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Party Watch Annual Report 2020:  
Covid-19 and Chinese Communist  
Party Resilience

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# Covid-19 and the Moving Target of a Moderately Prosperous Society

Heike Holbig

*Contrary to expectations, the economic slowdown caused by Covid-19 did not translate to a reduction in CCP legitimacy, nor did it derail the Party's goal of achieving a "moderately prosperous society" (MPS) by the end of 2020. Rather, the economic slowdown allowed the party leadership to further shift away from economic growth focused on quantitative targets, and toward an emphasis on qualitative measures of holistic socio-economic development. Through analyzing rhetoric and statistics surrounding MPS, this work demonstrates how the CCP used the malleable nature of MPS to maintain its legitimacy.*

The year 2020 was supposed to be triumphant for China as it entered the final stretch of its long journey toward becoming a "moderately prosperous society" (小康社会, hereafter MPS), a milestone set almost four decades ago by Deng Xiaoping. However, the outbreak of Covid-19 in late 2019 triggered a national crisis that involved not only the healthcare system, but also the economy, and the body politic. Among the many unusual events of 2020 was the postponement of the National People's Congress' annual meeting from early March to late May and the decision of the Chinese leadership at that meeting to break with the age-old custom of setting an economic growth target for that year. The drop of growth targets seemed to indicate a rupture in the party-state's performance legitimacy and a challenge to overall regime legitimacy. As one British observer said: "The timing of Covid-19 could not have been worse: with the economy already hitting turbulence, 2020 is the final year for pressing ahead to meet the 'first centennial goal' of becoming 'a moderately well-off society' [...] The legitimacy of the CCP's monopoly of power rests primarily on its continued provision of increasing prosperity. Reduced prosperity is reduced legitimacy."<sup>108</sup>

In the following, I will show that this idea that Covid-19 would lead to a reduction in the CCP's legitimacy is too simple to be true. While Covid-19 did indeed cause a massive economic slowdown, this has not directly translated into a legitimacy crisis for the Chinese party-state. Rather, the pandemic has accelerated a longer-term shift of emphasis in the party regime's legitimacy claims from a quantitative focus on providing economic growth to a qualitative focus on promising a more balanced form of socio-economic development and a better life for all. In fact, recent years have seen a growing tension between the need to meet growth targets and the attempt to shift away from target-oriented performance legitimacy to face the longer-term reality of lower economic growth. While the CCP leadership had previously made efforts to shift away from static targets perceived to set up the CCP to either succeed or fail, regime legitimacy still appeared too enmeshed with these targets to totally abandon them. The Covid-19 crisis sped the transition along by lending plausibility to the idea that other goals may be more important to the party-state's agenda than mere growth targets.

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<sup>108</sup> Charles Parton, "What the National People's Congress tells us about the challenges facing China," June 25, 2020, <https://sinocism.com/p/what-the-national-peoples-congress>.

More generally, this article argues against a mechanistic application of the notion of performance legitimacy. Instead, it proposes to take into account the role of official language and ideology in mediating public perceptions of regime performance. By tracking the history of the concept of an MPS and its underlying quantitative criteria in the Chinese public from the early reform period through the year 2020, it shows how the economic slowdown has been framed in ways conducive to the reproduction of regime legitimacy. The article will conclude with a discussion of potential political implications of the Covid-19 crisis for Xi Jinping's leadership and the legitimacy of party-state rule in China in the longer term.

## The Language Game

The target of building an MPS combines a linguistic and a statistical dimension, both of which are important to understand in order to gauge the maneuvering space that the party-state has in which to adapt the target to ever-changing circumstances. Linguistically, its etymology harkens back to ancient Chinese philosophy. What has remained in the contemporary collective memory is a utopian vision of "Small Tranquility," "Minor Peace," or "Lesser Prosperity,"<sup>109</sup> denoting a second-best, intermediate stage on the progressive road to the ultimate goal of a world of "Great Harmony" or "Great Unity" (大同).<sup>110</sup> According to the Confucian philosopher Kang Youwei, who developed the social utopia of "Great Unity" around the turn of the 20<sup>th</sup> century and thereby helped to shape Maoist ideology, the ideal vision of this intermediate stage implied a strong reliance on political and social institutions to relieve the hardships of the common people.<sup>111</sup>

While Kang's philosophy shaped Mao's ideology, it was Deng Xiaoping who introduced the contemporary concept of an MPS into the modern party-state lexicon and translated it into a planning target of doubling China's national income within a decade in the early reform period (see below).<sup>112</sup> Following Deng's lead, Jiang Zemin and Hu Jintao frequently invoked the concept in official speeches. In his report to the 17th Party Congress in fall 2007, Hu Jintao linked the MPS concept with the new notion of "two centenaries" (两个百年) for the first time. This notion refers to the centenary of the founding of the CCP in summer 1921, to be celebrated on 1 July 2021, and the centenary of the founding of the People's Republic of China in October 1949, to be celebrated on 1 October 2049. While the second centenary was set to see the "complete construction of a rich and strong, democratic, civilized and harmonious modernized socialist country," the envisaged

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<sup>109</sup> The literature offers multiple translations of the terms 小康 and 大同, a discussion of which would exceed the goal and space of this paper.

