

## CHINA 2018: BRINGING THE PARTY BACK INTO STATE INSTITUTIONS

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*This article attempts to explain how and why the year 2018 represented a major turning point for Chinese domestic politics, characterized by the transition from a collective authoritarianism to a centralized, repressive and personalistic authoritarian leadership. It analyses the institutionalization and systematic legalization of the centralized Communist party's authority in the political, economic and social sphere. For this purpose, the article contains a description of the major 2018 institutional reforms, through which the Chinese leadership rebuilt its centralized authoritarianism into state and social institutions. Much attention has been devoted to the establishment of party and state supervisory commissions, the establishment of «super ministers», the reinforcement of political Marxist education, and the subordination of judicial power to the party's will. Furthermore, the paper argues that one of the main reasons behind the creation of this repressive and authoritarian stance was the emergence of multiple sources of social and political instability. The final part of the article focuses on the beginnings of an embryonic alliance between workers and students and on the increase of nationwide strikes.*

### *1. Introduction*

The year under review is specifically focused on China's domestic politics, its domestic economy and on some of the numerous social questions that have been threatening the country's social and political stability for at least two decades.

China has suffered a severe economic downturn since 2009-2010. This in turn brought about a major slump in exports and the closure or reallocation of thousands of factories, followed by strikes and other forms of labour protests in the industrial and service sectors. Especially in rural areas, the central leadership had to deal with enormous ecological problems which together with local policies of land expropriation caused major forms of popular resistance. In addition there were growing tensions among ethnic minorities.

After two decades of the peaceful succession of top leaders, pre-emptively organized by Deng Xiaoping (from Jiang Zemin to Hu Jintao), Xi Jinping's rise to power in 2012 has been characterized by demanding factional conflicts. These caused the expulsion of Xi Jinping's main rival, the Chongqing Party leader, Bo Xilai, and the beginning of a long and

never-ending period of severe purges, all in the name of the fight against official corruption.<sup>1</sup>

Since 2012, the Chinese party and state, led by Xi Jinping, have found their own way to deal with social conflicts and inner-party struggles. The years 2017, and 2018 in particular, were major turning points in domestic politics, marking the institutionalization of a change in governance strategies. As was evident during the 19<sup>th</sup> Party Congress in 2017 and the 13<sup>th</sup> National People's Congress in March 2018, Xi Jinping's doctrine of the «Chinese dream» definitively replaced economic growth as the major source of political legitimacy. As explained in the previous issue of this journal, the «Chinese dream» was a nationalist ideology aimed at reducing social inequality at home, and making the international order a more democratic system in which developed and developing countries could have the same voice.<sup>2</sup> According to this official ideology, the realization of the «Chinese dream», in terms of economic prosperity, struggle against poverty, equality, social harmony, democracy in international relations, mainly depended on the party and on the respect of its leader's thought. Strengthening the party and Xi Jinping's line inside it, was designed to enable the party itself (and especially the Politburo Standing Committee) to control every state, party and social organization at local and national level. This ensuing pervasiveness and omnipresence of the party once characterized the Maoist period, however, unlike the Maoist period, in the year under review, it became institutionalized and meticulously disciplined by law. More importantly, this new asset was conceived as the main guarantee of global capitalism.

This was in stark contrast to Deng Xiaoping's original plan of the decentralization of party and state power, and the separation of party from state institutions, in an effort to make the legislative, executive and judicial powers more independent from the party's will. In the Maoist era, the excessively centralized Party authority was the cause of a major crisis of political legitimacy. Political reforms had to demonstrate serious intent on reducing the omnipresence of the party. Furthermore, notwithstanding the fact that inner-party struggles were considered a major problem to be contained, Deng Xiaoping's and his followers' strategies aimed at creating a collective leadership able to promote compromises among factions. Factions were not eliminated by accusations of corruption or purges from the party; rather

1. Francesca Congiu, «Due sistemi politici un'economia»: autoritarismo cinese e democrazia taiwanese alle prese con il neoliberalismo', *Asia Maior* 2013; 'La Cina sull'orlo di una crisi politica internazionale: l'anno del 18° congresso del PCC', *Asia Maior* 2012; 'Il ritorno dello Stato centrale e le implicazioni per la politica interna ed estera cinese' *Asia Maior* 2011; 'Cina: lavoro al centro', *Asia Maior* 2010.

2. Francesca Congiu & Christian Rossi, 'China 2017: Searching for Internal and International Consent', *Asia Maior* 2017, pp. 59-70.

their rivalries found conciliation through the politics of compromise and harmony.

Deng Xiaoping's strategies succeeded for more than two decades. Then in 2012, these strategies began to be substituted by a centralized and personalistic authoritarianism. Partly because of its systematic legalization, this seems to have resulted in a more repressive stance than was ever the case in the Maoist era.

In the following pages, the article describes the major institutional reforms which took place in 2018, through which the Chinese leadership established its authoritarianism, and the social protests which, for different reasons, represent a threat to social and political stability. The last part of the article will focus on an emerging alliance between workers and students in major strikes and demonstrations and on the increase of nationwide strikes in the service sector.

## *2. Domestic Politics: Centralizing Political Power*

This section analyses the year under review's major institutional reforms across the political system (party and state institutions). These reforms have produced two specific interconnected outcomes: 1) an institutionalization, legalization, and legitimization of a reinforcement of the centrality of the Communist Party of China's authority over society, the economy and the overall political arena; 2) a parallel institutionalization, legalization, and legitimization of a severe shift from collective to individual power inside the party itself.

