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Why China Is in Crisis (And Might Never Be a Superpower Afterall)

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A month ago China's Xi Jinping reigned triumphantly. He choreographed the 20th National Congress of the Chinese Communist Party to cement his position as his nation's most powerful leader since Mao Zedong. And his rule looked to be forever, or at least as long as he lives.

Rather like Winston Churchill, Xi offered the Chinese people nothing but “blood, toil, tears and sweat,” only on behalf of the ruling party rather than the country. He insisted “that the party will never change in quality, change its color, or change its flavor.”

Yet it is now evident that many Chinese don't like the CCP's quality, color, or flavor. The rapid, spontaneous spread of demonstrations against the regime reflected deeply popular dissatisfaction. For a moment people were no longer afraid to speak out. Demonstrators took over the streets in a dozen cities and four score universities and focused their anger on what had become a totalitarian zero-COVID policy. Even more astonishing, people attacked the system – Xi, the CCP, and dictatorship – and called for freedom, democracy, and human rights. As videos of protests flooded forth Beijing's vast censorship system was overwhelmed.

The regime's embarrassment was acute because Xi purports to represent the people. And for a time, he may have done so. The Council on Foreign Relations' Ian Johnson observed: “throughout Xi's first decade in office, when he shuttered independent film festivals, closed history journals, and generally made life difficult for free-thinking people, observers usually had to concede that he could count on the backing of ordinary Chinese. Of course, such mainstream support was impossible to prove, given the lack of independent polling in China. Yet many indications made clear that he was popular among the lower- and middle-income population. Many of these people were fed up with the widespread corruption and growing inequality that had taken hold during the administrations of Xi's immediate predecessors.”

However, Xi's ruthless approach to the pandemic evidently stoked anger across the country. Working people, no less than the middle class and students, want normalcy. So they joined together to resist one of the world's most complete systems of social surveillance and control. What happened?

One trigger was a fire in Urumqi, the capital of Xinjiang, where China's beleaguered and oppressed Uyghur population is concentrated. Firefighters were delayed in reaching the burning

apartment building by COVID enforcement obstacles, resulting in the death of ten residents. Tragically, this was merely the latest episode of callous treatment of people locked in their apartments, or worse, in overcrowded in decrepit quarantine camps. It wasn't even the deadliest example.

Watching the World Cup, where masses of fans gathered without masks and lockdowns, also may have spurred protests. Chinese viewers apparently wondered why the People's Republic of China was different from elsewhere. A WeChat user asked if the PRC and Qatar were on the same planet. As protests spread, official match coverage changed: "China's state broadcaster [cut] close-up shots of maskless fans at the Qatar World Cup, after early coverage sparked anger at home where street protests have erupted over harsh Covid-19 restrictions."

Whatever their immediate cause, the protests badly embarrassed the regime. People rose despite everything done by Xi and his minions to create a docile, inert population. Censorship has grown ever tighter, creating a parallel red universe with limited relation to reality. "Patriotic" indoctrination, er, education is inflicted by schools at all levels. The regime spends more to defend the CCP from internal threats than the nation from external threats.

Identified as a toad because of his physiognomy (rather like how now banned Winnie the Pooh became a symbol of Xi), in death Jiang, a much more personable and relatable figure than Xi, could become the latter's toughest adversary. Toad imagery already has been used both in China and Hong Kong to represent opposition to Xi's authoritarian course and his role as the new Mao. Explained Anderlin, "Now, as then, it is impossible for the party to ban mourning or memorial activities for a former paramount leader. But acts of remembrance in the coming days and weeks will provide untold opportunities to express dissent and dissatisfaction over the current state of Chinese politics."

The 1976 death of the more moderate Zhou Enlai, then China's premier, led to public mourning seen as indirect criticism of Mao Zedong's bloody reign. The 1989 Tiananmen Square protests were triggered by the death of Hu Yaobang, who had been removed by the dominant Deng Xiaoping for being too liberal. Mourning Jiang's death could become a patriotic means to criticize Xi and the latter's policies.

Posing an even more serious problem for the regime, the CCP is continuing to lose China's young, many of whom turned out to protest. Reported Bloomberg's Adam Minter: "members of China's Generation Z stopped lying flat and joined the protests targeting Covid lockdowns. It's an abrupt shift for a cohort that, only a few months ago, was widely viewed as giving up and doing the bare minimum to get by as China's economy strained under the pandemic."

The current social compact, that the party ensures economic growth and progress while the people exhibit political passivity and impotence, has broken down. The unemployment rate for those between 16 and 24 runs about 20 percent. It is very difficult, at least without parental support, for young workers to find an affordable urban apartment. Without a job and home, men, who disproportionately outnumber women because of the now reversed "one-child policy," have trouble marrying.