<sup>110</sup> William Callahan, "Remembering the Future — Utopia, Empire, and Harmony in 21st-Century International Theory," *European Journal of International Relations* 10(4) (2004): 569-601; cf. Albert H.Y. Chen, "The Concept of 'Datong' in Chinese Philosophy as Expression of the Common Good," *University of Hong Kong Faculty of Law Research Paper* No. 2011/020.

<sup>111</sup> Bart Dessein, "Yearning for the Lost Paradise: The 'Great Unity' (datong) and its Philosophical Interpretations," *Asian Studies* V (XXI), 1 (2017), pp. 83-102, here p. 92; Jesús Solé-Farràs, "A Discourse Called China and the PRC's Foreign Policy and Diplomacy," *Journal of Chinese Political Science* 21 (2016): 281-300.

<sup>112</sup> While Huisman gives October 1979 as the date of first mention (Montijn Huisman, "After Covid-19, Can China Still Become 'Moderately Prosperous?'," *The Diplomat*, June 9, 2020), the official Chinese online encyclopedia speaks of March 1984; <https://baike.baidu.com/item/翻两番>.

achievement of an MPS in 2020/21 served as a highly symbolic stepping-stone on China's promising path to a bright future around the middle of the 21<sup>st</sup> century.<sup>113</sup>

When Xi Jinping was promoted to the position of the CCP's new general secretary in November 2012, the MPS target was recast in a more graduated fashion. From the perspective of the new leadership generation under Xi, the 1990s were acknowledged ex-post as the period of "entering into" (进入) an MPS, while the years 2002-2012—the Hu Jintao period—were seen as the period of "comprehensive construction" (全面建设) of an MPS. For Xi Jinping's own term in power, which had originally been set to end in 2022 before party rules were amended to abandon term limits, the task for the remaining years until 2020/21 was defined as "comprehensive completion of the construction" (全面建成) of an MPS.<sup>114</sup> Whether or not this new three-step target of "entering into," "comprehensive construction," and "comprehensive completion of the construction," would be achieved in time was debated against the backdrop of the global economic slowdown that followed the global financial crisis, China's bad loans, stock market fluctuations, aging population and environmental pollution. Notwithstanding the issue of its actual realizability, however, the faster the first centenary was approaching, the more malleable the MPS target became.

## The Numbers Game

At the same time, the goal of achieving an MPS has also been subject to change from a statistical point of view. Under Deng Xiaoping's leadership, the planning target behind the MPS vision was defined as a quadrupling (翻两番)<sup>115</sup> of GDP and per-capita GDP in real terms between 1980 and 2000. China's role as the "factory of the world" during the 1980s and early 1990s led to impressive economic growth rates and allowed China to meet the MPS goals of quadrupling the GDP and per-capita GDP in 1995 and 1997, respectively. Facing a growing wealth gap and increasingly dramatic environmental pollution, Hu Jintao responded with his personal theory of a "Scientific Outlook on Development" (科学发展观), which called for a shift of focus from quantitative economic growth to qualitative, socially and ecologically sustainable development. Nevertheless, the 12<sup>th</sup> Five-Year Plan for 2011-2015, released in late 2010, envisaged an "average annual GDP growth of 7 percent,"<sup>116</sup> thereby invoking Deng Xiaoping's doubling and quadrupling scheme

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<sup>113</sup> Hu Jintao, "Hold High the Great Banner of Socialism with Chinese Characteristics and Strive For New Victories in Building a Moderately Prosperous Society in all Respects," Full text of Hu Jintao's report delivered at the 17th Party Congress on October 15, 2007, *China Daily*, October 24, 2007, English translation via: [https://www.chinadaily.com.cn/china/2007-10/24/content\\_6204564.htm](https://www.chinadaily.com.cn/china/2007-10/24/content_6204564.htm); cf. Wang Zheng (2014), "The Chinese Dream: Concept and Context," *Journal of Chinese Political Science*, 19 (2014), 1-13.