According to the Chinese scholar Bo Zhiyue, the main objective of the process of political institutionalization as launched by Deng Xiaoping in 1978, was to produce a convergence between real political power and official positions in the party and state organizations, in order to counteract personalistic informal power, thus granting the attainment and management of political power only to those holding official positions.<sup>3</sup>

During Jiang Zemin and Hu Jintao decades, this process was accompanied by the need to build a collective and impersonal leadership in order to facilitate the cohabitation among different political currents inside the party, to reinforce their ability and legitimacy in representing diverging social interests and to build independent state institutions. Ever since 2012, however, that process has been accompanied by the need to build a single-oriented and personal leadership. The new leadership seeks reassurance by eliminating rival political factions instead of promoting com-

3. Bo Zhiyue, 'The institutionalization of elite management in China', Barry J. Naughton & Dali L. Yang (eds.), *Holding China Together: Diversity and National Integration in the Post-Deng Era*, Cambridge: Cambridge University Press, 2010.

promise and cohabitation. The result has been that the process of political institutionalization, which in the People's Republic of China has been largely party-driven, has facilitated the legitimacy of one-man rule. Xi Jinping is not driving Chinese politics by means of informal and charismatic power, as Mao and Deng did. As demanded by the institutionalization process, Xi correctly occupies those official positions strictly connected to his real power. He has created by law the necessary conditions in order to be legally legitimized to be in charge of all the key decision-making points. Not only he is president of the PRC, secretary of the Party and chief of the Military Commission but he is also at the head of the quasi totality of the new central organs that have been created in order to centralize the political power. In these paradoxical circumstances, institutionalization has become functional to a convergence of duties and roles between the Party and the State and has produced a legal legitimization of the centrality of the Party.

### *2.1. Institutional reforms across the political system*

In February 2018, the 19<sup>th</sup> Central Committee's Third Plenum adopted a so-called «Plan of deepening reform of party and state institutions» (深化党和国家机构改革方案) and the National People's Congress' session in March approved the plan. The plan was divided into eight parts and was meant to produce significant institutional changes in the party, as well as in the National People's Congress, the State Council, the Chinese People's Political Consultative Conference, the military and in the public security sector, in mass and local organizations.

From the analysis of official documents and press comments it is clear that the leadership was sufficiently aware of China's critical issues of the period which Xi Jinping defined as the «new era». <sup>4</sup> China was indeed dealing with a lack of impetus in economic growth, official corruption, environmental degradation, a growing gap between rich and poor and growing social and religious conflicts. Systematically legalizing a continuous consolidation of the Party's unified authority and centrality in every field of the governance was deemed to be the safest solution to the impending social instability.<sup>5</sup>

The planned massive institutional re-organization of Chinese politics was indeed aimed at strengthening and centralizing the Communist Party of China's (CPC) role in politics, society, the economy and international relations throughout the reinforcement of Xi Jinping's political influence inside

4. Francesca Congiu & Christian Rossi, 'China 2017: Searching for Internal and International Consent', *Asia Maior 2017*, pp. 59-70.

5. Dong Xiaoyu, 'New Round of Institutional Reforms – Comprehensively Modernizing China's System and Capacity for Governance', *China Today*, 9 March 2018.

the party, and intended to bring about a drastic reduction of inner-party conflicts. As specified in its preamble, the plan served the need «to preserve the authority of the party, to centralize and unify its leadership with Xi Jinping as the core [...]».<sup>6</sup> A statement provided in March by the Chinese state press agency, *Xinhua*, further reinforces the plan's ambitions and scopes.

Forming a CPC leadership system that ensures the Party always provides overall leadership and coordinates the efforts of all involved, [...]. Promoting coordinated actions and resultant forces among the people's congresses, governments, political advisory bodies, and supervisory, judicial and prosecutorial organs, people's organizations, enterprises, public institutions, and social organizations under the unified leadership of the CPC [...]. The Party exercises overall leadership over all areas of endeavor in every part of the country. A primary task of deepening reform of the Party and State institutions is to strengthen the CPC's leadership in every sector [...]. The Party's leadership should be strengthened over areas including deeper reform, the rule of law, economy, agriculture and rural work, disciplinary inspection and supervision, organization, publicity, theory and culture, national security, political and legal affairs, united front, ethnic and religious affairs, education, science and technology, cyberspace affairs, foreign affairs and auditing.<sup>7</sup>

Among the several reforms established in the plan, it is worth mentioning the creation of national supervisory commissions both at the party and state level and of national and local commissions in every field of governance. The institution of supervisory commissions was meant to deal with the long-lasting struggle against the corruption of party and state officials as well as the promotion of party and state discipline. The intention behind the creation of any kind of local or national commission, was to create a convergence of decision-making power into single larger institutions, thus reducing the risk of power fragmentation and the emergence of diverging points of view.

At the party top level,<sup>8</sup> three new central committee commissions were established and chaired by Xi Jinping: a Comprehensively Governing according to Law Commission; an Audit Commission; and a National Supervisory Commission. According to Chinese official media, these three top

6. The central committee of the communist party of China issued the 'Deepening Party and State Institutional Reform Plan' (中共中央印发深化党和国家机构改革方), full text, in the *state council official website* ([www.gov.cn](http://www.gov.cn)), 21 March 2018, in Chinese.

7. 'CPC issues decision on deepening reform of Party and State institutions', *State Council website* ([gov.cn](http://gov.cn)), 5 March 2018.

