



Issue 14/2019 (September 12-26, 2019)

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METRIX

60 %

Today, 60 percent of Chinese - or about 970 million people - live in cities. When the People's Republic of China was founded in 1949, only about 60 million inhabitants - or 11 percent of the country's then population of 542 million - lived in urban areas.

TOPIC OF THE WEEK: The People's Republic celebrates its 70th anniversary

Chinese leadership is determined to control the various narratives about China

It's the usual recipe for celebrating a round birthday in the People's Republic of China: a military parade, blue skies by government decree, a propaganda onslaught, strict censorship, and hundreds of foreign dignitaries paying their respects. And yet everything looks set to be **even bigger and even more impressive** than for the 50th and 60th anniversary of modern China's founding. According to the Global Times, the Communist leadership is celebrating with "confidence, joy and rationality".

The highlight of this year's celebrations will be the **military parade and the speech by President and Party Chairman Xi Jinping** on 1 October. Rehearsals took place for months – closing roads was tested time and again, tanks rolled through Beijing, fighter jets practiced aerial formations over the city center - usually a strict no-fly zone - and dress rehearsals – involving up to 300,000 people – were held.

China's leaders want to use the spectacle to stake their claim to absolute power and show military strength – though they have kept silent about what military units and weapons will be on display.

To ensure that the sky will be blue and not smog-filled on 1 October, the Beijing city government stopped all work on construction sites, restricted the sale of gasoline, and banned fireworks altogether. Just to be safe, steel production in the neighboring province of Hebei was also cut back.

China did not invite foreign leaders but will host dozens of foreign ambassadors based in Beijing. Germany will be represented by its ambassador, and President Frank-Walter Steinmeier will send a congratulatory telegram "in accordance with diplomatic practice", as his office said.

Tellingly, a **firework display in Hong Kong was cancelled** in the light of the continuing protests there – it seems Beijing did not want to provoke more expressions of displeasure about China on its birthday.

In spite – or maybe even because – of that the Chinese propaganda machine is running at full tilt. The party-state media are brim full with articles about the Communist Party's successes in building up the country, developing new weapons systems, and ushering in an **era of Chinese space travel**.

The most important message – one borrowed from Mao Zedong – is that "without the Communist Party, there would be no new China", a slogan that can be loosely translated to mean: Without the new era taking shape under Xi Jinping the country would also have no glorious future.

The People's Daily newspaper lauded the country's 70 "glorious" years and its struggle of a "new era", a clear sign of the Chinese leadership's determination to control the various narratives about China – an ambition even extending to human rights. On Sunday, the State Council published a white paper entitled „**Seeking Happiness for People: 70 Years of Progress on Human Rights in China**“ – a document that defined human rights primarily in economic terms and not as political freedoms.

Kristin Shi-Kupfer, director of the political and social research department at MERICS, said:

“The People’s Daily, China’s party-state newspaper, is covering the celebrations under the motto ‘A glorious 70 years, the struggle of a new era.’ Drawing strength from past achievements, Xi Jinping wants to be seen a skilled and determined warrior ready to take on all threats - domestic and foreign.”

CHINA AND THE WORLD

70 years on, the CCP’s “core interests” place it at odds with the liberal international order

Since the 1970s when the People’s Republic of China took its seat at the United Nations, drew closer to the United States, and began economic reforms, many members of the international community have aspired for the country to integrate economically and politically into the liberal international order. Beijing gradually dropped its support for armed revolutionary movements and its Mao-era confrontational rhetoric towards the West. Reform architect Deng Xiaoping practiced a cautious foreign policy under the maxim of “hiding one’s capabilities and biding one’s time”, by which he hoped to avoid foreign entanglements that could slow economic growth. His efforts were crowned by China’s accession to the World Trade Organisation in 2001 and its hosting the Beijing Olympics in 2008.

But despite Beijing’s assurances that its **rise would be peaceful** and that it would be a responsible stakeholder in global affairs, the last decade has seen China become more assertive. Western-style economic reforms were left incomplete as China remains a state-dominated economy, its military build-up took on huge dimensions, and foreign policy became more assertive. Beijing now lays claim to “**guiding**” the international order, is building military bases overseas, and officially moved away from Deng Xiaoping’s cautious foreign policy guidelines at the 19th Party Congress in 2017.

The party’s assertive stance is driven by concerns that any hint of democratic reform and further structural economic changes could destabilize its rule, challenge its “core interest” in foreign policy of reintegrating Taiwan and fending off any other perceived challenges to China’s territorial integrity.

Beijing has this year encouraged a violent clamp down on months-long protests against a new extradition law in Hong Kong and threatened an increasingly confident democratically elected government in Taiwan with violence. In July, China issued its first major **defense white paper** in four years, using it to adopt a more aggressive stance towards Taiwan. The document signaled Beijing would be ready to use force to achieve its goal of reunification by 2049 – perhaps recognizing that a “one country, two systems” approach no longer appeals to most Taiwanese given events in Hong Kong.