<sup>114</sup> Hu Jintao, "Firmly March on the Path of Socialism with Chinese Characteristics and Strive to Complete the Building of a Moderately Prosperous Society in All Respects" [坚定不移沿着中国特色社会主义道路前进, 为全面建成小康社会而奋斗], Full text of Hu Jintao's report delivered at the 18<sup>th</sup> Party Congress on 08.11.2012," [http://news.xinhuanet.com/18CCPnc/2012-11/17/c\\_113711665.htm](http://news.xinhuanet.com/18CCPnc/2012-11/17/c_113711665.htm); Cf. "Party Journal sorting out the ten main issues repeatedly emphasized by Xi Jinping" [党刊梳理习近平反复强调的十个问题], *People's Tribune*, July 25, 2013, <http://news.sina.com.cn/c/sd/2013-07-25/144427769730.shtml>.

<sup>115</sup> According to Baidu Online Encyclopedia, Deng Xiaoping first used the term in 1984; <https://baike.baidu.com/item/翻两番>.

<sup>116</sup> Cf. "The Outline of the 12th Five-Year Program for National Economic and Social Development of the People's Republic of China," Xinhua, March 16, 2011, [http://www.asifma.org/uploadedFiles/Resources/PRC-12th-FYP\(1\).PDF](http://www.asifma.org/uploadedFiles/Resources/PRC-12th-FYP(1).PDF).

(mathematically, a doubling of GDP within a decade is achieved with an annual growth rate around 7.2 percent).<sup>117</sup> This was a wise thing to do, as the GDP growth rate fell below the 10 percent mark in 2009 in the wake of the global financial crisis. While a massive stimulus package brought the growth rates back to 12 percent in 2010 and slightly above 10 percent in 2011, the numbers declined steadily from quarter to quarter after Xi Jinping's succession as party chief.

In 2014, for the first time in over 20 years, the GDP growth rate faced the prospect of falling below the magic seven percent line. The specter of not reaching the MPS target by 2020 as a result of underperforming during the very last stretch seemed all the more palpable as foreign analysts, who had long been skeptical of China's official statistics, indicated that the country's real growth rate was actually much lower (with estimates ranging between 2.3 and 4 percent) and continued to decline precipitously from its previous heights.<sup>118</sup> In this situation, Xi Jinping coined the concept of a "New Normal" (新常态), which was officially defined in November 2014 as "shifting gear from the previous high speed to a medium-to-high speed growth" (more specifically, shifting GDP growth targets from 6.5 to 6.0 percent), constant upgrading of the economic structure, and innovation-driven development.<sup>119</sup> As this definition suggests, the fixation with nominal growth rates was to be gradually replaced by a focus on socially and environmentally sustainable economic development. Despite the "New Normal" rhetoric, the 13<sup>th</sup> Five-Year Plan for 2016-2020, formulated in late 2015, still outlined a "doubling of China's 2010 GDP and the 2010 per capita income of both urban and rural residents by 2020," adding that "ensuring a 'moderately prosperous society' by 2020 requires medium-high economic growth, higher living standards and a better-quality environment."<sup>120</sup>

In nominal terms, the doubling of China's GDP was achieved at the end of 2017 (from 41 trillion CNY in 2010 to 83 trillion CNY in late 2017), three years ahead of schedule.<sup>121</sup> In light of this, and as an ideological inauguration of Xi Jinping's second term in power, the 19<sup>th</sup> Party Congress in October 2017 consented to a reformulation of the country's "principal contradiction" (主要矛盾) characterizing Chinese society in the New Era of Socialism with Chinese Characteristics. In Sino-Marxist jargon, the CCP had largely solved the problem of "backward social production" that had dominated the reform era. In the "New Era of Socialism with Chinese Characteristics," the principal contradiction was now to be found "between unbalanced and inadequate development and the people's ever-growing needs for a better life," including, in Xi Jinping's words, "demands for democracy, the rule of law, fairness and justice, security, and a better environment."<sup>122</sup>

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<sup>117</sup> This fact was brought home to the public in December 2013; cf. Guo Jinlong, "Rationally dealing with the New Normal in the period of changing gear" [理性对待换挡期新常态], *People's Daily*, December 25, 2013, <http://cpc.people.com.cn/n/2013/1225/c64094-23943370.html>.

<sup>118</sup> Heike Holbig, "Whose New Normal? Framing the Economic Slowdown Under Xi Jinping," *Journal of Chinese Political Science* 23 (2018): 341-363; Fathom Consulting: "China GDP and CMI," 2016 <http://fathom-consulting.com/services/expertise/china-research/>.

