indefinitely, in a situation characterized by the absence of any direct political challengers to its leadership, the year 2019 appeared one of the hardest for the Xi Jinping administration. China's trade fight with the United States increased fears of economic slowdown while Hong Kong protests intensified the preoccupation for the spread of anti-government sentiments in the mainland. On top of that, other dangers jeopardized the credibility of the Chinese political system, prime among them the data leaks made to the International Consortium of Investigative Journalists (ICIJ). In the year under review, these data leaks attracted increasing international condemnation about the mass detention of Chinese Muslims in the internal province officially known as Xinjiang Uyghur Autonomous Region (XUAR).<sup>7</sup> As a result, 2019 was marked by a greater assertiveness of the CPC to strengthen Xi Jinping's paramount control over most of institutional events and documents published in China. For most Chinese people, China's latest authori-

7. 'Data leak reveals how China «brainwashes» Uyghurs in prisons camps', *BBC*, 24 November 2019.

tarian turn might not be perceived as negative as it is in the West. However, it is certainly true that the Xi Jinping's administration cautioned itself by devoting considerable efforts to indoctrinate Party cadres and officials as to how to be observant of any threat undermining China's political stability and reforms.<sup>8</sup>

### 2.1. *Two session event (Lianghui)*

In early March 2019, the Chinese Government witnessed two of its most important leadership gatherings: the Chinese People's Consultative Congress (CPPCC) and the National People's Congress (NPC). Although labelled as the rubber stamps of the Party, with no real political authority, these two annual meetings provide a unique opportunity to observe and study the major directions of China's economic policies, government administration, legislation and politics. The number of NPC deputies who attended the conference was 2,975, of whom only 752 were female. Minorities were also represented, although the number was minuscule, when compared with the Han ethnic group, which amounted to 2,538 deputies.<sup>9</sup> The CPPCC functions as the advisory body to the NPC and its membership for 2019 was 2,157. The first of the Two sessions event was the meeting of the CPPCC, which included members from outside the Communist Party, such as representatives from the other eight legally recognised political parties in China, including the China Democratic League or Jiusan Society, as well as representatives from civil society and the business sector. The two sessions event is often criticized for the high presence of Chinese billionaires showing off their loyalty to the CPC. Indeed, the gathering is mostly defined by a total absence of meaningful policy debates during which rich delegates avoid to say anything critical to the official Party-line. However, according to a research from Hurun Report, conducted in 2018, the number of Chinese billionaires taking part in the two sessions has decreased in the last two years: only 7.5% or 142 individuals among the richest billionaires in China were delegates of the NPC or the CPPCC. Numbers also show a decrease of 10%, compared with the previous year and of 15.7%, compared with five years ago. NPC delegates were down 48 to 77, CPPCC down 23 to 65.<sup>10</sup>

According to Wang Huiyao, president of the Center for China and Globalization (CCG) but in fact former counsellor for the State Council,

8. 'Be vigilant about threats to China's stability and reforms, Xi Jinping tells top cadres', *South China Morning Post*, 22 January 2019.

9. In 2019, minorities deputies were so divided: Hui 68; Zhuang 47; Manchu 44; Mongol 37; Tibetan 33; Miao 31; Uygur 25; Tujia 23; Yi 22. China Global Television Network. However, according to the last census – 2010 – minorities in China represent only 8.49% of the total population. See Yun Zhou, 'Question of ethnic group formulation in the Chinese census', in *China Population and Development Studies*, n. 3, 2019, pp. 67-83.

10. '2018 Lexus- Hurun China Rich List', *Hurun Report*, 10 October 2018.

the two sessions represent an essential moment to build confidence in China – among private enterprises, in particular, and more generally in the private sector.<sup>11</sup> Overall, more recently the discussion about how to better develop the private sector has been at the core of China's domestic economic policies, notwithstanding the intent by the leadership to also continue to consolidate the public sector.<sup>12</sup>

In spite of the above, in the year under review the Chinese press was more interested in praising the commitment of the CPPCC in sustaining Xi Jinping, rather than the contribution made by Chinese private entrepreneurs to the assembly. For instance, Wang Yang, Chairman of the CPPCC, stressed how «CPPCC work is centred on Comrade Xi Jinping», whereas Gui Huijun, CPPCC Zhejiang provincial representative, affirmed that «Xi Jinping's viewpoints and methods are essential elements to strengthen and improve the work of the CPPCC».<sup>13</sup>

In 2019, the agenda focused on what are usually defined in China as «three critical battles»: those against poverty and pollution and that for the development of a socialist democracy. A total of 5,113 proposals were submitted by political advisors between 3 and 7 March.<sup>14</sup>

The key event of the NPC's full session was Li Keqiang's speech, presenting the *Government Work Report*. The official document was divided into two parts: the first reviewed China's economic performances in 2018; the second dealt with China's social and economic developments in 2019. Regarding the first part, Li Keqiang's comments presented a positive evaluation of the Chinese economy: a Gross Domestic Product (GDP) grow rate fixed at 6.6%, and 13.61 million new urban jobs created in parallel, with an average of more than 18,000 new businesses opening daily. According to the report, China's total volume of trade in goods exceeded 30 trillion yuan in 2018, with a utilized foreign investment totalling US\$ 138.3 billion.<sup>15</sup> However, the Premier's enthusiasm was not shared by major international media outlets, which reported a sharp decline in China's economic performance – in fact, China's economic performance in 2019 was defined as its worst since the late 1990s.<sup>16</sup>

11. 'What to expect from China's Two Sessions in 2019?', *CGTN*, 3 March 2019.

12. Wang Yiming, 'Create Favourable Conditions for the Development of Private Enterprises', *Development Research Center of the State Council of China*, 7 January 2019.