But for now, at least, the PRC has contented itself with celebrating its 70th anniversary by convincing the **Solomon Islands** and the **Republic of Kiribati**, traditional allies of Taipei, to switch allegiances from Taiwan to the People’s Republic. The People’s Daily **threatened** that if the people of Taiwan re-elected President Tsai Ing-Wen next year, Taipei’s remaining allies would follow suit.

News in brief

- U.N. Security Council: **China threatens veto of resolution on Afghanistan lacking reference to BRI**
- Defense: **October 1 parade to showcase China's military progress**
- Cyber espionage: **Australia says China was behind hack on Parliament in May**
- Vietnam-China standoff: **Beijing pressures Exxon to abandon oil exploration project**

POLITICS, SOCIETY AND MEDIA

China's domestic policies since 1949

When the People's Republic of China **celebrates its 70th anniversary**, the celebrations will also focus on the **Chinese Communist Party as the first and foremost representative of the Chinese people** – very much in line with the official slogan “No CCP, no New China”, President and Party Chairman Xi Jinping will use the occasion to assert the CCP's claim to all-encompassing leadership – in the spirit of a slogan from Mao Zedong's time, “Whether it be east, south, west, north or center, the party provides leadership for everything.”

Unlike Mao's narrow focus on the party, Xi wants to strengthen the rule of law and party-state institutions. But Xi likes to use Maoist concepts like “dialectical-materialistic worldview” and techniques like self-criticism by officials to eliminate dissenting voices and elements of “Western models” perceived to have influenced the PRC over the last 30 years.

In 1979, the CCP reduced its emphasis on ideology, clearing the way for gradual economic liberalization without giving up its claim to sole political control. Whenever citizens called for political liberalization – be it the “Wall of Democracy” movement in 1979, the student-led movement centering around Tiananmen Square in 1989, or the “Charta 08” publications signed by intellectuals, workers and entrepreneurs in 2008 – the CCP suppressed them.

But as the internet took root in the 1990s and 2000s, investigative journalism, charity events, vibrant political salons and pluralistic teaching and research were also part of the PRC.

However, it was this overly pragmatic, laissez-faire atmosphere that according to Xi and his supporters created a nation “infiltrated by Western ideas and forces”. They worried about the rise of an Eastern European-style “color revolution” that could overthrow the CCP.

Xi believes party cadres have become too self-centered, only serving their own interests (and pockets). He worries many are no longer loyal to the cause of “socialism with Chinese characteristics” and are not in politics for ideological reasons or because they believe in CCP's claim to power.

And he might be right. It is hard to see how all elements of society will continue to adhere to the visions – all revolving around one “core leader” – that are defined by the central government. It is hard to see

how this construction will stand up to the pressures inexorably brought by increasing globalization, social change, and economic modernization.

Under Xi, the Party leads on everything

Since Xi Jinping's arrival as General Secretary of the Chinese Communist Party almost seven years ago and President of China only some months later, his administration has implemented sweeping reforms with the aim of cementing the party's hold on power. Not only did Xi abolish presidential term limits and make top-down decision-making the defining feature of the country's new governance model, he also made the China's institutional separation of party and state a thing of the past.

In the new MERICS China Monitor "[The Party leads on everything - China's changing governance in Xi Jinping's new era](#)", Nis Grünberg and Katja Drinhausen analyze how Xi's administration engineered the institutional restructuring of the governance system by re-designing decision-making processes, codifying CCP rule and ideology in laws and regulations, and extending the CCP's reach into society. "The Xi administration has taken steps to intensify bias that ensures the legal system and political-legal organs function as support for the CCP", say the authors.

According to their analysis, the reforms kicked off by Xi, who wants the party to "lead on everything", have profound implications for all facets of public affairs. However, the centralization of power risks over-reliance on a few key players in the upper echelons of China's political hierarchy. It is also unclear whether Xi's new system will be more effective than previous ones: Enforcing the new party line is very time consuming the risk of societal backlash is always there.