8. The role and the establishment of commissions at the state top level will be analysed in the following paragraphs.

commissions were being established in order to strengthen the process of centralization and unification of the leadership of the Party, and to centralize its role in the building of a law-based governance. Its remit is to monitor the whole party system in order to improve its financial and economic order and the efficiency of funds.<sup>9</sup> The four Central Committee Leading Small Groups — the Small Group for Comprehensively Deepening Reform, the Finance and Economy Group, the Cyber Security Group, and the Foreign Affairs Group — were elevated to the rank of commissions (委员会); all of them chaired by Xi Jinping. The Central Committee Leading Small Groups (领导小组) are old informal institutions of the party system which have existed since 1958. They are directly subordinated to the party secretariat, reporting to the Politburo and its Standing Committee. Their mission has always been to advise the Party Politburo on policy-making by formulating political programmes, and to coordinate the implementation of policy decisions taken by the Politburo itself across state, party and military bodies. Being part of a commission means dealing with the entire process of policy-making in key political areas: the economy and finance; cyber security; foreign affairs. Moreover, the former Leading Small Groups were usually formed by one member of the Politburo Standing Committee (who headed the group) and by other relevant representatives of the government and party elite. In the newly transformed commissions, there are between two and four members of the Politburo Standing Committee in each group, with Premier Li Keqiang acting as deputy head of all commissions.<sup>10</sup>

## 2.2. *Party institutional reforms and political education: «make China Marxist again»<sup>11</sup>*

The first part of the «Plan of deepening reform of party and state institutions» is dedicated to party institutional changes. The 5<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> paragraphs are specifically committed to reforming education. The 5<sup>th</sup> paragraph foresees the establishment of a small central committee leading group for education, whose secretary would be located in the Ministry of Education in order to

strengthen the centralised and unified leadership of the party central committee on education, comprehensively implement the party's educational policy, strengthen party building in the field of education, do a good job in ideological and political work in schools [...].

9. 'Party to have stronger rule of law role', *China Daily*, 25 August 2018; 'Xi: Audits to bolster clean governance', *China Daily*, 24 May 2018.

10. 'The Remodeling of Chinese Policy-Making', *ChinaUS Focus*, 19 September 2018.

11. Timothy Cheek & David Ownby, 'Make China Marxist Again', *Dissent*, Fall 2018.

review national education development strategies, and major education policies.<sup>12</sup>

The seventh paragraph deals with the foundation of a New Party School. The school is the main institution for the education and training of leading cadres of the party as well as the conduction of research on theoretical and practical issues, the promotion of Xi Jinping's thought and the cultivation of Marxist theory. Party members were, indeed, invited to study selections of Marx's works, particularly *The Communist Manifesto*.<sup>13</sup> In the 8<sup>th</sup> paragraph, the plan foresees the establishment of a «Central Party History and Literature Research Institute» (中央党史和文献研究院) as a specific institution of the party central committee with the aim of enlarging and strengthening party control in the construction of the party's history and theoretical background. By these means the party would have been able to lead and coordinate party history research, literature editing, and the compilation of resources. Along the institute were converging and merging the Central Party History and Research Office, the Party Documents Research Office and the Central Compilation and Translation Bureau. The main duties of the new institute were supposed to be: to research on Marx's theories, Xi Jinping's thought and Party history.<sup>14</sup>

Throughout the year under review, Xi Jinping made a great effort to set out the reason behind the party's wide institutional plan to strengthen political education among its members. In April, for example, during a Politburo study session, Xi Jinping explained to its members the importance of reinforcing the study of Marxism in order to «enhance the party's ability to use Marxist principles to solve the problems facing contemporary China». Its invitation was clearly addressed also to the «broad masses of party members».<sup>15</sup>

It seems clear that in part, the CPC was deeply engaged in strengthening Marxism while at the same time embracing capitalism and riding an evident wealth gap and high levels of inequality: a third of the country's wealth was owned by 1% of households and 25% of the poorest owned just 1% of China's wealth.<sup>16</sup> According to the Hurun Global Rich List 2018 from the Hurun Report, China's billionaires increased to 819, 40% more than in the United States. Interestingly, a significant number of billionaires (more or less 45) were occupying seats in the National Assembly and in the party's top advisory body, the Chinese People's Political Consultative Conference,

12. 'Deepening Party and State Institutional Reform Plan' (中共中央印发深化党和国家机构改革方).

13. Timothy Cheek & David Ownby, 'Make China Marxist Again'.

14. 'Deepening Party and State Institutional Reform Plan'.

15. 'A new class struggle: Chinese party members get back to Communist Manifesto basics', *South China Morning Post*, 29 April 2018.

16. 'Report: China's 1 Percent Owns 1/3 of Wealth', *The Diplomat*, 15 January 2016.

there were 59. This organ included not only entrepreneurs but academics who, although they accounted for only 2% of the approximately 5,000 members, in total controlled US\$ 624 billion<sup>17</sup>. Hence, it is not too far from reality to imagine that, after the 1978 economic opening, party members (not only the billionaires) no longer, as in the Maoist past, analysed or dealt with contemporary social and political issues through a communist vision. It is common knowledge that, since the 1980s, there has been among intellectuals but also party members, a wide circulation of ideas such as liberalism, constitutionalism, separation of powers and multi-party state systems. This epic transformation of the economy, society and ideas has produced, as often stated in this journal, great political instability inside the party which, on several occasions, has been an evident source of social instability. Xi Jinping's Marxist propaganda was thus just another strategy to unify the party around a national ideology and to «hold in this way China together». The president's state Marxism was a strong determinant in China's historical battle for international redemption, necessary to build the contemporary «Chinese dream» together with a strong party and a strong leader which presented themselves as the sole guarantee of China's political, economic and international success: a prosperous, civilized society at home, and a world power abroad.