13. '两会首场新闻发布会凸显政协元素' (The first Lianghui Conference highlights CPPCC perspectives), *人民政协报 People's Political Consultative Daily*, 3 March 2019.

14. The State Council of the People's Republic of China, *China's Top Political Advisory Body Concludes Annual Session*, 14 March 2019.

15. 'Full Text: Report on the Work of the Government', *China.org*, 16 March 2019.

16. 'China's Economic Slowdown: how Bad Is It?', *BBC News*, 26 September 2019.

Regarding expectations for 2019, Li Keqiang's official statement projected formidable targets, however denied by major international financial organizations as they were only partially achieved: a GDP growth estimated at 6-6.5%, more than 11 million new urban jobs, and large-scale tax cuts, coupled with a consistent reform of the economic, business and monetary sectors. According to the International Monetary Fund (IMF), while China's economic growth reached the estimated peak of 6.2% in 2019, the reform and opening up process did not fully achieve the expected results: reforms increased, rather than decreasing, the dominance of State-Owned Enterprises (SOEs), and damaged the environment for private businesses. Furthermore, at the time of writing the IMF forecast a short-term outlook that remained particularly uncertain, given the trade tensions with the United States, in which economic growth is estimated at 5.5% in 2020.<sup>17</sup>

## 2.2. *The fourth plenary session of the 19<sup>th</sup> Central Committee of the Communist Party of China (CPC)*

Among the most significant political events on the Chinese agenda in 2019 was the Fourth Plenum of the 19<sup>th</sup> Party Congress. On 24 October, the Political Bureau (Politburo) of the Central Committee of the CPC announced the Fourth Plenum of the 19<sup>th</sup> Party Congress to be held from 28 to 31 October. The plenum represents a cathartic moment to the CPC, as it is the mandated annual assembly when major political decisions for China's domestic and foreign policy are discussed and approved. This deserves special attention, as the Fourth Plenum under analysis had been announced and then postponed numerous times by the Chinese leadership, at least since August 2019. International media reporting on the plenum claimed that its delay was due to the internal power struggles between President Xi and the political elite in Zhongnanhai.<sup>18</sup> However, the results of the plenum denied the rumours of crisis, confirming the centrality of the charismatic leader as the true core «核心» (*hexin*) of the Party.<sup>19</sup> The CPC's Central Committee, which is the highest political organ in China, is expected to convey seven plenary sessions every five years term. The previous three sessions provided essential opportunities for endorsing Xi Jinping's leadership. On 25 October 2017, during the First Plenum of the 19<sup>th</sup> CPC National Congress, Xi was re-elected as general secretary of the CPC Central Committee. The Second Plenum, held between 18 and 19 October 2018, discussed the proposal of the CPC Central Committee to revise the Constitution, which, in fact, abolished the two-term limit on the presidency and granted Xi to

17. IMF, Country Report No. 19/266, August 2019.

18. 'What Is Happening at China's Secret Plenum?', *Foreign Policy*, 30 October 2019.

19. '19<sup>th</sup> CPC Central Committee concludes Fourth Plenary Session, releases Communique', *Xinhua*, 31 March 2019.

remain «president-for-life». The Third Plenum, held from 26 to 28 February 2018, focused on institutional reforms and the consolidation of the Party through the so-called «Plan of deepening reform of Party and state institutions» (深化党和国家机构改革方案).<sup>20</sup> The Fourth Plenum was expected to trace the socialist path of the «Xi Jinping Thought in the New Era», sketching out specific guidelines to strengthen its governance and «make China great again».<sup>21</sup> A comment provided by the SCIO further exemplifies the three dimensions of socialist governance with Chinese characteristics, as it was presented at the Fourth Plenum: that is, party governance, state governance and global governance. CPC's centralization of power and control above state institutions would guarantee better practices, especially when compared with Western models, in which politicians and political parties are focused only on the next elections. Furthermore, the guidance of «Xi Jinping Thought» is also expected to improve global governance worldwide, from North to South, by promoting a fairer and more just international order.<sup>22</sup> A central component of Xi Jinping's political vision is its linkage of the domestic role of the Party with the role China plays at the global level, aimed to strengthen its soft power abroad.

On the occasion of the 2019 Fourth Plenum, Xi Jinping confirmed the significance of the socialist system with Chinese characteristics as a constituent element of China's political tradition, namely the combination of Marxism-Leninism with a market economy approach. However, at this particular moment in history, according to Xi Jinping the socialist system with Chinese characteristics' main objective is also that to guarantee the so-called two hundred years goal (China's forthcoming two centenaries, i.e., the founding of the CPC in 2021 and the PRC in 2049) and the Chinese dream of the great rejuvenation of China.<sup>23</sup> More practically, the political message sent to the masses means that the socialist system with Chinese characteristics in the Xi Jinping's era must assert a full and unconditioned support to the Party, its leadership and its governance. Since Xi Jinping took office in 2012, the integration between the Party and the State has been visible on all fronts, and, for this reason, Xi's position is often compared with that of the PRC's first leader, Mao Zedong. In an opening speech

20. Francesca Congiu, 'China 2018: bringing the Party Back into State Institutions', *Asia Major* 2018, pp. 23-41.

21. 'Xi Jinping Thought Explained: A New Ideology for a New Era', *The New York Times*, 26 February 2018.

22. 'The Three Dimensions of Chinese Governance', *SCIO Website*, 23 October 2018.

