The 2007-8 global financial crisis and the waves of mass rebellions in Eastern Europe and the Arab world around that time marked a major turning point in China’s strategies of development and domination. While the drastic shrinkage in foreign demand spelled the end of China’s export-led high growth era, presenting a crisis of accumulation, global popular revolts that toppled or destabilized autocratic regimes raised the spectre of a potential crisis of governance. The Chinese Communist regime responded by two grand projects -- global expansion (officially labelled Going out, Belt and Road Initiative, Made in China 2025, China Dream) and digital authoritarianism (platform economy and rule by high-tech surveillance). This paper analyses the practices of these elite strategies and assesses their effectiveness for maintaining economic growth and political control amidst a “new cold war” and a global pandemic.

The Old Normal of Export-led Growth and Bargained Authoritarianism

The three-decades-long boom in China was synchronized to the neoliberal transformation of the global economy. At the end of Mao’s Cultural Revolution (1966-76), the Chinese leadership was desperate to revive the economy and shore up its crumbling legitimacy. They chose market liberalization because at that time, “freeing the market” was the prevailing strategy of economic reform among both socialist brother countries, such as Hungary and Yugoslavia, and leading capitalist rivals, such as the United States and United Kingdom.¹ Adopting a gradualist as opposed to big bang approach, the leadership first experimented with the creation of coastal “special economic zones,” the first step in China’s integration into the capitalist world economy as a late-coming export manufacturer. In doing so, China joined the “flying geese formation” — the East Asian system of multilayered industrial subcontracting, with varying levels of profitability and sophistication that originally had been organized by Japan as “head goose.” (The latter’s

economic success having been facilitated by American aid and market accessibility, part of Washington’s strategy for containing Communism in Asia.\(^2\)

China’s attractiveness as a manufacturing platform for global capital was due to a combination of cheap labor and the legacies of state socialist modernization. These include a relatively healthy and educated labor force, a developed infrastructure, and an existing industrial base. From the late 1980s, as the US ran large deficits in its balance of trade, a codependent relation with China quickly took shape: China exports what the US consumes, and invests its export revenues in US treasury bonds, thereby providing cheap credit to sustain ever-higher levels of American public and private debt and consumption. This nexus between the export-driven Chinese economy and debt-fueled consumption in the US together provided an important stopgap measure to the global crisis of overcapacity and falling rate of profit. But for China, this seeming bilateral balance also sowed the seeds of a dangerous structural imbalance that would reveal itself in the wake of the 2008 crisis. Compared to other East Asian newly industrialized countries (NICs), China’s unusually high level of reliance on export (33 percent of GDP in 2008, compared to less than 20 percent among the East Asian NICs at the height of their export boom) and its unusually low level of private consumption (below 40 percent of GDP whereas other NICs never dropped below 50 percent) made it exceptionally vulnerable to global economic turbulence.\(^3\)

During the high-growth era, legitimacy of one-party authoritarianism was founded on the one hand regime’s capacity to deliver a sustained economic boom, lifting many out of abject poverty and on the other a strong dose of nationalism systematically cultivated in the education system and the media since the crackdown on Tiananmen in 1989. Social unrest driven by rural tax burdens, land grab, labor rights violation, environmental degradation, property rights and more has always existed and provided top leaders with crucial information and leverage to discipline their local agents. Promoting a so-called “socialist rule of law” and later “constructing a harmonious society,” the regime’s normal strategies of stability maintenance emphasized channelling conflict into its elaborate petition and legal systems, a mass-line approach dishing out material concessions to resolve popular discontents, and a judicious use of force. The state’s response, in other words, was usually modulated to accommodate bargaining, bureaucratic absorption, and patron-clientelism.


\(^{3}\) Ibid, 77-78.
The iron fist was reserved for politically motivated organized dissent or ethnicity-based separatism. In short, export-driven double-digit economic growth has buttressed an implicit bargain between the party-state and society, entailing an exchange of material improvement and economic prosperity for political acquiescence and compliance.