### *2.3 State institutional reforms: the 2018 revision of the constitution of the People's Republic of China and the PRC Supervisory Law*

In March 2018, the 13<sup>th</sup> National People's Congress approved the fifth revision of the Chinese 1982 constitution. These revisions (in 1988, 1993, 1999, 2004 and 2018) have substantially served the need to adapt the constitutional text to the radical social, economic and political changes that have occurred in China since the launching of Deng Xiaoping's reforms in 1978. Alongside previous revisions, the constitution has, for example, included the protection of private property rights; the importance of the rule of law; the protection of human rights. The specificity of the 2018 constitutional revision has been its contribution in further strengthening and centralizing the Chinese communist party's role into the state organization.

One of the new amendments is, indeed, related to the abolition of the two five-term limits on the positions of president and vice-president of the People's Republic of China (PRC). It should be noted that the abolition of the term limits did not include the posts of premier, vice-premier, National People's Congress chairman and vice-chairman. It would seem that the main scope of this change has been the extension of the term limit, beyond 2023, of the PRC president, Xi Jinping, who was also, at the same time, the CPC gen-

17. Hurun Report, Hurun Global Rich List 2018, Hurun Report website, 28 February 2018 (<http://www.hurun.net/EN/Article/Details?num=2B1B8F33F9C0>).



eral secretary and the chairman of the Central Military Commission. Those last two positions – and not the presidency – were the real sources of political power. In fact, according to the constitution, presidential powers are mostly formal and politically not very effective. It specifies that the president has the duty to sign legislation adopted by the NPC and that the NPC continues to be, as in the Maoist past, a rubber-stamp for the Chinese Communist Party's directives. The same proposal for the 2018 constitutional revision came, indeed, from the party's top level before being implemented by the National People's Congress in March. Quite significantly, the abolition of the two five-term limits followed the important fact that the 19<sup>th</sup> Party Congress in October 2017 did not produce, as in the past, the name of a potential successor to Xi Jinping as party chief for the following 20<sup>th</sup> Party Congress in 2022.

A second amendment that better illustrates this issue and that perhaps is even more significant than the abolition of the term limit, is the introduction of the centrality of the CPC leadership into the main text of the constitution. From 1982 until 2018, CPC centrality was indeed clarified in the constitution's preamble: only during the most radical Maoist era had the role of the party been included in the main constitutional text (the 1975 constitution for example). The scope of Deng Xiaoping's economic and political reforms included a distinct separation between the powers of the state and the powers of the party; the independence of the constitutional law from the party's will was one of Deng's major political reforms. Under the 2018 revision, the CPC supra-constitutional role was openly restored and regulated into the constitutional main text through the amendment of the second paragraph of article 1: the sentence «the socialist system is the fundamental system of the PRC» was followed by «the leadership of the CPC is the most essential characteristic of socialism with Chinese characteristics (中国共产党领导是中国特色社会主义最本质的特征)».<sup>18</sup>

Furthermore, «Xi Jinping's thought for the new era of socialism with social characteristics» was written into the constitution's preamble, replicating its addition to the party constitution at the 19<sup>th</sup> Party Congress<sup>19</sup>. Likewise, some of the major themes that characterized Xi Jinping's political discourse – such as the «great rejuvenation of the Chinese nation» (中华民族伟大复兴) or «building a community of common human destiny» (构建人类命运共同体) – were included in the preamble.<sup>20</sup>

The creation of Supervisory Commissions, already mentioned above (§ 2.1) was itself the subject of the 2018 constitutional revision. In the third

18. National People's Congress, *Constitution of the People's Republic of China (2018 Amendment)*, 11 March 2018, in [www.lawinfochina.com](http://www.lawinfochina.com), in Chinese and English.

19. Francesca Congiu & Christian Rossi, 'China 2017: Searching for Internal and International Consent', pp. 64-70.

20. National People's Congress, *Amendments to the Constitution of the People's Republic of China (2018)*, 11 March 2018, in [www.lawinfochina.com](http://www.lawinfochina.com), in Chinese and English.

chapter of the constitution, entitled «Structure of the State», a new section was introduced, section number 7 entitled «Supervisory Commissions» (监察委员会). At the same time, Supervisory Commissions were also introduced and disciplined through a national law: the «PRC Supervision Law» (中华人民共和国监察法).<sup>21</sup> Constitutional amendments and the new law established a new supervisory organ of the state, the New National Supervision Commission, which was supposed to become the supreme supervisory organ of the state. The new legal framework also foresaw the establishment of supervisory commissions at all sub-national levels, including provinces, autonomous regions, municipalities, autonomous prefectures, counties, autonomous counties, cities and districts. These local and national commissions, provided with extremely wide and undefined powers of surveillance, inspection, investigation and sanction, were in charge of monitoring the all-Chinese public administration activities and officials in the name of fighting corruption. Among the administrative officials to be monitored, the law explicitly mentioned CPC members, NPC members, State Council members, state-owned enterprise managers, and judges. Furthermore, the law granted supervisory commissions the power of detention in custody in investigating serious corruption cases. The period of detention in custody had not to exceed six months. The law provided a few procedural requirements for the protection of the detainees, such as notifying the detainee's family within 24 hours unless such notification may obstruct the investigation, and guaranteeing the detainee food, rest, and safety. In keeping with the law, the commissions had to exercise their powers independently from any judicial organs and free of any interference by administrative and social organizations, or individuals.