23. (授权发布) 习近平关于中共中央关于坚持和完善中国特色社会主义制度推进国家治理体系和治理能力现代化若干重大问题的决定的说明 (Authorized for Release: «Xi Jinping: explanation for the 'Central Committee CPC's Decision on Adhering and Improving the Socialist System with Chinese Characteristics and Promoting the National Governance and the Modernization of Governance Capabilities'»), *Xinhua*, 5 November 2019.

on 5 January 2018, deliberately quoting the Great Helmsman, Xi Jinping affirmed that «in order to win the ultimate victory of the revolution, the CPC must be built through a nationwide, broad mass, ideologically and politically consolidated organization».<sup>24</sup> Since taking power, Xi Jinping has initiated a challenging programme to reform the Party-state in China, while incurring increased criticism due to high degree of power centralisation generated by the integration of Party and state. In contrast with Deng Xiaoping and his successors, who envisioned a clear separation of party and state institutions, Xi Jinping has focused on a massive and systematic reorganization of party-state relations, which has translated into the realization of an overly personalistic regime based on «the cult of Xi».

Seemingly aware of a negative image that depicts him as the most authoritarian leader since Deng Xiaoping – if not Mao Zedong – Xi, in the course of his years in power, has heavily relied on the Chinese middle class to cement the consensus regarding the reforms that he was sponsoring and that are substantially modifying the political and institutional structure of China. In 2014, for instance, the Fourth Plenum of the 18<sup>th</sup> CPC Central Committee was presented through a precise political narrative to the Chinese population, and that was by combining populism with programmatic politics but within a framework in which the personality of a strong leader is key to China's successful development.<sup>25</sup>

In October 2019, 202 CPC Central Committee members and 169 CPC Central Committee members attended the Fourth Plenum of the 19<sup>th</sup> CPC Central Committee. The official document approved during the session was titled *Decision on Some Major Issues Concerning How to Uphold and Improve the System of Socialism with Chinese Characteristics and To Advance the Modernization of China's Governance System and Capacity for Governance* (中共中央关于坚持和完善中国特色社会主义制度，推进国家治理体系和治理能力现代化若干重大问题的决定).<sup>26</sup> The relevance of the document is represented by

24. 习近平推进党的建设新的伟大工程要一以贯之 (Consistently Promote New Great Project of Party Building) 求是 (Seeking Truth – People's Daily Website), 2 October 2019 ([http://www.qstheory.cn/dukan/qs/2019-10/02/c\\_1125068596.htm](http://www.qstheory.cn/dukan/qs/2019-10/02/c_1125068596.htm)).

25. Kerry Brown, 'The three «P's» of the Fourth Plenum', *Asia Dialogue*, 6 October 2014.

26. '中共中央关于坚持和完善中国特色社会主义制度，推进国家治理体系和治理能力现代化若干重大问题的决定', (Decision on Some Major Issues Concerning How to Uphold and Improve the System of Socialism with Chinese Characteristics and To Advance the Modernization of China's Governance System and Capacity for Governance), *People's Daily Online*, 6 November 2019. The document offers at first a general historical introduction presenting all the traditional elements as core leadership theories and major political guidelines followed by 13 sections listing the important elements deemed to be essential for understanding the functioning and working mechanism of a so-called socialist system with Chinese characteristics – but which also part of Xi's core vision for China's political and economic developmental path. These are, as listed in order of appearance: 1) the Party leadership system; 2) the political-institutional system of a socialist democracy; 3) the socialist legal system;

the significant turning point in Xi Jinping's political narrative. Through the document, Xi signalled to the country his role as the only Marxist-Leninist commander in charge rather than the head of a collective leadership. In 2007, in the 17<sup>th</sup> Party Congress Communiqué, his predecessor, Hu Jintao, defined collective leadership as «a system with a division of responsibilities among individual leaders to prevent arbitrarily decision-making by a single-top leader».27 In the 2019 document, however, the relative ease with which it was reframed the role of the CPC Central Committee, «with Comrade Xi Jinping at the core», raises questions about China's political system capacity to avoid the rise of strong authoritarian rules and practices in China.28

At the same time, from an analysis of official documents, it is evident that Xi Jinping's most ambitious political objective is to transform the CPC and its bureaucratic environment into a more disciplined and politically loyal regime. China's President has made Party's discipline a centrepiece of his political agenda and has concentrated more power than any Chinese leader (except Mao) in his hands. In this process, governing the Party «with strict discipline» stands as a fundamental element to maintain the authority and unified leadership of the CPC Central Committee.29 Among the most important elements evinced in the document, it is worth mentioning the 9<sup>th</sup> section, which makes clear reference to the «Fengqiao Experience» (枫桥经验). Here too, the nostalgia of the Great Helmsman re-emerges, as this formula was widely used during Mao Zedong's time to discuss the concept of class struggle before the eruption of the Cultural Revolution. More specifically it refers to a pilot program launched by Mao Zedong in 1963 in the Fengqiao District located in the Zhejiang Province. Better known as the «Four-clean-ups campaign» because of its targeted fields, i.e., political, economic, organizational and ideological, the program was a method created to control those considered as class enemies, but in fact a socialist education movement to turn the masses against the masses, as groups of citizens were in charge of monitor

4) the governance of the socialist administration; 5) the features of the socialist economic system; 6) socialist culture and ideology; 7) the system of ensuring people's livelihoods across rural and urban areas; 8) improvements in social governance to safeguard national security; 9) the system of ecological civilization; 10) the absolute leadership of the CPC over the military apparatus; 11) the «One Country, Two Systems» principle; 12) the independent foreign policy of peace and the building of a community of a shared future of mankind; and 13) the Party and State oversight system. The final section presents some concluding remarks on strengthening the Party's leadership.

27. '以改革创新精神全面推进党的建设新的伟大工程' (Advance the great new project of Party building with the spirit of reform), *Guangming Daily*, 29 September 2016.

28. 'China Focus: CPC decision on system, governance released', *Xinhua Net*, 5 November 2019.