<sup>119</sup> "Xi's 'new normal' theory," *Xinhua*, November 10, 2014, [www.en.people.cn/n/2014/1110/c90883-8807112.html](http://www.en.people.cn/n/2014/1110/c90883-8807112.html).

<sup>120</sup> "China unveils proposals for formulating nation's five-year plan," *Xinhua*, November 3, 2015, [https://www.chinadaily.com.cn/china/2015cpcplenarysession/2015-11/03/content\\_22358798.htm](https://www.chinadaily.com.cn/china/2015cpcplenarysession/2015-11/03/content_22358798.htm).

<sup>121</sup> Victor Shi, "From High-Quality Growth to 'Holding the Bottom-Line': The Evolution of Elite Economic Priorities in the CCP since the 19<sup>th</sup> Party Congress," *Party Watch Annual Report 2019*, November 2019, p. 13-15.

<sup>122</sup> Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era" [决胜全面建成小康社会夺取新时

Since then, the promise of a better life for all, with a focus on disposable income per capita of urban and rural residents, has placed a heavy burden on the shoulders of the party-state's economic performance. The year 2019, which had been labelled as “the critical year (关键年) for the comprehensive completion of the construction of MPS and for the realization of the first centenary goal of struggle,” saw the GDP growth rate drop to 6.0 percent in the third quarter, the lowest quarterly figure since recording began in March 1992.<sup>123</sup> Despite an ex-post revision of the 2018 GDP (CNY 91.93 trillion, or USD 13.1 trillion) in the new national census released by the National Statistical Bureau in November 2018, which helped to smooth over the nominal figures, the country was left with a target of achieving at least 6.1 percent of economic growth in 2019 and 2020.<sup>124</sup> Facing this tough challenge, a report published by the Party's Central Commission for Discipline Inspection on 13 January 2020 exhorted party members and especially leading cadres nationwide “to provide staunch assurance for the comprehensive completion of the construction of an MPS” (为全面建成小康社会提供坚强保障). In the document, as elsewhere in official party-state media, the year 2020 was designated “the endgame year (收官之年) for comprehensive completion of the construction of MPS as well as the 13<sup>th</sup> Five-Year Plan.”<sup>125</sup> The party-state leadership finds itself ideologically stuck between an entrenched economic-planning mentality and a drive to deemphasize quantitative economic planning in favor of a more holistic approach to measure quality of life. Furthermore, since the early reform period, the leadership has continuously reframed and adjusted the MPS target in order to recalibrate its rationale for regime legitimacy in a constantly changing environment. Linguistically, the leadership offered various reinterpretations of where the country stood in terms of achieving the target (“enter,” “construct,” “comprehensively construct,” “comprehensively complete the construction”). Statistically, the underlying measurements varied (doubling of GDP, per capita GDP, disposable income of urban and rural residents; in nominal or in real terms). Timewise, there are in fact two milestones to be heeded (end of 2020 as end of the decade and the 13<sup>th</sup> Five-Year Plan, and mid-2021, the centenary of the founding of the CCP). Last but not least, in the official party jargon the focus has shifted over time from purely quantitative economic growth rates to more qualitative understandings of socioeconomic development (based in a sound economic structure, innovation-driven, environmentally sustainable etc.), and promising a better life for all. Hu Jintao's “Scientific Outlook on Development” (2003/04) as well as Xi Jinping's “New Normal” (2014) and the redefinition of the New Era's principal contradiction (2017) are all manifestations of this ongoing shift in the party-state's legitimacy claims, moving away from growth-based to quality-based definitions of the common interest that the CCP claims to represent.

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代中国特色社会主义伟大胜利], Report delivered at the 19th National Congress, October 18, 2017; an English translation of the report is available at [http://news.xinhuanet.com/english/special/2017-11/03/c\\_136725942.htm](http://news.xinhuanet.com/english/special/2017-11/03/c_136725942.htm).

<sup>123</sup> Cissy Zhou, “China could ‘smooth over’ census data to meet growth target, achieve goal of doubling size of economy by 2020,” *South China Morning Post*, November 19, 2020.

<sup>124</sup> Frank Tang, “China revises up 2018 GDP after new census, making it easier to double size of economy in 2020,” *South China Morning Post*, November 22, 2020.

<sup>125</sup> Zhao Leji, “Upholding and perfecting the party-state's supervision system. Providing a staunch assurance for the comprehensive completion of the MPS” [坚持和完善党和国家监督体系 为全面建成小康社会提供坚强保障], Work report delivered to the Fourth Plenary Session of the 19<sup>th</sup> Central Committee's Commission for Discipline Inspection, January 13, 2020; *People's Daily*, February 25, 2020, [http://paper.ce.cn/jjrb/html/2020-02/25/content\\_413110.htm](http://paper.ce.cn/jjrb/html/2020-02/25/content_413110.htm).