According to the Chinese law specialist Renzo Cavalieri, the main issue at stake was the clear intention of promoting and facilitating a convergence of resources and tasks between state and party supervisory commissions. The result was an extension of the CPC internal disciplinary system to the whole of the public administration, to be institutionalized as an ordinary disciplinary method of the entire state. Indeed, one of the outcomes of the establishment of supervisory commissions was a severe weakening of the judiciary power and the cracking down on its independence from the party.<sup>22</sup> A similar opinion was shared by Amnesty International which stated that the PRC Supervisory Law «by-passes judicial institutions by establishing a parallel system solely run by the Chinese Communist Party with no outside checks and balances».<sup>23</sup>

21. *PRC Supervision Law*, adopted by NPC on 20 March 2018, in [www.lawinfochina.com](http://www.lawinfochina.com), in Chinese and English.

22. Renzo Cavalieri, 'La revisione della Costituzione della Repubblica Popolare Cinese e l'istituzionalizzazione del «socialismo dalle caratteristiche cinesi per una nuova era»', *Note e commenti – DPCE on line*, n.1, 2018, p. 310.

23. Amnesty International, 'China: New Supervision Law a systemic threat to human rights', *Amnesty International Latest News*, 20 March 2018.

### 3. *The Domestic Economy*

#### 3.1. *An overview of the main data*

In July 2018, the International Monetary Fund (IMF) released its *China's Economic Outlook in Six Charts*. The first chart is related to China's GDP whose rate of growth was estimated at 6.6% in 2018. Furthermore the chart focused on the rise of Chinese living standards, estimating that, since the launch of Deng Xiaoping reforms – whose 40<sup>th</sup> anniversary was celebrated in China throughout the year – more than 800 million people have moved out of poverty. The second shows a shift from high-speed growth to high-quality growth and forecasts China's GDP overtaking that of the United States by 2030. The third chart focuses on Chinese government and household debt rising as a percentage of GDP. The fourth elects China as the global leader in e-commerce and financial technology industries which, according to the IMF, were fundamental in the reshaping of China's economic model. Finally, in the last two charts, the IMF suggests an increase in government spending for health and education financed by taxes on income, property and carbon emissions. This, according to the IMF, would help reduce inequality and pollution and speed up structural economic reforms, above all in the field of inefficient state-owned enterprises.<sup>24</sup> In September, a new IMF chart on China revealed the country's rising inequality. The Gini coefficient has indeed risen by 0.15 in 1990 to 0.50 in 2018.<sup>25</sup>

Chinese official data, released in October 2018, revealed that Chinese economic growth slowed to 6.5% year-on-year in the third quarter of 2018 to the lowest level since 2009, contrary to previous expectations. It is worth underlining that since 2011, when the economic growth rate touched 10.15% thanks to an enormous state financial stimulus, China's economy has seen a significant slowdown with huge consequences for domestic production and the labour force, with the growing phenomenon of factory closures and/or relocation, accompanied by minimum or zero compensation for employees. One of the main reasons for this unexpected further slowdown in 2018 was the ongoing trade war between China and the United States that, according to US data on trade deficit, effectively brought about a reduction of the US trade deficit with China year-on-year from US\$ 375.576 million in 2017 to US\$ 344.470 million in 2018.<sup>26</sup> In addition to GDP, China released other economic data: year-on-year, in-

24. IMF, *China's Economic Outlook in Six Charts*, Country Focus, 26 July 2018.

25. According to this unity of measure of inequality 0 represents perfect equality where 1 represents total inequality. 'Chart of the Week: Inequality in China', *IMFBlog*, 20 September 2018.

26. United States Census Bureau, 'Trade in Goods with China', United States Census Bureau website.

dustrial production grew 5.8%; retail sales rose to 9.2%; fixed-asset investment from January to September grew 5.4%.<sup>27</sup>

According to a statement by Yi Gang, the head of the People's Bank of China, given in October 2018 before the International Monetary and Financial Committee, the Chinese authorities were focusing not so much on the quantity as on the quality of economic growth. In the first half of 2018 consumption contributed 78.5% to GDP growth, an increase of 14.2% year-on-year; contribution of the service sector to GDP increased to 60.5%, 1.4% more year-on-year; the use of clean energy too has increased. In the same statement, Yi Gang described the People's Bank of China's options in a series of opening-up measures in the financial sector, including easing restrictions on the establishment of foreign financial institutions in China.<sup>28</sup>

### 3.2. *A reorganization of economic institutions: centralizing economic decision-making powers*

The Chinese Communist Party's third plenum held in February 2018 and the 13<sup>th</sup> National People's Congress held in March 2018, also produced a quite significant change in the reorganization of the economic institutions in the state council.

First of all, there has been a general strengthening and rationalization of several ministries by focusing on different duties hitherto dispersed among other ministries and agencies. One of the main consequences has been a reduction in the powers of the National Development and Reform Commission whose duties have been assigned to the new Ministry of Natural Resources, the new State Administration for Market Regulation and the Ministry of Ecology and Environment.<sup>29</sup> The result has been the development of so-called «super ministries» among which we have to add the Ministry of Science and Technology. According to the economist Barry Naughton, «Each ministry is designed to have exclusive control over an issue area so that it can be an effective instrument for the top leader's aspirations».<sup>30</sup> As previously mentioned, inside the party structure there had been an institutionalization of the former Leadership Small Groups dealing with economic policy-making during the first mandate of Xi Jinping. They have

27. 'China reports economic growth below expectations – its worst pace since the financial crisis', *CNBC*, 18 October 2018.

28. IMFC Statement by Yi Gang Governor, People's Bank of China People's Republic of China, *International Monetary and Financial Committee*, Thirty-Eighth Meeting, 12-13 October 2018.