29. An Bajie, 'Xi urges Strict Party Discipline', *China Daily*, 12 January 2018.

those subjected to surveillance.<sup>30</sup> The «Fengqiao Experience», however, was discarded by Mao's successors: Deng, Jiang and Hu. Not surprisingly, Xi Jinping has validated this term again, to denote the importance of the regime's stability preservation in China at the expense of political reform.<sup>31</sup> In addition, to augment his power and personal authority, Xi Jinping has not only promulgated new rules, but has also modified some foundational political documents in the history of the CPC, such as *Several Principles of Political Life in the Party*. According to Minxin Pei, this is part of Xi Jinping's strategy to further reinforce personalistic politics in China, centralize the decision-making process, and extend the control of the CPC over state and society.<sup>32</sup>

### 2.3. Defence and security: Enhancing the absolute control of the party leadership

As with the major changes that occurred in the sphere of political decision-making, defence and national security reforms in China are part of Xi Jinping's strategy to increase political authority based on two main thrusts: first to emphasize his role in controlling the military sector and reinvigorating CPC's power; second, to strengthen and intensify ideological control through absolute devotion to the Party in the national security and defence domains. This trend has been particularly evident in some of the structural changes conducted by the CPC in the domestic security context. Since Xi took office in 2012, changes to the organizational structure and the legal frameworks of the domestic security policy context and its apparatus were implemented to increase CPC's control over the domestic security environment and society. The most significant changes were related to the establishment of new institutions: the Central National Security Commission – 2013 (中央国家安全委员会), the National Supervisory Commission – 2018 (国家监察委员会), and the restructuring of the People's Armed Forces 2017-2018 (中国人民武装警察部队). In parallel, new laws were also drafted: counter-espionage – 2014 (反间谍法); national security – 2015 (国家安全法); counter-terrorism – 2016 (反恐怖主义法); cyber-security – 2016 (网络安全法); management of foreign Non-Governmental Organizations (NGOs) – 2016 (境外非政府组织境内活动管理法) and national intelligence – 2017 (国家情报法).<sup>33</sup> Such measures and institutional adjustments were part of a political line aimed at consolidating Xi Jinping's personal power over the internal coercive arm of the governing structure, including the military sector.

30. For a discussion of the Fengqiao Experience and its political meaning, see David Bandurski, 'Xi Jinping, playing with fire', *China Media Project*, 17 October 2013.

31. David Bandurski, 'Xi Jinping, Playing with Fire', *China Media Project*, 17 October 2013.

32. Minxin Pei, 'Rewriting the Rules of Chinese Party-State: Xi's Progress in Reinvigorating the CCP', *China Leadership Monitor*, summer 2019, Vol. 60, 1 June 2019, pp. 1-9.

33. Sheena Chestnut Greitens, 'Domestic Security in China Under Xi Jinping', *China Leadership Monitor*, spring 2019, Issue 59, pp. 1-19.

China's military reform in 2019 followed the same trend and was marked by the publication, released by the SCIO in July 2019, of the *New Defence White Paper (NDWP)* – the first since Xi Jinping took office, titled *China's National Defence in the New Era*. Even though Chinese white papers are mainly tools of propaganda, they deserve accurate reading because of the availability of information concerning guidelines for China's leadership. The July paper starts with a presentation of China's major challenges at the international level; goes on focussing on the Asia-Pacific security dimension; and concludes by analysing the intensification of military confrontation at the global level. Notwithstanding the relevance of the international dimension, what confers a particular importance to the 2019 white paper is its discussion in section IV of the «Reform in China's National Defence and Armed Forces». There a detailed documentation on current structural reforms of the Chinese military system and its organs is available.

Of particular interest is the paramount role assigned to the CMC, envisioned as the principal organ in charge of optimizing the reform in the leadership and command system. The CMC oversees a law-based supervision system through different organs: the CMC Discipline Inspection Commission (CMCDIC); the CMC Politics and Law Commission (CMCPLC); and a CMC Audit Office (CMCAO). The supreme role assigned to the CMC is strengthened by the autonomous control that the reform has given to it over the People's Armed Police (PAP), which was previously exercised together with the State Council.<sup>34</sup> The fact that the PAP has been placed under strict military control denotes Xi Jinping's intention to gain direct hold of all China's primary instruments of coercion. The reform of the PAP also implies further strict social and political control in highly problematic provinces, such as Tibet and Xinjiang. In this light, the focus on the role of the PAP as guarantor of internal stability also means increasing the defence of the Party against domestic unrest and opposition.<sup>35</sup> Not surprisingly, media outlets in 2019 lamented the PAP's presence in Hong Kong, with no official denials from the Beijing Government.<sup>36</sup>

#### 2.4. Ideological education

Since assuming office in 2012, Xi Jinping has demonstrated what could be defined as an obsession towards ideological education and political propaganda. In fact, it is no secret that Comrade Xi is one of the few Chinese leaders whose name appears alongside his own doctrine in China's

34. 'China's Military Reform Helps to Ensure Political Stability', *SCMP Editorial*, 11 January 2018.

35. Joel Wuthnow, 'China's Other Army: the People's Armed Policy in an Era of Reform', *China Strategic Perspectives, Institute for National Strategic Studies*, 16 April 2019, pp. 1-58.

36. 'Exclusive: China Has Doubled Troop Levels In Hong Kong, Envoys Estimate', *Reuters*, 30 September 2019.

Constitution. «Xi Jinping Thought» (XJT) in China today is everywhere: in the Government and the media, schools and universities, think tanks, not to mention the Internet. The new doctrine is articulated in a few, extremely populist slogans: make China great again, rejuvenate the nation, the China Dream, etc. Xi Jinping's doctrine also stresses the importance of a more powerful Party, as only a CPC firmly in charge can guarantee a unified and invincible China. For all these reasons, the paramount leader believes the ideological education of the elites and members of the Party of all ranks is a vital element of the party's action.