## The End Game

Enter Covid-19 and the triple threat to health, economy, and governance. With the benefit of hindsight, we know that the Chinese economy experienced negative growth during the first quarter of 2020 (-6.8 percent) but recovered quickly during the second (+3.2 percent) and third quarter (+4.9 percent, all in real terms). By Fall 2020, international analysts had predicted that China was “likely to be the only large economy in the world that will end the year with positive economic growth,”<sup>126</sup> and estimates for the annual growth rate of real GDP were revised from one percent to around two percent in 2020. The growth rate was predicted to exceed eight percent in 2021.<sup>127</sup>

At the time of the outbreak of a new type of infectious pneumonia in Wuhan in late 2019 and early 2020, the situation looked different. With the Chinese New Year approaching, the party-state leadership appeared torn between granting the country its annual festive season and the economic stimulus that comes with the tourist boom or cancel the national holiday and act as swiftly and resolutely as possible to avoid a repetition of the 2003 “SARS trauma.” Facing this tough political decision and lacking the authorization to actively respond to the epidemic, the initial reactions seemed ruptured and half-hearted. While Chinese researchers were able to identify the full Covid-19 genome by 7 January, another two weeks passed before the party leadership decided to lock down Wuhan and other cities in Hubei Province (after millions had left the city to spend the Spring Festival at home or in tourist spots) and to issue domestic and international travel bans. A new “Central Leadership Group for Epidemic Response Work” (中央应对疫情工作领导小组) was established on 25 January to coordinate disease prevention and control as well as industrial policy and economic stimulus measures across 32 party and government departments.<sup>128</sup>

With this step, the party-state under Xi Jinping had at last entered national crisis mode, a well-rehearsed mode of top-down governance that authorized the party leadership to mobilize all material and ideational resources required to tackle the epidemic and steer the nation out of its critical condition. While Xi Jinping initially had not made any public appearances related to Covid-19 before 20 January, from 27 January onward, he repeatedly stressed that “the people’s interests are the highest priority in the current arduous battle” against the virus. On 7 February, he was reported to have pointed out in a phone call with US President Trump that “China is dedicated to safeguarding the lives and health of not only its own people but also people all over the world.”<sup>129</sup>

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<sup>126</sup> Max J. Zenglein, “MERICS Economic Indicators—China’s economic recovery picks up pace Q3/2020,” October 23, 2020, <https://merics.org/sites/default/files/2020-10/MERICS%20Economic%20indicators%20Q3%202020.pdf>, 2, 4.

<sup>127</sup> Cf. IMF, “World Economic Outlook Update,” June 2020, <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>, 7; IMF “World Economic Outlook: A Long and Difficult Ascent,” October 2020, <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>, 9.

<sup>128</sup> “Standing Committee of the Politburo launches meeting to research the work to prevent and control the new SARS-Cov2 pneumonia” [中共中央政治局常务委员会召开会议 研究新型冠状病毒感染的肺炎疫情防控工作], Xinhua, January 25, 2020, [http://www.xinhuanet.com/politics/2020-01/25/c\\_1125502052.htm](http://www.xinhuanet.com/politics/2020-01/25/c_1125502052.htm); “Li Keqiang chairs and convenes meeting of the Central Leadership Group for Epidemic Response Work” [李克强主持召开中央应对新型冠状病毒感染的肺炎疫情防控工作领导小组会议], Xinhua, January 26, 2020, [http://www.xinhuanet.com/politics/2020-01/26/c\\_1125504004.htm](http://www.xinhuanet.com/politics/2020-01/26/c_1125504004.htm).

<sup>129</sup> “Xi Jinping’s key words on Covid-19: People, response and confidence,” China Global Television Network, February 23, 2020, <https://news.cgtn.com/news/2020-02-23/Xi-Jinping-s-key-words-on-Covid-19-People-response-and-confidence-OgA86QWvNS/index.html>.

As this rhetoric suggests, by highlighting the Party's resolute efforts in “putting people first” and foremost in its arduous fight against Covid-19, the economic outlook was clearly deprioritized. In the face of the unfolding epidemic, this shift of emphasis appeared not only reasonable but fully justified from a moral point of view.