Bracing for the dual crisis of accumulation and legitimation after 2008

When the US mortgage and stock bubbles burst in 2007-2008, China’s old normal of export-dependent prosperity was shaken to the core. When the global credit crunch and the contraction in US and European demand for Chinese goods hit home, the immediate and most visible casualty was the export sector, especially the numerous small subcontractors making up the lowest tiers of the global supply chains. Twenty million jobs were wiped out within a few months and millions of migrant workers were conveniently sent home, falling back on the rural economy for subsistence. Beijing rolled out a massive stimulus package totalling $586 billion (US stimulus package was $787 billion) and stabilized the economy by injecting credits for urban infrastructural and real estate projects by local governments, with a fraction going to buttress income in the countryside. With its major export markets withering, the Chinese government shifted gear to promote domestic consumption by speeding up state-led urbanization and stipulating double-digit annual increases in minimum wages. Premier Wan Jiabao admitted at the 2009 World Economic Forum that “The major challenge we are facing now is overcapacity, which has come at the same time as a sharp decline in external demand. These problems are creating new difficulties for enterprises. The foundations of China’s economic recovery are not stable, not solidified and unbalanced. There are still many uncertainties in the outlook of the global economy.” The government revised downward its target growth rates for the twelfth and thirteen Five Year Plans to 7% and 6.5% respectively, compared to an average 10% during 2003-2010. Plagued by overcapacity in steel and coal and other “zombie” state-owned industries, in 2015 the government announced the massive layoff of 5-6 million workers the following year.

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7 Benjamin Kang Lim, Matthew Miller, and David Stanway, “Exclusive: China to lay off five to six million workers, earmarks at least $23 billion,” *Reuters*, March 1, 2016.
If the 2008 global financial crisis and its economic fallout called for a fundamental restructuring of the Chinese economy, mass rebellions elsewhere were used to justify and ratchet up state-imposed restrictions over potential sources of popular unrest. Since the collapse of the Soviet Union, there has been palpable fear among top Chinese communist leaders about the West’s conspiracy of “peaceful evolution.” Even before Xi Jinping came to power, China’s authoritarian intellectuals and incumbents already construed the Color Revolutions in the Balkans in the early 2000s as a series of contagious and illegitimate political changes, instigated by three major factors: domestic popular grievances, a networked protest movement, and “overt and covert interventions of Western powers, the United States in particular, that lent political and logistical support to the indigenous anti-authoritarian opposition.”

When the Arab Spring protests took place in Tunisia and Egypt, high-level security efforts were put into effect nationwide in cyberspace and on the streets. The Ministry of Public Security urged police to use micro blogs to ‘guide public opinion’ and ‘pay attention to hot topics people are talking about on the Internet’. Even more far-reaching was the creation of the State Internet Information Office, charged with centralising the activities of a dozen government agencies, promoting “healthy development” in Chinese cyberspace, and monitoring and controlling social networking and gaming. An overwhelming show of police force in Beijing and other major cities was deployed to pre-empt/head off rallies that in fact never materialised.

After Xi came to power in late 2012, he launched an ideological campaign among CCP officials to learn from the fall of the Soviet Union. Twenty-two years after the event, it seems the new Chinese leader was still so haunted that he made it mandatory for CCP officials to watch the six-part documentary, "20th Anniversary of the Death of the Soviet Party and State: As the Russians Relate." The film's message was that the Soviet Union didn't fall apart because of the communist system itself, but because of individuals who betrayed it, especially Mikhail Gorbachev. Rhetoric of crisis and enemies was invoked repeatedly to justify political control at home. In early 2019, Xi warned that “in the face of a turbulent international situation, a complex and sensitive environment, and the arduous task of reform ... We must be highly vigilant against ‘black swan’ and ‘grey rhinoceros’ incidents.”

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8 Chen Titus 2010
https://www.wsj.com/articles/SB10001424052702303755504579207070196582560
According to the Chinese press, “black swans” refer to unpredictable events that can derail an economy and “grey rhinoceroses” are known risks that go ignored until too late that. His public security minister Zhao Kezhi echoed that the police must focus on stamping out any mass political movements and must “stress the prevention and resistance of colour revolutions and firmly fight to protect China’s political security.”

The trope of “foreign interferences fomenting political instability” is routinely invoked to explain and justify CCP reactions to incidents of dissent, ranging from the 2008 unrest in Tibet and the 2009 riots in Xinjiang, the 2014 Umbrella Movement and the 2019 anti-extradition protests in Hong Kong. Xi’ ascendance was not the origin of the regime’s hardline turn, even though his personal predilection for centralizing power himself did intensified a tendency of decreasing tolerance for dissent. The media, Internet, universities, human rights lawyers, and feminists have all been subjected to his administration’s tightening grip. The “709 Incident,” in which more than three hundred lawyers and their associates were arrested, detained, or disappeared in a nationwide sweep on July 9, 2015 was emblematic of China’s new political normal.