The Chinese Communist propaganda system and its ideological-educational reform have always played a central role in the CPC control system. However, with Mao Zedong's death, China's propaganda system atrophied and the Party-state's control over the dissemination of educational contents weakened.<sup>37</sup> With Xi Jinping, there has been an unprecedented revival, if not disentanglement, of ideological education as a tool to educate – nay, condition – the Chinese population, especially the youngest, to support national ideology, the new leader and his doctrine.

In 2014, Xi Jinping declared: «China's educational institutions must have Chinese characteristics, a global vision and modern features».<sup>38</sup> In 2016, he reaffirmed «the prominent role of philosophy and social sciences in building Socialism with Chinese characteristics».<sup>39</sup> Recent studies have observed that ideology and politics in history textbooks in China are used today to consolidate CPC's domination. It has been also noted that, in pursuing this goal, the promotion of Xi's doctrine and authority has played such a growing role that is legitimate to think that an ideological transition is occurring.

Ideological education in 2019 has affected all the most important sectors of Chinese society, from the ideological education of Party members to the patriotic education of the ordinary people. From this standpoint two documents, both issued in the year under analysis appear to be particularly relevant. The first is the *2019-2023 National Work Program for the Education and Cultivation of Party Members* (herein the *Program*), issued on 11 November 2019. Published by the General Office of the CPC Central Committee, the document consists of five parts: 1) a preamble (general requirements); 2) Xi Jinping's Ideological Education and Training of Socialism with Chinese Characteristics in the New Era; 3) the main contents of education and

37. David Shambaugh, 'China's Propaganda System: institutions, Processes and Efficacy', *The China Journal*, No. 57, 2007, pp. 25-58.

38. '深入学习贯彻习近平同关于教育工作的重要论述' (In-depth study and implementation of Comrade Xi Jinping's important discourse on education), *Renmin Ribao*, 10 September 2016.

39. '习近平：在哲学社会科学工作座谈会上的讲话（全文）' (Xi Jinping: Speech at the Symposium on Philosophy and Social Sciences (Full Text), *Xinhua News Agency*, 17 May 2016.

training for Party members; 4) the methods of Party members' education and training; and 5) organizational leadership and basic guarantees. The *Program* emphasizes Xi Jinping's «Thought» as the most important political mission (政治任务). As such, all Party members, regardless of their grade, should take XJT as a compulsory course by studying its full content (Sec. 2, art. 2). Party cadres are also required to diffuse the study of XJT through a series of public lectures and learning forums, with the intention of further spreading the study of the new doctrine to the Chinese population (Sec. 2, art. 3). At the same time, the *Program* states clearly how the implementation of the study of XJT is directed towards all sectors of the Chinese society: from peasants (农村) to the urban population (接到社区); from state authorities (机关) to public institutions (事业单位) from private (非公有制经济组织) to social organizations (社会组织). Last but not least, particular attention is addressed to ethnic groups, whose members should of course also study XJT, while Party cadres in charge of ethnic policies must pay attention to how to shape and reinforce the study of XJT on the basis of ethnicity.

The second document issued by the Xi Jinping administration, on 12 November 2019, and concerned with ideological education, is the *Implementation Guidelines for Patriotic Education in the New Era* (新时代爱国主义教育实施纲要) (herein the *Guidelines*). The document is divided into six parts for a total of thirty-four paragraphs. Worth mentioning here is part 3 titled «Patriotic education in the New Era is important for all but especially the youth». This part envisions young generations as the main target for patriotic education, even since primary and secondary schools (paragraph 15). Publications on patriotism must be implemented, specifically children's books but efforts should be made in all sectors such as online literature, animation, audio books, mobile games, short-videos, etc. (paragraph 17). Similarly, students' activities should also be strictly organized with the intent to boost patriotic sentiments, from visiting to memorial halls and volunteer services up to military training (paragraph 18). In its final part, the document stresses the role of Party Committees and governments at all levels to implement patriotic education. This should be carried out in synergy with Propaganda departments by following CPC guidelines (paragraph 32). What is clear from the document is therefore the Party's commitment to cement nationalist sentiments in the Chinese younger generations, in all probability to prevent unpleasant episodes of rebellion against the Party as it happened in recent years outside mainland China.

It should be noted that only few days earlier, on 27 October, another document related to ideological propaganda had been published in China, namely, the *Outline for the Implementation of the Moral Construction of Citizens in the New Era* (新时代公民道德建设实施纲要), released by the CPC Central Committee. The objective of the latter document was once again to promote patriotism with Chinese characteristics, this time intended as to strengthen citizens' moral construction through the full support of a «Chinese spirit»

(中国精神). Among the major tasks required to respect Chinese morality in line with XJT are a complete devotion to the Marxist ideology and Socialist values, and a strong commitment to ancient traditions, particularly Chinese traditional values. The document once again emphasizes moral education and Party-politics education in schools, which is related not only to the educational system in general, but specifically to teaching materials. It is important to mention that the document considers the role of the Internet and the cyberspace as relevant to forging moral construction: more rules are needed in order to repress harmful behaviour online.<sup>40</sup> The international media saw the publication of the document only few days ahead of the Fourth Plenum as a clear demonstration of Xi Jinping's willingness to demonstrate his political authority against the backdrop represented by the severe international challenges faced by his administration, from protests in Hong Kong to the protracted trade war with the United States.<sup>41</sup>

More generally, patriotic education has always played a fundamental role in reinforcing Communist ideology in China. As observed by Suisheng Zhao 20 years ago, in the 1990s nationalism was used by the Chinese Communist regime to avoid a legitimacy crisis in Post-Tiananmen China. In the early 1980s, Deng Xiaoping launched a campaign to reassess Maoism; the result was the demise of the official ideology or the so-called «three beliefs crisis» (三芯危机): a crisis of faith in socialism; a crisis of belief in Marxism; and a crisis in the trust of the Party. Communist state sponsorship was therefore at the core of a massive ideological campaign, which made use of patriotic education to ensure loyalty in a population that was otherwise subject to national discontent.<sup>42</sup>