The situation changed again, however, when the infections in Wuhan began to trend downward in late February. Following their quick success in containing the virus, the party leadership had to recalibrate its crisis management to take into view the larger economic picture again. It was Xi Jinping himself who brought up the MPS target in relation to Covid-19 on 23 February when he called for a “holistic approach” (统筹, lit. “to plan as a whole”) to disease control and socioeconomic recovery. In his words, party committees and governments at all levels were expected “to make great efforts to fulfill the important task of securing a decisive victory in comprehensively completing the construction of an MPS and to win the battle of poverty eradication, in order to safeguard the implementation of this year’s economic and social development targets as well as to bring the comprehensive completion of the construction of an MPS and the present five-year plan to a successful endgame.”<sup>130</sup> Three things stand out here: first, the “endgame” metaphor, which was coined in late 2019 to denote the final stage in China’s path to achieve the MPS target, is reemployed, thereby revalidating the original promise; second, disease control and socio-economic development are reconfigured as policies of equal priority, thereby maintaining the moral high ground of putting people’s lives above everything else; and third, poverty alleviation is reemphasized as the most feasible criterion of policy success. In fact, it had been in this field that the party leadership had been most confident in late 2019 to “eliminate poverty completely by 2020.” Among Xi Jinping’s quotes was this: “Lifting all rural residents living below the poverty line out of poverty by 2020 is a solemn promise made by the CCP Central Committee and one that must be fulfilled in time.”<sup>131</sup> While it might appear surprising that the leadership revalidated its “solemn promise” at the height of Covid-19 infections, it reminds us of the self-binding force of the goals set by party ideology even in times of crisis.

## The Game’s Ending

The annual meeting of the National People’s Congress, which is usually held during the first half of March, was postponed for the first time in decades to the second half of May due to the epidemic. During that time, Covid-19 had spread around the globe. In the words of the International Monetary Fund (IMF), the pandemic led to an economic “crisis like no other,” with global growth projected to slow by 4.9 percent in 2020.<sup>132</sup> China experienced not only an economic downturn due to rapidly falling exports (40 percent in the first quarter) but also a political backlash. In March and April, allegations were raised in the United States and other Western countries that the virus

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<sup>130</sup>“Planning the promotion of epidemic response and socioeconomic development as a whole” [统筹推进疫情防控和经济社会发展], *People’s Daily*, February 27, 2020, [http://paper.people.com.cn/rmrb/html/2020-02/27/nw.D110000renmrb\\_20200227\\_1-09.htm](http://paper.people.com.cn/rmrb/html/2020-02/27/nw.D110000renmrb_20200227_1-09.htm); cf. “President Xi Jinping hails positive downward trend of cases, warns of epidemic rebound,” China Global Television Network, February 26, 2020, <https://news.cgtn.com/news/2020-02-26/Xi-chairs-leadership-meeting-on-Covid-19-control-makes-donation-Op0YT0doxG/index.html>.

<sup>131</sup> “Graphics: Ending China’s poverty by 2020”, Xinhua, October 17, 2019, <https://news.cgtn.com/news/2019-10-17/Graphics-Ending-China-s-poverty-by-2020-KREfWKgkIU/index.html>.

<sup>132</sup> IMF World Economic Outlook Update, June 2020, p. 1. <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEUpdateJune2020>.

had originated in a laboratory in Wuhan; that the Chinese government had severely mishandled the crisis and allowed the virus to spread; and that China owed the world financial compensation for the damages caused. In late April and early May, Chinese “wolf-warrior” diplomats and external propaganda outlets launched a counteroffensive to rebut what they labeled as “rumors,” “racist discrimination,” and “frivolous” claims triggered by a “political virus” that had affected the Western world.<sup>133</sup>

In this climate, the Chinese leadership, again for the first time in decades, decided not to set specific growth targets for 2020, thereby abandoning a customary practice of the annual “Two Sessions.” Premier Li Keqiang explained that dropping economic growth targets was due to “some factors that are difficult to predict in its development due to the great uncertainty regarding the Covid-19 pandemic and the world economic and trade environment.”<sup>134</sup> While this decision could be interpreted as a tacit acknowledgement by the senior leadership that the growth target for 2020 might not be met, as some observers did at the time,<sup>135</sup> it can also be viewed as a sign of the leadership’s confidence. Domestically, breaking this entrenched habit signified to cadres at all levels that, in the current crisis, they too were expected to shift priorities from chasing economic growth to focusing on disease prevention and control. Internationally, by not setting growth targets, the leadership avoided the trouble of justifying later revisions; at the same time, the conspicuous absence of numerical targets had a pacifying effect as it implied that China was also a victim of the pandemic.