A collateral of this siege mentality is the promotion of nationalism as a response. Rallying the people around the flag, Xi coins the term “the Chinese Dream,” exhorting Chinese citizens to “integrate national and personal aspirations, with the twin goals of reclaiming national pride and achieving personal well-being.” While previous Chinese leaderships mixed nationalism with an emphasis on international convergence, this current regime fans the exclusionary sentiments of nationalism and cultural uniqueness, denies the validity of “universal values” (such as human rights and democracy) in China, and demonizes foreign influences as politically motivated. He promoted his signature “Belt and Road Initiative” with a heavy dose of nationalism, claiming it as a project of China’s “great national rejuvenation.”

In short, in the aftermath the Wall Street meltdown, the Color Revolutions and the Arab Spring, the CCP regime publicly acknowledged the many imbalances and bottlenecks in

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12 http://usa.chinadaily.com.cn/epaper/2014-03/26/content_17380146.htm
China’s domestic economy and the risk of political instability and foreign infiltration. In response, Chinese leaders augmented ongoing and sometimes locally initiated policies that fall broadly under two grand strategies – going digital and going global. The following discussion traces the impetuses, mechanics and consequences of digital authoritarianism and global expansion. Are they effective in shoring up accumulation and legitimation for the Communist leadership?

**Going Digital: A Growth and Governance Project**

Since the exhaustion of export-led growth, the Chinese government has looked to the platform economy to boost growth, consumption and employment. By restricting the entry of US-based FANG (Facebook, Amazon, Netflix, and Google), China effectively and staunchly protects the domestic market for its own national champions collectively known as the BAIT (Baidu, Alibaba, iQiyi, Tencent). China is now home to the world’s biggest platform economy in terms of revenue and employment. In 2016, when Uber was booking 2 million rides globally everyday, its Chinese counterpart Didi completed 10 million rides everyday in China alone. There are 18 million Didi drivers in China, dwarfing Uber’s 1.5 million worldwide. In 2017, the Chinese e-commerce giant Alibaba’s Singles’ Day (November 11) sales hit a record of $25.3 billion, eclipsing the $1 billion revenue generated by Amazon’s yearly Prime Day promotional event.

Depending on whether one uses a narrow (only information and communication technology sectors, or ICT) or a broad (the ICT sector and parts of the traditional economy integrated with digital technology) definition, China’s digital economy accounts for 6% (compared to 10% in South Korea or 7% in the US) or 33% (compared to 59 % in the US and 46% in Japan) of GDP respectively. However, in some key digital industries, China is now the world leader (e.g. e-commerce accounting for 40% of global transactions and fintech accounting for 70% of global valuations). Heavy government investment in digital infrastructure and light regulation are the main reasons for the speedy take off of the digital economy.13

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The Chinese platform economy is part and parcel of what is called “surveillance capitalism.”\textsuperscript{14} What makes China stands out is its capacity to “leap-frog” in sectors such as e-commerce integration. For instance, WeChat’s livestream platform includes integrated-commerce built into the app itself. It is as if a Facebook live feed from your favorite celebrity discussing some product they love had an e-commerce shopping cart right next to the video. “Livestreamers launch online stores through Alibaba’s Taobao and T-mall e-commerce platforms… where fans can purchase snacks, keyboards, and other products with a percentage of the purchase going to the livestreamer. In addition to promoting other brands and products, livestreamers launch and produce their own.”\textsuperscript{15} Online merchants in the US offer product suggestions on the basis of a consumer’s searches or buying history. Marketplaces such as Alibaba’s Taobao in China use such data as well, but they also capture other types, such as social interaction and location data, and employ analytics, artificial intelligence, and personalization. The result is a curated shopping experience achieved by few—if any—companies in the US or Europe. Everything consumers see on their screen is customized and updated in real time. China’s integrated digital platforms enable this content-led discovery. Even though many of the engaging online channels are not overtly related to shopping, if Chinese consumers see something they like, they can buy it immediately through embedded purchase links. As a result, the path from discovery to purchase is seamless.\textsuperscript{16}

Besides generating a new growth sector in e-commerce, the government talked up job creation and “mass entrepreneurship” potential of Internet-based businesses (called “Internet +” in China). To replace a culture of employment with a culture of entrepreneurship, Premier Li announced in his 2015 Government Work Report that “innovative entrepreneurship” is the “new economic normal” for Chinese citizens.\textsuperscript{17} From 2014 to 2015, three-and-a-half million new private business entities were formed, and 90 percent were micro-enterprises in information, software, entertainment, and services.\textsuperscript{18} In 2015, of the estimated 10 million involved in e-commerce giant Alibaba, 80 percent are self-

\textsuperscript{14} According to Shoshanna Zuboff, at its heart, this economy “unilaterally claims human experience as free raw material for translation into behavioural data. Although some of these data are applied to service improvement, the rest are declared as a proprietary \textit{behavioural surplus}, fed into advanced manufacturing processes known as ‘machine intelligence’, and fabricated into \textit{prediction products} that anticipate what you will do now, soon, and later.”