The current patriotic educational campaign is consistently aimed at rebuilding Communist ideals in line with Marxism-Leninism propaganda and Xi Jinping Thought. Yet it is also very much intended to educate the younger generations against separatism and foreign intrusion, whose dangers, in Beijing view, were exacerbated by the crisis in Hong Kong. Hence Beijing's intention to forge patriotic education within the ex-British colony. The official document released by the CPC's Central Committee after the Fourth Plenum announced the intention to extend education programs to Hong Kong, in order to cultivate «a national consciousness and patriotic spirit», especially among civil servants and the younger generations.<sup>43</sup>

40. '中共中央国务院印发新时代公民道德建设试试纲要' (Implementation Outline of Citizen Moral Construction in the New Era), Central Committee of the CPC, 27 October 2019 ([http://www.gov.cn/zhengce/2019-10/27/content\\_5445556.htm](http://www.gov.cn/zhengce/2019-10/27/content_5445556.htm)).

41. 'Defend China's Honour: Beijing Releases New Morality Guidelines for Citizens', *The Guardian*, 28 October 2019.

42. Suisheng Zhao, 'A State-led Nationalism: the Patriotic Education Campaign in Post-Tiananmen China', *Communist and Post-Communist Studies*, Vol. 31, No. 3, pp. 287-302, 1998.

43. Minxin Pei, 'Beijing's High Risk Endgame in Hong Kong', *The Japan Times*, 18 November 2019.

The lengthy *Guidelines*, published by the CPC Central Committee and the State Council, are divided into six sections, with a total of 24 articles. In the preamble, patriotism is defined as:

The national heart and soul of the Chinese people, the most important spiritual wealth of the Chinese people, and the strong spiritual driving force to safeguard national independence and national dignity. Patriotism is deeply rooted in the hearts of the Chinese people. It maintains the unity of all ethnic groups on the Chinese land and inspires generations of Chinese children to strive for self-improvement and unremitting struggle for the development and prosperity of the motherland. The Communist Party of China rests a firm advocate and practitioner of patriotism.

The goal of patriotic education is therefore to tighten ideological control and follow party values, in order to «repoliticize» China's educational system, but more generally, China's youngest generations. To this end, official documents issued by the CPC Central Committee and the State Council, such as the *Guidelines* or the *Program*, were in line with other documents issued in parallel to promote nationalist sentiments in schools. An example is the document issued on 8 July 2019: *Opinions of the Central Committee of the CPC and the State Council on Deepening Education and Teaching Reforms and Improving the Quality of Compulsory Education* (中共忠言国务院关于深化教育教学改革全面提高义务教育质量的意见).<sup>44</sup>

The documents discussed for the year under review therefore exemplify the relevance dedicated by the Xi Jinping administration to patriotic education in China. In a bid to achieve ideological unity, the selective publication of educational documents with strong nationalistic taste are intended to boost the party's legitimacy over sensitive issues requiring the iron fist of the CPC.

### 3. *China's political economy in 2019*

China faces numerous threats to its economic stability, among which figure the «middle-income» debt trap and an increasingly scarce reliability of the Chinese stock market conditions, as well as the consequences of the harsh trade war with the United States. Contrary to the positive domestic narrative about an unproblematic economic slowdown

44. ‘(授权发布) 中共忠言国务院关于深化教育教学改革全面提高义务教育质量的意见’, (Authorized for release: Opinions of the Central Committee of the Communist Party of China and the State Council on deepening education and teaching reforms and comprehensively improving the quality of compulsory education), People's Daily Online, 23 June 2019.

in China, international supply economists and media outlets contend that China's economic crisis is real and its economy has slumped now to its lowest level in nearly thirty years.

To buffer the negative implications of an economic growth far from its heydays, the Chinese leadership announced in November 2019 a new industrial plan. The National Reform and Development Commission (NDRC) published on November 6 the «Catalogue for Guiding Industry Restructuring». It was a concise manual released as a guide for national and foreign enterprises as well as government agencies on how to deal with China's intention to upgrade its industrial structure.<sup>45</sup>

In fact, China's supply-side structured reform was launched several years ago, with the intent to support productivity improvements and tax reduction mainly targeting the private sectors. Only recently, however, stronger incentives were directed at increasing investment in the supply end to leverage the domestic market and stabilize the internal demand.<sup>46</sup> Many believe that governance errors coupled with the scarce attention of Chinese decision-makers on the implementation of basic structural reforms reduced growth in the world's bigger trader and second largest economy. On top of that, consumer spending slowed down, retail sales growth declined and factory output growth decelerated to unprecedented levels in 2019.<sup>47</sup>

In terms of key events, the year under review saw the Chinese President Xi Jinping welcoming at the Second Belt and Road Forum held in Beijing (25-27 April) leaders from 37 countries and delegates from over 150 countries worldwide. The 35 specific economic corridors listed in the Joint Communique represented a strong message about the determination to expand the already ambitious geopolitical project from an economic-strategic point of view.<sup>48</sup>

Amidst growing discontent about China's economic performance and its protracted deceleration, Xi Jinping and his economic advisors held on to the estimated growth of at least 6%. Still, there are more pressing issues to be addressed, as they are indicative of the inadequate reliability operated by the Xi administration in the field of economic governance. These concern the misinformation of Chinese Communist Party cadres and badly briefed politburo-level officials that within an authoritarian system as it is the one inherited by Xi often sacrifices local governments to safeguard central gov-

45. 'China's new industrial plan seems a lot like the old one', Politico, 20 November 2019.

46. 'Economic Watch: China's supply side structural reform fosters new growth engine', *Xinhua*, 20 May 2019.

