

# China's Inconvenient Truth

## Official Triumphalism Conceals Societal Fragmentation

By Elizabeth Economy

Xi Jinping is in a race against time. The glow of China's early economic rebound and containment of COVID-19 is fading. The international media have moved on to celebrate vaccine efficacy and vaccination rates elsewhere, and other economies have started posting solid growth rates. Yet President Xi continues to advance a narrative of Chinese exceptionalism and superiority. "The East is rising and the West is declining," he trumpeted in a speech last year. Senior Chinese officials and analysts have adopted and amplified Xi's message, pointing out the relative decline in Europe's and Japan's shares of the global economy and stressing the United States' racial and political polarization. Former Vice Minister of Foreign Affairs He Yafei has asserted starkly that the United States will "find that its strength increasingly falls short of its ambitions, both domestically and internationally. . . . This is the grand trend of history. . . . The global balance of power and world order will continue to tilt in favor of China, and China's development will become unstoppable."

But behind such triumphalist rhetoric lurks an inconvenient truth: China's own society is fracturing in complex and challenging ways. Discrimination based on gender and ethnicity is rampant, reinforced by increasingly nationalistic and hate-filled online rhetoric. The creative class is at loggerheads with petty bureaucrats. And severe rural-urban inequality persists. These divides prevent the full participation of important sectors of society in China's intellectual and political life and, if left unaddressed, have the potential to sap the country's economic vitality. As Xi seeks to bolster indigenous innovation and domestic consumption, his success depends on the intellectual and economic support of the very constituencies his policies are disenfranchising. And as he promotes the "China model" as worthy of emulation, these same divides dim China's appeal and undermine China's influence. Unless Xi moves quickly to heal the rifts, his Chinese dream of the "great rejuvenation of the Chinese nation" will remain just that.

### BLAMING THE VICTIM

While Chinese officials frequently reference the racial divisiveness that plagues the United States, they are less forthcoming about the growing polarization they have fostered in their own country, across ethnic and geographic lines. They have sought to strip several of the country's autonomous regions—Xinjiang, Tibet, and to a lesser extent Inner Mongolia—of their religious and cultural practices and subjected them (as well as the special administrative region of Hong Kong) to extraordinary levels of surveillance and policing in an effort to maintain political stability. In 2019, China spent \$216 billion on domestic public security, including state security, police, domestic surveillance, and armed civil militia—more than three times government spending a decade earlier and roughly \$26 million more than is designated for the People's Liberation Army.

In Xinjiang, as many as one million Uyghur Muslims are imprisoned in labor and reeducation camps. The province is China's 21st largest by population but ranks third in public security spending. Xinjiang's Uyghurs and other Turkic Muslim groups have long suffered from

various forms of discrimination, such as being barred from hotels or certain jobs outside the region. Only rarely do Chinese experts speak out. As one scholar noted in an interview with the South China Morning Post, “Sometimes our policies were too generous, offering a lot of preferential treatment, but the effects were not good. But then sometimes we were too harsh in our crackdown. So we have not had a good grasp of the policies and the execution was poor.”

**Xi’s tenure has been similarly unkind to women.** Only one woman sits within the top echelon of Chinese Communist Party leadership (which includes the 25 members of the Politburo and its Standing Committee), and women make up only 4.9 percent of the next 204 most powerful members of the Central Committee. Even among the 90-odd million CCP members, women constitute just 27.9 percent.

The World Economic Forum’s Global Gender Gap Report 2021, which assesses gender disparity across a range of economic, political, educational, and health criteria, ranks China 107th out of 144 countries—down from 69th in 2013, Xi’s first full year in power. Women’s participation in the labor force has also dropped precipitously. As a report by the Peterson Institute for International Economics reveals, China’s gender gap in labor force participation increased from 9.4 percent in 1990 to 14.1 percent in 2020, and Chinese women earn approximately 20 percent less than their male colleagues. More than 80 percent of female college graduates report encountering gender discrimination in job searches; jobs not infrequently advertise for men only or require applicants to be married women with children, so their tenure will not be interrupted by pregnancy.