\textsuperscript{15} Ibid, 728


\textsuperscript{17} http://news.youth.cn/gn/201503/t20150308_6312529.htm

\textsuperscript{18} Rungain Think Tank of Entrepreneurship, “2015 Report on China’s Innovative Entrepreneurship.”
employed. By 2016, an estimated 60 million people earn an income in one way or another in China’s sharing economy, including 18.5 million on-demand drivers, 10 million e-commerce shopkeepers, 2 million couriers and 10 million on-demand nannies and maids. Almost all of them work without labor contract, outside the purview of the labor laws. The rank of these “cybertariats” (Huws 2015) has grown further as the COVID-19 pandemic halted conventional economic transactions, but left the virtual market open for business. A reported 3.5 million commercial livestreamers, or internet celebrities, are making a living in a $10billion strong industry by beauty vlogging, gameplaying, singing, dancing, advertising products, or simply airing their daily lives.19

If surveillance capitalism is a kind of soft authoritarianism in liberal democratic US and Europe, as Zuboff suggests, in China the surveillance economy has become hardwired into the technological infrastructure of Communist authoritarianism. Notwithstanding a “surveillance industrial complex” in Europe and the US, as Ben Hayes has argued,20 the integration and complicities between big tech and big brother is even tighter in China. There, digital conglomerates are entangled with the Party-state financially (state-owned entities are shareholders of these companies which also helped infused capital in ailing state businesses), organizationally (CCP branches are a must in high-tech firms), and legally (corporations are required to share big data with the state and participate in government causes from poverty alleviation to the Belt and Road Initiative). In addition, the Ministry of Industry and Information Technology, the National Development and Reform Committee, and the Ministry of Finance have provided subsidies to companies working on cloud technology, including Baidu. Beijing wants them to be able to provide the cloud infrastructure and artificial intelligence capacity needed for specific government initiatives, including smart cities, AI-powered medical care, autonomous automobiles, digital ID cards with facial recognition, banking, and border crossing functions.21

China is widely regarded as a world leader in AI-powered surveillance technology, thanks to its large population and an expansive surveillance camera system providing massive data for machine learning, avid demands by local and central governments, and lax legal and social constraints on data collection. Hailing the industry as foundational to maintaining

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social stability, the State Council announced in 2017 a plan to invest $150 billion in the sector to achieve global leadership by 2030.\textsuperscript{22} A 2021 report by the US National Security Commission on Artificial Intelligence issued a national emergency warning that China would surpass the US to become the AI superpower within a decade.\textsuperscript{23} The primary example illustrating how digital technology has revolutionized the Chinese surveillance state is the social credit system. Again, China is part of a global trend toward data-driven algorithmic governance and risk assessment that has long developed in both the global north (e.g. individual credit scores) and south (e.g. microcredits). Credit rating in all its forms allows financial institutions to peer into their customers’ souls and accomplish a civilizing mission to create rational modern citizens with appropriate behavior. Specifically, China’s social credit system is a vast set of databases and initiatives that monitor and assess the trustworthiness of individuals, companies and government entities. Each entry is given a social credit score, with reward for those who have a high rating and punishments for those with low scores. The hundreds of databases — covering biometric data, DNA, shopping and traveling habits, social media, video surveillance footage, family and medical history and behaviour in public — from government and commercial sources are integrated and analysed by AI, and are managed by China’s economic planner, the National Development and Reform Commission (NDRC), the People’s Bank of China (PBOC) and the country’s court system. The State Council first outlined the plan in 2014 covering individuals, businesses, social interactions and judicial administration, with the system expected to be rolled out by the end of 2020. The official intention is to strengthen confidence in the government by improving its efficiency through big data; to crack down on companies that cheat and sell unsafe goods; and to “encourage keeping trust and punish breaking trust…throughout the entire society”. Social credit, it concluded, would be “an important basis for…building a harmonious socialist society.”\textsuperscript{24}

According to data from the PBOC, the nation’s central bank, the social credit system already covered 1.02 billion individuals and 28.34 million companies and organisations by the end of 2019. Many of these had already been rated, and some had even been blacklisted.