47. 'China's Economic Slowdown Deepens, Weighing on Global Growth', *The Diplomat*, 18 October 2019.

48. Ministry of Foreign Affairs of the People's Republic of China, *Joint Communique of the Leaders' Roundtable of the 2<sup>nd</sup> Belt and Road Forum for International Cooperation*, 27 April, 2019.

ernment's power and interests.<sup>49</sup> Seemingly unworried about the ups and downs of the escalating economic tensions with the United States, Xi Jinping placidly chaired the annual three-day Central Economic Work Conference (CEWC) in Beijing from 10 to 12 December. The Chinese President relied on the reassuring narrative of «achieving developmental progress on the basis of first ensuring stability».<sup>50</sup> However, by emphasizing the importance to be prepared with contingency plans, he also affirmed that «while fully acknowledging our achievements, we must see that China is at a pivotal stage of transforming its growth model, improving its economic structure, and fostering new drivers of growth».<sup>51</sup>

### 3.1. A first look at macroeconomic data...

In April 2019, the Organization for Economic Co-operation and Development (OECD) issued the report *OECD Economic Surveys: China 2019* for the year under review. The report recognizes China's economic growth in the first quarter (Q1) as robust and considers the PRC as a main contributor to the world economy. The OECD report also acknowledges China's rapid changes in economic development in the last decades: from a country in which the economy was mainly based on manufacturing production and capital accumulation to one in which today services represent a driving force for growth, such as the financial sector and digital services.<sup>52</sup> Today, China is one of the fastest-growing e-commerce markets in the world and in 2019 total e-trade volume reached 40 trillion Yuan. The year under review is also particularly symbolic for the Chinese e-commerce sector, as it marks the 25<sup>th</sup> anniversary of China's access to the Internet, and the 20<sup>th</sup> anniversary of Alibaba, a worldwide giant in the e-commerce industry.

In the last five years, China's population and territory faced substantial changes related to the transformation of its economy. For instance, there has been an exponential growth of so-called «Taobao villages»: areas where the e-commerce sector represents at least 10% of households actively engaged in e-commerce, with annual online sales of at least 10 million yuan. Data show that Taobao villages in China are a booming phenomenon as their number grew from 20 in 2013 to 3,202 in 2018.<sup>53</sup>

49. 'China's Xi Jinping has more to worry about than slowing economic growth', *Financial Times*, 20 October 2019.

50. Yun Jiang & Adam Ni, 'China 2020 Economic Agenda: Maintaining Stability Amid Flux', *China Brief*, Vol. 19, Issue 22, 31 December 2019.

51. 'China holds key economic meeting to plan for 2020', *Xinhua*, 12 December 2020.

52. Margit Molnar & Patrick Lenain, 'Where is China Headed? Five Key Insights from the 2019 OECD Economic Survey on China', *OECD Ecoscope*, 16 April 2019.

53. The World Bank and Alibaba Group, *E-commerce Development: experience from China*, 2019.

The IMF Economic Outlook, released in August 2019, also presented an evaluation of the Chinese economy. In the data exemplified by the six charts published online, China's economy is again positively assessed, especially regarding the quality of growth. Overall, debt accumulation has slowed down, the financial system appears better regulated, and the current account surplus is no longer excessive. The report analyses Chinese economy across six main areas: 1) debt; 2) opening up; 3) lending framework; 4) balancing out; 5) household debt and 6) borrowers. Domestically, China still faces some difficulties related to an accelerated debt accumulation in the first quarter of 2019, as well as the rapid growth of household debt, which now exceeds the limit of emerging markets (55%). According to IMF estimates, increasing the role of the private sector at the expense of state-owned enterprises (SOEs) is also necessary to improve credit allocation and limit SOEs advantage in accessing credit. Globally, China is still among the less open countries, compared with other G20 economies; in this regard, the IMF welcomed China's BRI as a further stimulus to the Chinese economy, increasing cooperation, coordination and transparency with partner countries. China is also expected to further increase the internal market access to foreign competition, as well as reducing the share of credit going to SOEs.

Notwithstanding the OECD and IFM basically positive assessments, the Chinese microeconomic data published by the National Bureau of Statistics of China in the first quarter of 2019 show that the real performance of Chinese economy was poorer than expected. Not only statistical data revealed a decline in industrial growth, but also domestic demand and manufacturing production declined in the first quarter of 2019.<sup>54</sup> To some observers, the major problems are caused by a lack of policy coordination between the local and the national level, and local governments' preference for local interests above national interests.<sup>55</sup>

Overall, economic data on China show that, in recent years, the country's performance has been astonishing. By 2014, China had overtaken the United States to become the world's largest economy in purchasing-power-parity (PPP) terms. Only four years later, in 2018, China accounted for 16% of world GDP and today it is the second-largest economy in the world. However, objective difficulties still persist, which do not allow China to fully develop its global economic potential. According to the management consultancy firm McKinsey, notwithstanding that Chinese capital markets have hugely expanded, the financial system remains far from being fully globalized. For instance, in 2019, foreign ownership in the Chinese banking system accounted for only 2%. However, the greatest substantial limitation is the scarce availability of data flows between China and the world. Due to

54. Yu Zhongxin, 'China's Latest Economic Data Calls for Cautions', *The Diplomat*, 22 May 2019.

55. Liu Zhiqin, 'Opening-up Policies Need Firm Application', Chongyang Institute for Financial Studies, Renmin University of China, 4 December 2019.

the «Great Firewall» of China, data generated in China remain essentially in China, and this has important repercussions for generating information about China's economic performance.<sup>56</sup>