National discourse around such issues is increasingly polarized. Feminist commentary is often met with vitriolic nationalist attacks. The news anchor Bai Ge accused feminists of “infiltrating the country and provoking conflict between the people and the government . . . and push[ing] their anti-China agenda.” In April, the social networking platform Douban closed the accounts of ten feminist groups—some of whose members advocated not getting married, having children, or having relationships with men—for putting forth supposedly extremist ideas. China’s largest messaging platform, Weibo, has also shut down the accounts of feminists, arguing that they were publishing “illegal and harmful information.” Wang Gaofei, the CEO of Weibo, took up the call personally, claiming that feminists were “inciting hatred and gender discrimination.”

Chinese feminists remain unbowed. Several have taken Weibo to court—a few have won back their accounts—and the hashtag “women stick together” earned almost 50 million views when it circulated on Weibo. Earlier this year, a group of women artists created an installation in which they covered a hill with more than 1,000 abusive Internet messages that had been sent to feminists—an “internet violence museum.” But the government’s failure to counter the threatening online behavior is broadly understood as tacit support for the rhetoric. Indeed, as Leta Hong Fincher has noted, women who say they don’t want to get married or have children are viewed as acting against the interests of the Chinese state, which is avidly promoting reproduction in the face of dramatically declining birthrates.

## THE DEPRESSION OF THE CREATIVE CLASS

A similar polarizing dynamic has arisen between China’s bureaucrats and creative class. Xi’s determination to ensure that all thought serve the interests of the CCP constrains the ability of the country’s most creative people, including its scholars and entrepreneurs, to pursue ideas and products that extend beyond narrow CCP strictures. Xi has called on universities to be

“strongholds of the Party’s leadership,” and the Ministry of Education has made clear that “ideological and political performance” are the most important elements of faculty evaluation. The CCP has even encouraged university students to turn in their professors for speech that challenges party orthodoxy; numerous academics have been criticized or fired for publishing “incorrect speech” on issues related to Hong Kong, Japan, and COVID-19. By constraining the range of voices, Beijing limits its ability to make informed decisions.

Some intellectuals have pushed back. The noted economist Chen Wenling, for example, has argued that if China is to become a global ideological and intellectual powerhouse, it needs greater “tolerance, flexibility and freedom for China’s academics.” Jia Qingguo, a Peking University professor (and a member of a senior CCP advisory body), has proposed lifting some of the bureaucratic restrictions on Chinese scholars’ engagement with their foreign counterparts. “The existing management of overseas exchanges has gone beyond a reasonable limit,” Jia argued, noting that it “will affect the quality of experts’ assessment of international issues and policy suggestions.” Most boldly, in two letters to Xi penned at the height of the coronavirus pandemic in March 2020, former CCP Central Committee member Zhao Shilin eloquently criticized the practice of reporting only good news, warning of the destruction of individual “initiative, flexibility, focus, and responsibility” in Chinese society because everything centers on the power at the top.

This same political purification process is underway in China’s technology sector. Xi has cracked down on video game content; criticized tech companies for inadequately censoring illicit material on their platforms; and sought to ensure that the country’s tech leaders do not become independent sources of political influence. A few of China’s most well-known technology industry leaders have openly criticized government intervention and been met with draconian responses. When, in late 2020, Alibaba founder Jack Ma criticized the Chinese bureaucracy for its ham-handed efforts to regulate complex problems and for stifling innovation, the planned initial public offering of his fintech company, Ant Financial, was pulled just days later. Then, in May 2021, Beijing moved against Ma’s university, a competitive business training program for entrepreneurs, removing him as president and pledging to change the curriculum. (According to one report, the CCP was concerned that Ma was creating an exclusive network that might somehow challenge the CCP.) When Wang Xing, CEO of the food delivery service Meituan, shared a Tang dynasty poem pointing out the foolishness of China’s first emperor for attempting to secure his power by burning books and suppressing intellectuals (veiled criticism of Xi, allegedly), Meituan’s stock plummeted. One by one, the country’s foremost technology entrepreneurs—Ma, ByteDance’s Zhang Yiming, Pinduoduo’s Huang Zheng, Tencent’s Pony Ma—have either retreated from leading the companies they founded or removed themselves from the media spotlight.