Another far-reaching, yet much less discussed reformulation of China’s economic model has taken place since the Two Sessions. Xi Jinping called for the “formation of a new development pattern based on domestic circulation, with dual domestic and international circulations complementing each other.”<sup>136</sup> In brief, Xi Jinping’s new development pattern of “dual circulation” (双循环) aims to stimulate domestic and international circulation alongside each other, taking into account the potential of the domestic market as well as external risks. While the focus is on domestic circulation, Chinese economists were quick to comment that this does not mean that China will isolate itself from the rest of the world. Rather, the dual circulation pattern is supposed to create a protective umbrella around China in the event of another global economic slowdown and reduce China’s vulnerability in the case of military confrontation.<sup>137</sup> In other words, while China’s domestic economic prosperity is still an important goal, fending off external risks has become the underlying rationale.

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<sup>133</sup> “State Councilor and Foreign Minister Wang Yi Meets the Press”, PRC Ministry of Foreign Affairs, May 24, 2020, [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1782262.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1782262.shtml).

<sup>134</sup> “Premier Li sets out China’s plan to overcome Covid-19 challenges”, China Global Television Network, May 22, 2020, <https://news.cgtn.com/news/2020-05-22/Premier-Li-sets-out-China-s-plan-to-overcome-Covid-19-challenges-QH803ohFIs/index.html>.

<sup>135</sup> “‘This Is a Price We Must Pay.’ China Ditches a 2020 Growth Target in a Worrying Sign for the Global Economy,” *TIME*, May 22, 2020, <https://time.com/5841314/china-npc-growth-economy-hong-kong-national-security/>.

<sup>136</sup> Viviana Zhu, “China’s Dual Circulation Economy,” *China Trends* No 7, October 2020, <https://www.institutmontaigne.org/en/publications/china-trends-7-shrinking-margins-debate>.

<sup>137</sup> Yu Yongding, “How to achieve the shift from an ‘international circulation’ to a ‘dual circulation’” [怎么样实现从‘国际循环’到‘双循环’的转变], *Aisixiang*, August 22, 2020, <http://www.aisixiang.com/data/122588.htm>.

The most recent major political event took place in late October 2020, when the 19th Central Committee of the CCP held its fifth plenary session. As far as we know from the communique released on 29 October, the party leadership expected China's GDP to surpass 100 trillion yuan (\$14.9 trillion) in 2020 and to fully eradicate poverty, after more than 55 million people in China have been lifted out of poverty in the past five years.<sup>138</sup> Starting from a nominal GDP of CNY 41 trillion in 2010, the target of doubling China's national income appears to have been achieved by a wide margin. The same seems to be true for GDP per capita, which was reportedly CNY 31,000 in 2010 and is predicted as nearing CNY 72,000 in late 2019. In terms of purchasing power, disposable per capita income has been reported to have increased from Int'l\$ 9,304 in 2010 to Int'l\$ 20,273 by late 2019.<sup>139</sup> While these official statistics have been met with skepticism regarding the collection methods and the coherence between national and provincial data, this does not invalidate the political message of achieving the MPS target ahead of schedule—despite the economic losses caused by the Covid-19 crisis.

Based on these previous achievements, the fifth plenary session introduced a framework proposal for the upcoming 14<sup>th</sup> Five-Year Plan for 2021-2025. While it remains to be seen whether the new plan will continue to define numerical growth targets, emphasis was placed on “higher quality, higher efficiency, higher fairness, higher sustainability and higher safety.” At the same time, the party leadership stressed the need for developing long-term strategies to pursue these qualitative goals in a global environment shaped by conflicts, crises and uncertainties. According to the communique released on the last day of the session, the 14<sup>th</sup> Five-Year Plan will “lay out measures to nurture a new [dual circulation] development pattern [...], connect China's two centenary goals and secure a good start in fully building a modern socialist country.” To underline the importance of planning ahead, the plenary session also presented a new midterm economic strategy labeled “Vision 2035” (二〇三五年远景目标) which defines long-range objectives to “basically” realize socialist modernization over the next 15 years.<sup>140</sup> Implementing Xi Jinping's “chrono-ideological” program for the New Era, which he announced in late 2017, the year 2035 is set as halfway mark to 2049/50, when China is slated to become a fully modernized socialist country and a great power standing tall in the East.<sup>141</sup>

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<sup>138</sup> “Communique of the Fifth Plenary Session of the 19<sup>th</sup> CCP Central Committee” [中国共产党第十九届中央委员会第五次全体会议公报], Xinhua, October 29, 2020, [http://www.xinhuanet.com/2020-10/29/c\\_1126674147.htm](http://www.xinhuanet.com/2020-10/29/c_1126674147.htm); the full text of the communique is available via <http://www.chinalawinfo.com/news/NewsFullText.aspx?NewsId=108481&NewsType=0>; for an English summary of the event, see “Challenges, goals and proposals from China's ruling party plenum communique,” China Global Television Network, October 30, 2020, <https://news.cgtn.com/news/2020-10-29/19th-CPC-Central-Committee-concludes-fifth-plenary-session-UZ8ZC4kHhm/index.html>.