### 3.2 ...and then to China's political economy in 2019

Although macroeconomic data remain very important in order to determine the performance of the Chinese economy, the role played by politics, and specifically by the CPC, in promoting China's economic development is fundamental and cannot be underestimated. In fact, the implementation of economic policies is always driven by the CPC's pragmatism and interests. At the time of Dengist reforms, when China's policy was based on the reform of the economic system, but particularly on the opening to foreign trade, the Chinese government gave preferential treatment to foreign firms during the earlier stage of market reforms. It then became more discriminatory toward foreign enterprises when local firms acquired management and know-how and Chinese local firms no longer needed foreign expertise.<sup>57</sup> Since Xi Jinping assumed office in 2012, he has maintained that China's economic performance is primarily aimed at eliminating poverty, and secondly, at transforming China into a middle-income country.<sup>58</sup>

The Chinese political economy in the era of Xi Jinping appears trapped amidst a constant struggle to generate sufficient growth – that is, further improving living standards and employment opportunities for the Chinese population – and to enhance China's economic capacity to defend its core interests as a global power.<sup>59</sup> China's political economy during the Xi Jinping era has been characterized by three distinct phases: a first phase (2012-2015), in which the anti-corruption campaign was conducted in parallel with the prosecution of a «new economic model», that is, market forces were deemed as the principal organizing principle for the allocation of resources in the economy; a second phase (2015-2018), characterized by the Chinese financial crisis, when authorities struggled first to manage a stock market bubble and then both state and private institutions were obliged, as part of the national team, to invest heavily to stabilize the market. As a consequence, Chinese private firms were strangulated by a heavy regulatory clampdown and capital control; furthermore, millions of citizens lost their

56. McKinsey Global Institute, 'China and the World: inside the Dynamics of a Changing Relationship', *Full Report*, July 2019. With the term «Great Firewall» of China is intended the virtual barrier that limits the flow and exchange of information enforced by the Chinese government to regulate the Internet.

57. Shaomin Li, 'The Relocation of Supply Chains from China and the Impact on the Chinese Economy', *China Leadership Monitor*, 1 December 2019.

58. 'China Wants its Middle Class to Spend Big...But They Have Bills To Pay', *South China Morning Post*, 13 October 2018.

59. Kevin Rudd, 'China's Political Economy into 2020', *Asia Society Policy Institute*, 11 July 2019.

savings and blamed the Party for this. The current third phase (2018-present) of China's political economy is characterized by the recognition from China decision-makers of the country radically delayed growth and the resulting «package of reforms» needed to remedy this situation. This implies a full re-endorsement of the private sector, an acceleration of the reform of the financial sector, political recommitment to a systemic economic reform, the universalization of trade coupled with massive investment economic reforms; and a re-embracing of economic stimulus.<sup>60</sup>

To achieve its economic goals, China launched a series of reforms and regulatory changes that came into effect on 1 January 2019. The new individual income tax (IIT) reform is a clear example of such a trend, which follows China's major transformation of its tax system reform, begun in 2018. The reform is intended to ease the tax burden for low-income earners in particular, and to enhance the taxation equity principle and boost consumption, while combating the effects of rising living costs under fast economic growth.<sup>61</sup> A second regulatory change concerns the e-commerce law and cross-border e-commerce regulations. The new law was drafted to improve the regulations of China's booming e-commerce sector, as well as to extend the legal protection for consumers and brand owners. The new law is also intended to benefit consumers: if goods and services provided on an e-commerce platform violate customers' rights and interests, the operator will be liable to the vendor and obliged to remedy the situation and protect its customers.<sup>62</sup>

Notwithstanding numerous efforts by leaders in office to raise the bar regarding China's regulatory frameworks, with the scope to improve living conditions and economic opportunities for the Chinese population, other sectors, such as labour policy reform, have not yet achieved the desired results. According to a survey conducted by the Asia Society Policy Institute, in 2019 migrant and urban wage growth weakened, compared to GDP, in parallel with mounting labour shortages across China, together with a decline in government social spending. Furthermore, Beijing moderately reduced both employee-related expenses for companies and the costs of early education and basic medication for households. These policies are supposed to improve social welfare, although marginally, but appear insufficient to address the larger sources of labour market dislocation and inequality.<sup>63</sup>

60. *Ibid.*

61. 'Spotlight on China's Individual Income Tax Reform', *Eurobiz Online*, 11 April 2019.

62. 'Here's how China's New e-commerce Law Will Affect Consumers, Platform Operators', *South China Morning Post*, 1 January 2019.

63. 'Labour and Welfare Policy Reform', *Asia Society Policy Institute*, Winter 2019.

*Conclusion*

The year under review was characterized by two important institutional events: the Chinese People's Political Consultative Conference (CPP-CC), the National People's Congress (NPC), and the Fourth Plenary Session of the 19<sup>th</sup> Central Committee of the Communist Party of China. In the military sphere, the year 2019 saw the publication of a *New Defence White Paper* (NDWP), the first since Xi Jinping took office in 2012. Although the paper has specific relevance in relation to China's role in the context of global security, this article highlighted the relevance of the document in relation to the modernization and development of the military and police sectors and the Party's role. This article has also pointed out how, during 2019, the Xi Jinping administration devoted clear efforts to reinforce political propaganda through the publication of numerous documents concerning ideological education. As far as China's economy is concerned, this article has pointed out how economic growth was in line with expectations (between 6.1% and 6.5%) but decreasing in comparison with the previous year (6.6% in 2018). Although China's GDP figures can still be considered as an indicator of robust and positive performance on the part of the world's second largest economy, difficulties persist. How leaders in Beijing intend to tackle China's current delayed growth and how the «package of reforms», needed to remedy the protracted economic crisis, will be articulated, particularly as far as the reform of the private and financial sectors, remain unclear.

Finally, in the year under review, the deployment of China's «New Era» ideology, as envisioned by Xi Jinping, provided the Party with the legitimacy to increase its control over institutions, ideology and economic performances. Yet, the Party's legitimacy was not unquestioned.