Even a college education is no ticket for a comfortable life. The working class faces much greater obstacles. According to Johnson: "China is facing an acute education crisis that has left huge

swaths of the population inadequately prepared for the future. Over half of China's population comes from rural areas where they are served by second-rate schools and largely precluded from pursuing a university education. And many of the unskilled jobs that these people could once count on have been replaced by automation or outsourced to other countries."

Although export-oriented policies have delivered economic growth, a disproportionately low share of the economy is devoted to domestic consumption. Of that, services are less important than the global average. As a result, observed Fudan University's Xi Xican, "the share actually consumed by its own residents is much lower than in other countries."

Increasing economic hardship and declining confidence in the future have generated increasing pessimism among the young: "Now many believe that they're the most unlucky generation since the 1980s as Beijing's persistent pursuit of the zero Covid policy is wreaking havoc. Jobs are hard to find. Frequent Covid testing dictates their lives. The government is imposing more and more restrictions on their individual liberty while pushing them to get married and have more children." The result is a multi-faceted drop-out culture for an increasing number of young adults. Even while promoting nationalist memes, they express doubts about the future: "Young Chinese in particular are taking to online platforms like Bilibili or Weibo to voice despair over skyrocketing house prices, widening inequality, and the increasing price of everyday goods."

Responses are diverse but largely negative. At a time when the government is desperately encouraging child-bearing, some women against getting married or having kids. Some couples are deciding not to have a family. To relieve stress and protest COVID policies, begun engaging "in a gentler form of demonstration which has been dubbed 'collective crawling'." More broadly, the "lying flat" and rot "movements advocate abandoning the pressure-filled and leisure-deprived lives typical of ambitious workers, especially in the technology industry. The latter is characterized by 996, that is, working 9-9 six days a week. A number of younger Chinese are turning to government employment, with fewer hours and a lighter workload. More extreme is "the mindset of leaning into self-indulgence and open decay and away from life expectations that seem neither meaningful nor attainable."

Some Chinese are seeking to leave the PRC. Totalitarian COVID controls quickly spurred an exodus of foreigners. Now young Chinese speak of a "run philosophy," as in running away from their homeland. A video-producer complained to the *Economist*: "No matter how much money, education or international access you have, you cannot escape the authorities." Older Chinese, at least those with money, also are increasingly considering emigration.

In China, these hostile reactions to Xi's world are not just personal. They are political, representing "Gen Z's rejection of China's—and Xi Jinping's—ambitious national development program." Censors have removed blog posts on dropping out. The nationalistic, semi-official *Global Times* was emphatic: "Young people are the hope of this country. Neither they themselves nor the country will allow them to collectively lie flat." Even Xi felt forced to respond, calling for an economy "in which everyone participates, avoiding involution and lying flat." However, many Chinese see him and the CCP as part of the problem, so no modern Red Guards have streamed forth, dedicated to reviving the PRC.

Unfortunately for Xi, economic problems are likely to intensify rather than mitigate. State enterprises are heavily indebted; state banks are weighed down with bad debt; the population is rapidly aging and has begun to shrink; only government support has prevented the real estate bubble from bursting disastrously. Perhaps most seriously, Xi has been extending party control throughout the economy and even into private businesses. A badly politicized, heavily indebted economy with ever fewer and more poorly educated workers is no prescription for prosperity.

What is needed is a return to liberal economic reform. Explained Zeng Xiangquan of the China Institute for Employment Research: “The structural adjustment faced by China’s economy right now actually needs more people to become entrepreneurs and strive.” However, Xi continues to move the PRC in the opposite direction, emphasizing enhanced party and personal control. Free markets are at variance with the Leninist state that he is determined to create. Noted Johnson, Xi: “is much more comfortable as a status quo policymaker who keeps the population under control through ever-growing surveillance measures and ideology, especially nationalism and appeals to traditional Chinese values. As long as China was able to maintain high growth rates and the country appeared to be heading in the right direction, most people didn’t care about Xi’s lack of reforms But the mounting costs of zero-COVID lockdowns seemed to have awakened a growing part of the population to the larger challenges the country faces and to their own diminishing expectations. In other words, the tight pandemic controls have become an easy way for people to explain why standards of living are stagnating.”

The famous but likely faux Chinese curse is: “May you live in interesting times.” In the space of a month, the PRC has become quite interesting. Absent an unexpected and extraordinary crisis, Xi will weather current political squalls. However, he and the CCP face serious long-term challenges. Contrary to what he claims, the party fails to live up to the expectations of many Chinese. The more he attempts to reinforce his power, the more his people may end up challenging him.

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