## TWO CHINAS

Chinese leaders have adopted an air of inevitability around the country’s continued economic rise. China certainly has achieved impressive levels of economic growth over the past four decades, including 16 years of double-digit growth. In February, Xi Jinping declared victory in eliminating absolute poverty (defined as those living on \$28 per month or less). Yet not long before, Premier Li Keqiang had shocked Chinese citizens by revealing that the country had more than 600 million people—40 percent of the population—living on \$140 per month or less. Whatever Xi’s claims, Beijing has been unable to address the persistent inequality that characterizes the country’s socioeconomic landscape: China in fact consists of two Chinas.

The top one percent in China has a greater share of wealth than the bottom 50 percent, and a 2019 Chinese central bank report revealed that among 30,000 urban families surveyed, 20 percent held 63 percent of total assets while the bottom 20 percent owned just 2.6 percent. Across China, the top 20 percent earn 10.2 times what the poorest 20 percent earn. As a result, China's Gini coefficient (a measure of inequality that ranges from zero to one) has reached 0.47, among the highest in the world and far beyond the level that Chinese officials themselves have claimed would be destabilizing.

International Monetary Fund analysis suggests that such inequality stems from educational disparities and continued limits on freedom of movement (as well as technological changes that have increased the wages of more skilled workers). The Stanford economist Scott Rozelle has detailed Beijing's failures to put in place the educational opportunities—in terms of both access and quality—necessary for many in rural China to be able to participate effectively in the country's rapidly emerging technological revolution. The long-term ramifications are significant: high levels of income inequality can limit economic growth and sustainability, weaken investment in health and education, and slow economic reform.

## THE COSTS

The costs of such political and economic disenfranchisement of important sectors of Chinese society may be subtle, but over the long term, they will be profound. By refusing to address the challenges faced by women and denying them the ability to choose their own path, Beijing risks a future of lower GDP, lower birthrates, and greater societal conflict. Persistent income inequality limits the ability of Chinese officials to drive healthy domestic consumption and growth. Demand for ideological loyalty risks driving a prolonged brain drain. A survey of Hong Kongers between the ages of 15 and 30 revealed that 57.5 percent wanted to emigrate if possible; a separate survey of adults in Hong Kong found that 42.3 percent would emigrate. In 2019, more than 50,000 left Hong Kong because of political concerns. And Beijing's ability to attract topflight scientific and other intellectual talent, already limited, will suffer further as foreigners witness the attacks on China's leading entrepreneurs and scholars.

Beijing's polarizing domestic situation also has implications for its relations with other countries. Its regressive treatment of women undermines its soft power and undercuts any notion of a "China model" that many others will be inclined to follow. Its human rights abuses in Xinjiang have led multinationals to seek alternative supply chain sources, and its political repression in Hong Kong has encouraged foreign firms to move their operations to other Asian locations such as Singapore. Canada, the European Union, the United Kingdom, and the United States have all imposed sanctions against individuals deemed directly responsible for such policies and against businesses that rely on forced labor in Xinjiang; the EU has also determined that it will not consider passing the Comprehensive Agreement on Investment with Beijing unless Chinese officials lift countersanctions. And any hope Xi may have had of reprising China's 2008 Olympics triumph at the 2022 Winter Olympics has been dashed by a growing consensus among many countries to at least partially boycott the games.

If Xi does not course correct, his China dream may be on the cusp of becoming his nightmare.

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