29. '中共中央关于深化党和国家机构改革的决定' ('Decision of the Central Committee of the Communist Party of China on Deepening the Reform of the Party and State Organizations'), 新华网 (*Xinhuanet*), 4 March 2018; '国务院机构改革方案' ('State Council Administrative Reform Plan'), *Gov.cn*, 17 March 2018.

30. Barry Naughton, 'Xi's System, Xi's Men: After the March 2018 National People's Congress', *China Leadership Monitor*, n. 56, 2018, p. 8.

been transformed into effective and formal commissions: the new Central Commission on Comprehensively Deepening Reform and the new Central Commission on Finance and Economics. This serves to strengthen their authority in economic decision-making. The first deals with the restructuring of Chinese society, politics and economy. The second one serves the need to concentrate the Chinese Communist Party's control on financial risks by reducing the leverage ratio of local government and companies, especially of state-owned enterprises, on poverty-reduction strategies, and on the fight against pollution.<sup>31</sup>

During the 13<sup>th</sup> Session of the National People's Congress, four new vice-premiers were appointed revealing a plan for major changes in the economy, and, according to the assigned powers and portfolios, more favourable to pro-market structural reforms. The NPC appointed Han Zheng, also a member of the Politburo Standing Committee. Han Zheng's political career was built in Shanghai, where he was also born, as mayor (2003-2012) and as party secretary (2012-2017). Han is widely recognized as being a member of the so-called «Shanghai gang», the party political wing highly in favour of structural pro-market economic reforms and the one closer to Xi Jinping. His main portfolio, as vice-premier, is to be in charge of Hong Kong and Macau affairs. However, in addition he is, among the several offices, deputy head of the Central Leading Group for Comprehensively Deepening Reforms and head of the Central Leading Group for the «Belt and Road Initiative» construction.<sup>32</sup> The NPC also appointed Liu He who has already been Xi Jinping's key economic adviser for the past five years. By becoming vice-president, Liu has assumed oversight of international commercial relations, especially with the United States, the technology policy and policy coordination between the central bank and banking and security regulators. Among the other offices, it is important to note that he was head of the Financial Stability and Development Committee of the State Council; of the Leading Group for Building an Advanced Manufacturing Industry and for the Promotion of Small and Medium-sized Enterprises of the State Council. Liu is a close friend and trusted collaborator of Xi Jinping and his economic outlook is liberal. He contributed significantly to the elaboration of Xi Jinping's economic paradigms such as the «economic new normal» and the «supply-side reform».<sup>33</sup> The third appointed vice-premier is Hu Chunhua,

31. 'Why China's new economic commission cements Xi Jinping's grasp on levers of power', *South China Morning Post*, 3 April 2018; 'Xi stresses efforts to win «three tough battles», *People's Daily*, 3 April 2018; 'Xi presides over 3<sup>rd</sup> meeting of central committee for deepening overall reform', *Xinhuanet*, 7 July 2018.

32. 'Chinese Vice-premier Han Zheng the «right» man in charge of Hong Kong affairs as city shuns political gridlock for economic growth', *South China Morning Post*, 28 June 2018; Han Zheng Profile, *Brookings*, March 2018.

33. 'China's Liu He takes broad economic role as vice-premier', *Financial Times*, 19 March 2018; Liu He Profile, *Brookings*, March 2018.

taking over the portfolio on poverty alleviation. His career has been recently concentrated in Guangdong as Guangdong party secretary from 2012 to 2017. According to his biography, he comes from a very humble and poor family and has constructed his political career on patron-client ties with Hu Jintao in the Youth League and on his career in Tibet. He was presumed to be a potential successor of Xi Jinping but contrary to all expectations he was not allowed to enter in the 19<sup>th</sup> Politburo Standing Committee<sup>34</sup>. The fourth vice-premier appointed was Sun Chunlan, responsible for education and health and holding considerably less power in comparison to Liu He and Han Zheng. She was widely considered to be a protégé of Hu Jintao and like him, more prone to social policy reforms such as housing, social welfare for low-income families, and poverty reduction.<sup>35</sup>

In March 2018, the State Council appointed its ministers and head of public institutions. Liu Kun was appointed as minister of finance and Yi Gang as head of the People's Bank of China. On more than one occasion, the minister of finance has declared his commitment to the granting of assistance measures for those companies affected by the trade war between China and the United States. The aim is to reduce taxes and fees and to support the real economy and technological innovation.<sup>36</sup>

#### 4. Social issues: Labour and Student Activism

##### 4.1. The party and its «Marxist propaganda»

During 2018, party institutional reforms concerning political education [§. 2.1] have been flanked by President Xi Jinping's profound commitment to strengthen the fundamental role of Marxism for the formation not only of party cadres but also of citizens. Ahead of China's youth day (the celebration of the anniversary of the 4<sup>th</sup> May 1919 movement) and the 120<sup>th</sup> anniversary of Beida (Beijing University), the president delivered a speech during an inspection tour of Beida.<sup>37</sup> He stated that Marxism should be consolidated as the guiding ideology of the Chinese communist party, and promoted in campuses, classrooms and among students. He added that all universities' schools of Marxism should pursue a political orientation. Zhang Huifeng, an associate professor at Beijing University's School of Marxism, explained the meaning of Xi Jinping's speech to the *Global Times*

34. Hu Chunhua Profile, *Brookings*, March 2018.

35. Sun Chunlan Profile, *Brookings*, March 2018.

36. 'China to adopt more proactive fiscal policy: finance minister', *Global Times*, 8 October 2018.

37. It has to be said that the Beida had just set up the first School of Marxism in all China and that in January 2018 it had established the research institute on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. 'Xi inspires students with insight into education, Marxism', *Global Times*, 3 May 2018.