News in brief

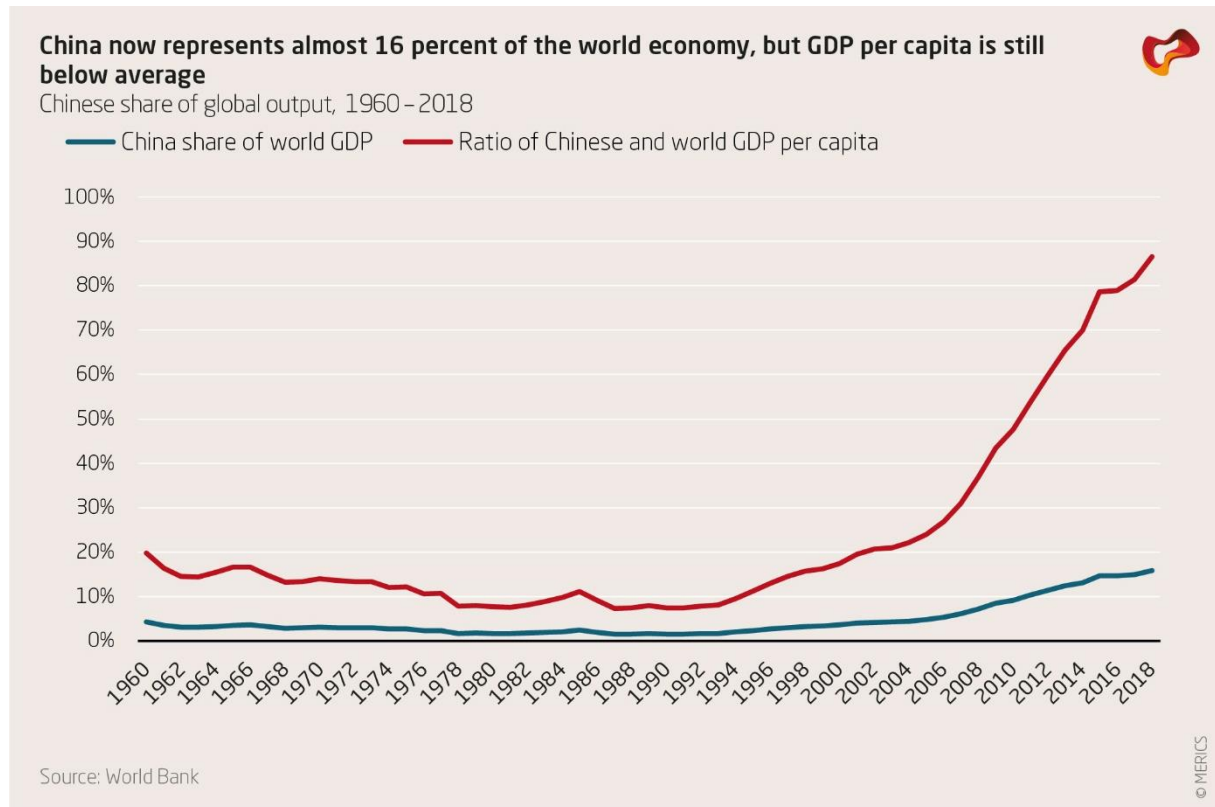
- Cybersecurity: [Weeklong national awareness campaign kicks off in China](#)
- Hong Kong: [Protestors sing new anthem, Glory to HK](#)
- Uyghur: [US Congress holds China accountable for human-rights abuses](#)

ECONOMY, FINANCE AND TECHNOLOGY

China's path to becoming the world's second largest economy was riddled with disaster and success

Seventy years after it was founded, the People's Republic of China has grown to become one of the largest and most important economies in the world. A predominantly rural country has been remade into

an urban, industrial country. In 1960 Chinese gross domestic product (GDP) was 4.4 percent of world GDP, in 2018 it had grown to more than 16 percent, making it the world's second largest.



The lives of most Chinese improved – the World Bank **reckons** 850 million Chinese have lifted themselves out of poverty alone since 2015. But poverty is still widespread and output per person remains markedly below the world average. At the end of 2018, Chinese GDP per capita was still only 86 percent of world GDP per capita – albeit it was higher than the 20 percent measured in 1960.

This ambivalent picture is fitting as the last 70 years of economic development have been a mix of successes and disasters. In the early years of the People's Republic - especially during the mismanagement of the **Great Leap Forward** in the late 50s and early 60s – the drive to industrialize above all else and the setting of overambitious economic targets caused enormous difficulties.

During many of these early years, the People's Republic's GDP often shrank - steel production dropped, and millions died from starvation as domestic food stocks were sold abroad. The aim was to secure foreign currency with which to purchase machinery with which to upgrade domestic industries.

But in the late seventies' China's economic fortunes changed. Deng Xiaoping came to power and made fundamental changes to economic policy. It began to focus on providing businesses the necessary infrastructure, while the market was given more say about what to produce. Free enterprise and foreign investment successfully mobilized China's enormous supply of cheap labor.

The result was an unprecedented economic boom that lasted for 30 years. China's 2001 accession to the World Trade Organization only further boosted economic growth. But China is now entering a period of lower growth, a natural consequence of sustained development. In 2018, the economy grew 6.6 percent, the lowest growth since the 1990s, and all signs point to continued slowdown.

Chinese labor is not as cheap as it once was, and the rest of the world is increasingly frustrated with Chinese mercantilism. At the same time, the Chinese financial system is very highly leveraged. China needs more economic reform - after all, China grew most quickly during periods of opening up.

The future is highly uncertain. Under Xi Jinping's leadership there has been much talk of opening up the Chinese economy and committing to further market reform. But Western hopes have been tempered by Xi's growing commitment to ideology and increasing focus on industrial policy.

News in brief

- Rate cut: [China trims benchmark lending rate but fails to buoy stocks](#)
- Con-sumer credit: [Growth plunges in first half of 2019](#)
- Transport: [China aims to enhance global competitiveness](#)
- "New Manufacturing": [Government officials to work in tech-hub companies like Alibaba](#)
- Autonomous vehicles: [Wuhan steps up robocar push with license for Baidu](#)

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