<sup>139</sup> “Historical data for China's GDP” [中国GDP历史数据], Baidu, October 23, 2020, <https://wenku.baidu.com/view/24094d9932d4b14e852458fb770bf78a65293a9c.html>; <https://zh.wikipedia.org/wiki/中华人民共和国国内生产总值>; “China's GDP almost 100 trillion CNY in 2019, with a 6.1% growth” [2019年我国GDP近百万亿元, 增长6.1%], PRC State Council General Office, January 18, 2020, [http://www.gov.cn/xinwen/2020-01/18/content\\_5470531.htm](http://www.gov.cn/xinwen/2020-01/18/content_5470531.htm).

<sup>140</sup> All quotes from “Communique of the Fifth Plenary Session of the 19<sup>th</sup> CCP Central Committee” [中国共产党第十九届中央委员会第五次全体会议公报], October 29, 2020, <http://www.chinalawinfo.com/news/NewsFullText.aspx?NewsId=108481&NewsType=0>.

<sup>141</sup> Cf. Heike Holbig, “Xi Jinping and the Art of Chronoideological Engineering,” in Barbara Mittler and Natascha Gentz (eds.), *China and the World, the World and China. Transcultural Perspectives on Modern China*, Vol. 3, 185-200.

## A New Game

As this analysis has demonstrated, while Covid-19 caused a considerable economic slowdown, it was far from triggering a legitimacy crisis for the CCP. To the contrary, the compounded health and economic crisis accelerated a longer-term shift from quantity-based to quality-based formulas of the common interest on which the Party's legitimacy claims are built. This shift started 15 years ago with Hu Jintao's "Scientific Development Concept" in 2004, followed by Xi Jinping's 2014 personal slogan of "New Normal" and the 2017 updating of the principal contradiction in the New Era. Along the same line, the dropping of growth targets in May 2020, Xi Jinping's dual circulation development paradigm proposed in the spring and his new Vision 2035 formulated in fall 2020 can be understood as the most recent efforts made by the Chinese leadership to mark off a corridor for the management of public expectations. From this perspective, the milestone of achieving an MPS will be celebrated on 1 July 2021, the first centenary of the CCP's founding, only to be left behind as a stepping-stone to the second centenary on 1 October 1949. With the same teleological assurance, the Party will head toward China's rise to a "rich and strong [...] Socialist country" and the eventual realization of the Chinese Dream of the Great Rejuvenation of the Chinese Nation. As this paper has shown, the two centenary goals are malleable concepts that have been and will be changed over time to suit the Party's needs, rather than static targets that set the Party up to either succeed or fail.

The prospective victory of the Chinese party-state over the epidemic and its economic consequences comes at a cost, however. The Pew Research Center, which in the past had made frequent headlines with surveys showing high levels of trust in the Chinese party-state, confirmed in October 2020 that the Covid-19 crisis has led to a significant deterioration of China's image abroad. It found that "unfavorable views of China reach historic highs in many countries" due to widespread views of China's poor initial handling of the epidemic but also due to falling confidence in Xi Jinping "doing the right thing regarding world affairs" (with record slumps reported in the United States, Australia and Italy).<sup>142</sup>

The adverse climate abroad appears to resonate with critical voices among Chinese intellectuals at home, who in early 2020 accused Xi Jinping of mishandling the Covid-19 crisis and establishing himself as a lifetime autocrat in the shoes of Mao Zedong. While the national crisis mode with its strict top-down enforcement of central policy directives was designed to tackle Covid-19 as well as silence domestic critics, it is feared that a sustained perception of foreign criticism will lead to a consolidation of this national crisis mode. As the international reputation of China's party regime is faltering, there is a risk that the party leadership will enforce the ongoing trend toward national entrenchment, a previously subdued political instinct that has surfaced in the wake of the pandemic to become an increasingly articulate attitude. Starting as a triumphant year in terms of economic prosperity, 2020 ended as a triumphant year in terms of national zeal.

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<sup>142</sup> The survey included 14 advanced economies, i.e., United States, Canada, Australia, United Kingdom, Germany, France, Italy, Spain, Netherlands, Belgium, Denmark, Sweden, Japan and South Korea. Laura Silver, Kat Devlin and Christine Huang, "Unfavorable Views of China Reach Historic Highs in Many Countries", Pew Research Center, October 6, 2020, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>.

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