Elements of Marxism should be added to moral education in universities to teach our students to strive for ideals of Marxism and the happiness of humankind. In the future, Marxism education should be reflected in the overall curriculum.<sup>38</sup>

In 2018, the celebration of China's youth day coincided with the 200<sup>th</sup> anniversary of the birth of Karl Marx (5 May). In a speech at the Great Hall of the People in Beijing, Xi Jinping commemorated Karl Marx, as «the greatest thinker in the history of mankind» and instructed all party members to take up the reading of Marxist works and study Marxist theories as a «way of life».<sup>39</sup> Karl Marx's celebration in China permeated state media with chat shows and cartoons for the young audience. The chat show «马克思是对的» («Marx was correct» or «Marx got it right») was on CCTV 1 (China Central Television, China's main state-run television broadcaster) beginning on 27 April 2018, for five episodes. Its aim was to persuade Chinese teenagers that the Marxist theories they were asked to study still held true despite the great economic and social transformations that have characterized China since the launch of Deng Xiaoping's capitalist reforms.<sup>40</sup> A Chinese cartoon on Karl Marx, entitled *The Leader* (领风者), and co-produced by the central government's Marxism office, was shown by video streaming website Bilibili.com.<sup>41</sup> The aim was to tell younger students about Karl Marx's life, his marriage and his friendship with Friedrich Engels.<sup>42</sup>

#### 4.2. Workers and «Marxist» students joined in protest: the Jasic mobilization

The Jasic mobilization took place between May and December at Shenzhen Jasic Technology, a private firm specialized in the manufacturing of welding machinery. In terms of the intensity of workers' involvement, strike organization abilities and requests for better working conditions, the mobilization has been part of serious labour unrest in Shenzhen over the current decade. However, its uniqueness is related to the fact that it has evoked an emerging and unusual alliance between workers and students and that, in a similar way to the 2010 Honda labour protests, recognizes the emerging need to autonomously establish a trade union.

A group of workers has collected, in a short period of time, almost 90 co-workers' signatures (representing 10% of the factory workforce) for a pe-

38. *Ibid.*

39. 'Stick to Karl Marx's true path, Xi Jinping tells China's communist in speech to mark 200th birthday of «greatest thinker of modern times»', *South China Morning Post*, 4 May 2018.

40. CCTV website: [news.cctv.com/special/Marx/index.shtml](http://news.cctv.com/special/Marx/index.shtml).

41. See the series in the website: <https://www.bilibili.com/bangumi/media/md4313622/?from=search&seid=18360488373211115553>.

42. 'China produces Karl Marx cartoon series to mark 200th anniversary of his birth', *South China Morning Post*, 19 December 2018.

tion demanding the permission to autonomously establish a factory-level union in order to see their grievances – such as illegally manipulating work schedules, using a punitive system of fines, underpaying social insurance and housing funds and stringent workplace regulations – represented before the company and local authorities.

The company reacted by creating its own «workers representatives' committee», which excluded candidates nominated by the workers, dismissed activists, and made use of security guards against the growing workers' protests caused by those dismissals. However, defence of the worker-led unionization has grown, gaining supporters and sympathizers among other workers, Chinese leftist groups (such as the Marxist website «Utopia»), and those students who were organizing solidarity actions not only in Shenzhen but also in Beijing and several other cities. University students, proclaiming themselves «Marxist and Maoist students», organized themselves into a «Jasic Worker Support Group» and flocked to the factory to demonstrate solidarity with workers attempting to resist police assaults and prosecution.<sup>43</sup>

At the end of 2018, the Jasic worker-led unionization and its defence across China was forced to come to a halt: workers' activists were arrested and the factory was placed under heavy police surveillance; students were interrogated, investigated, in some cases expelled from their universities, or even disappeared after police raids. At the international level, several well-known Marxist scholars, such as Noam Chomsky and Slavoy Zizec, issued personal statements supporting Marxist students' labour activism and stated their intention to boycott China's official Marxist conferences in an effort to delegitimize CPC «Marxist propaganda».<sup>44</sup>

As the Jasic mobilization clearly demonstrated, there was a growing and openly public militiam among Chinese university students and leftist activists in general. Xi Jinping's intention had been to use Marxism as a national flag and an instrument to strengthen the Chinese Communist Party's authority over society, as it had in the past with economic growth (§. 2.2). Chinese university students and leftist activists, however, were trying to use Marx's thought in order to understand China's main social questions and, above all, in order to organize strategies of social and political unrest. The Chinese authorities, which proclaim themselves «Marxist», did not appreciate the students own alternative interpretations of Karl Marx's thought. In November 2017, some months before the Jasic unrest, the police detained

43. 'Police raid student group as support for Shenzhen Jasic workers grows', *China Labour Bulletin*, 24 August 2018; 'China's student activists cast rare light on brewing labor unrest', *Reuters*, 15 August 2018. See also a video-document of the Jasic protests: Sacom (Students and Scholars Against Corporate Misbehaviour - 大學師生監察無良企業行動), 'We want a real union – Jasic workers in struggle', Youtube, 31 July 2018, ([https://www.youtube.com/watch?time\\_continue=44&v=nYj-irbNMvo](https://www.youtube.com/watch?time_continue=44&v=nYj-irbNMvo)).

44. 'Noam Chomsky joins academics boycotting China Marxism conferences', *Financial Times*, 27 November 2018.



two recent graduates and four students who were attending a reading group at the Guangdong University of Technology in Guangzhou. The self-declared Marxist reading group was organizing critical discussions of social and political issues. Most members were soon released but the organizers (Zhang Yunfan and Ye Jianke) were detained for «gathering crowd to disturb social order». In the following months, during the beginning of the year under analysis, more reading groups' members were interrogated, detained and afterwards released.<sup>45</sup>

Paradoxically, university Marxist societies, which according to Xi Jinping could have had a pivotal role in the spreading of Marxism in China, were also under heavy surveillance for their activism. A student-led Marxist society of Beijing University, in particular, was threatened with closure because it could not get the necessary backing from the faculty to renew its official registration as a civic organization.<sup>46</sup>

#### 4.3. *Workers in the service sector: nationwide strikes of crane operators and truck drivers*

During the year under review, some of the most conspicuous and significant forms of workers' activism have been in the non-manufacturing sector. Its significance is related to the fact that strikes and protests in that sector seemed much more geographically widespread and less locally based than usual factory-based industrial unrest. An example of this phenomenon was the crane operators' and truck drivers' disputes analysed below. Local authorities' reaction alternated between repressive methods, such as arrest and detention of activists, and corporate strategies such as the granting of some workers' requests and the spread of unionization in the service sector. In September 2018, the All-China Federation of Trade Unions had about 303 million members, 140 million of whom were migrant workers.<sup>47</sup>

As revealed by the annual report on Chinese migrant workers, released in April by the National Bureau of Statistics, there was a gradual increase of migrant worker occupation in the service sector (+1.3%)<sup>48</sup>. And

45. See 'Locked up for reading books: voices from the November 15th incident', *Chuang.org*, 18 January 2018; 'Let the people themselves decide whether we're guilty', *Chuang.org*, 14 June 2018. ([https://www.youtube.com/watch?time\\_continue=44&v=nYj-irbNMvo](https://www.youtube.com/watch?time_continue=44&v=nYj-irbNMvo)).

46. 'No Place for Real Marxists in Communist China', *The Diplomat*, 6 October 2018; 'Peking University students clash with campus guards over control of Marxist society', *South China Morning Post*, 28 December 2018.

47. Chinese crane operators protest for better pay, working conditions', *Global Times*, 1 May 2018.

48. 国家统计局 (National Bureau of Statistics), 2017年农民工检测调查报告 (2017 Migrant Workers Monitoring Survey Report), April 2018 ([http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427\\_1596389.html](http://www.stats.gov.cn/tjsj/zxfb/201804/t20180427_1596389.html)).

as China's economy moved away from export-oriented manufacturing, labour unrest diminished. Workers' collective actions in the service industries surpassed those in manufacturing for the first time since 2016, accounting for 21% of all collective action cases.<sup>49</sup>

In 2018, strikes and protests in the non-manufacturing sector expanded. In March and April, more than 2,000 sanitation workers in Shanghai, Liuzhou in Guangxi and Taiyuan in Shanxi went on strike to protest against cuts to their income and the lack of any safety equipment. Local authorities responded by making several arrests which they would then temper by accepting some of the requests. Consequently, in Shanghai the minimum wage has been raised and workers receive their meal subsidy entitlement and shift allowances.<sup>50</sup> Teachers have since organized at least 19 protests over pay, performance bonuses and pensions.

Between April and May, crane operators in the construction sector organized a nationwide strike demanding better pay and better working conditions. China Labour Bulletin, the Hong Kong labour NGO, recorded at least a dozen strikes and protests in Sichuan, Gansu, Henan, Fujian, Hunan, Jiangsu, Guizhou, Jiangxi, Hubei and Guangxi. In the city of Chengdu alone, at least 10,000 workers joined the protest. Workers' demands included: salary increases to compensate inflation, increased overtime payments, formal labour contracts, regular monthly wage payment, social insurance, pensions. Crane workers organized through closed groups on instant messaging apps such as QQ, and published videos and songs to widen support and consent. One of the main issues at stake, apart from concrete economic demands, was the role of the Chinese trade union, which was criticized for giving insufficient support to the strike.<sup>51</sup>

Lastly, in June, thousands of trucks drivers, at least in a dozen places across the nation, used their trucks to block roads in protest against rising fuel costs. In November and December, they rose up again against the decision of several major cities and provinces to ban trucks with high emissions in order to fight air pollution. Although truck drivers agreed with the anti-pollution campaign, they denounced the consequential sharp drop in their income and the absence of government support for their businesses.<sup>52</sup> It should be underlined that truck drivers are, interestingly, the «lifeblood of a delivery system that sustains China's e-commerce industry. And e-com-

49. 'As China's economy shifts to services in Q3, so too does labour unrest', *China Labour Bulletin*, 21 October 2016.

50. 'Sanitation workers are out on strike again in China', *China Labour Bulletin*, 6 April 2018.

51. 'Tower crane operators across China organise Labour Day strike over low pay', *China Labour Bulletin*, 2 May 2018. See also 'Chinese crane operators protest for better pay, working conditions'.

52. 'China's truck drivers strike over stagnant pay, high fuel costs and arbitrary fines', *China Labour Bulletin*, 11 June 2018; 'China's truck drivers on strike again in protest at government emissions policy', *China Labour Bulletin*, 3 December 2018.

merce is central to the Chinese government's efforts to shift the economy away from export-led growth towards consumer domestic spending». <sup>53</sup> For this reason, the truckers' activism has the potential to paralyze the logistics behind e-commerce. Moreover, it represents a real threat to the successful performance of the Chinese political economy whose strategic aim was to avoid social and political instability.

53. 'Why protests by China's truck drivers could put the brakes on the economy', *South China Morning Post*, 25 June 2018.