\textsuperscript{22} Xiao Qiang, “The Road to Digital Unfreedom: President Xi’s Surveillance State” \textit{Journal of Democracy}, 30(1) 2019, pp. 53-67

\textsuperscript{23} https://www.forbes.com/sites/jonathanponciano/2021/03/07/google-billionaire-eric-schmidt-warns-of-national-emergency-if-china-overtakes-us-in-ai-tech/?sh=ba49f09199fa

\textsuperscript{24} The Economist Dec 17 2016 https://www.economist.com/briefing/2016/12/17/china-invents-the-digital-totalitarian-state
The NDRC said in July 2019 that 2.56 million people had been restricted from taking flights, 90,000 people had been prevented from using high-speed rail services and 300,000 people had been deemed untrustworthy by Chinese courts.25

Xinjiang has emerged as the “frontline laboratory” for digitized social control in China and the world’s “largest open air digital prison.” It is a restive ethnic minority region in northwestern China with a mostly Turkish speaking Uyghur (Muslims) population. Beijing had stepped up its security strategy in the aftermath of a 2009 rebellion and later several violent attacks in Beijing and Kunming. But CCP’s shifting perceptions of threat from Uyghur participation in jihadist organization abroad during 2014-16 led to an inflection point in the regime’s domestic security strategy in Xinjiang in early 2017. The Uyghurs majority in southern Xinjiang are now labelled the main battlefield in China’s fight against the three evil forces of terrorism, extremism and splittism.”26 Adopting the global discourses of “counter-terrorism” and the US “war on terror,” the new model of “preventive repression” is based on two elements: (1) surveillance-intensive, intelligence-based policing to pre-empt citizens’ capacity to rebel, and (2) detention-based re-education targeting citizens’ thinking, ensuring “comprehensive stability.”27

In what Chinese officials describes as social governance based on “complete coverage without any chinks,” “no blind spots and no blank spaces,” the surveillance state in Xinjiang is less a centralized panopticon than a rhizome of interconnected but subterranean roots embedded in different bureaucratic organs and practices at different spatial and temporal scales but feeding the growth of a single organism.28 At the most basic level is the carving up of neighborhoods into “grids” as small as 100 square meters overseen by a grid captain and a host of security officials. In Urumqi, the city’s 875 communities are divided into 6281 grids with a 41,000 community information officers. These human intelligence collectors are augmented with smart and black technologies – high definition cameras in mosques, traffic intersections and villages. Train stations now have fully automated face recognition and authentication entrance gates which are also installed in roadside checkpoints, petrol stations, university campuses, workplaces, hospitals, even residential compounds. Xinjiang

28 James Leibold, op.cit, 49.
police has also systematically collected biometric data of all residents: 3D portraits, voiceprints, fingerprints and DNA markers through a program of “universal health check,” all to be integrated with data from CCTV cameras, WiFi sniffers, drones, GPS trackers, etc. As if these are not adequate, each resident is required to install in her smart phone an surveillance app called “Cleannet Bodyguard” which automatically detect terrorist and illegal religious videos, images, e-books and electronic documents. All these are worth an estimated $1.3 billion business a year for the surveillance industry. In the name of aiding residents in southern Xinjiang, cadres are sent to “enter the households for interviews” to ask questions and check things such as knives and chemicals, posters, maps and religious books, and to “find a partner and become kin” to do inter-ethnic mingling. Residents are sorted for “control” “management” “entitlement” “punishment” and “protection.” People with objectionable traits are called “special groups” singled out for extra surveillance, many have been sent to mass internment facilities euphemistically called “vocational training centers since 2017.”

Again, mass detention camp is not a Chinese invention and has a long notorious global history. Nor is China the only country investing in producing and marketing surveillance technology. As a matter of fact, leading international academic institutions, including the Massachusetts Institute of Technology, Yale, Michigan State University’s Biometrics Research Group, the University of Technology Sydney all have lucrative partnership with Chinese state-owned military companies to develop their AI, biometric, and DNA tracking capabilities. Still, the Chinese model of digital authoritarianism seems to have gone furthest in real life application, and has become one of the leading exporters of surveillance assemblages to the global market. One study documents sales of various types of Chinese surveillance and internet censorship equipment to 73 countries ranging from autocracies to semi authoritarian to democratic systems across five continents. Huawei, HikVision, Yitu, Sensetime, Dahua and ZTE are just the more known of a large number of Chinese companies in this business that have design and manufacturing capacity. Also, Beijing views

29 James Leibold, op.cit
30 Ivan Francishini and Nicholas Loubere, “What About Whataboutism?” https://madeinchinajournal.com/2020/07/07/what-about-whataboutism/ concentration camps by the Spanish in Cuba in the late 1890s, expanded by the British in South Africa during the Boer War, the Soviet Gulags and the Nazi lagers, before lapsing into the more familiar forms of ‘black’ detention sites that became common in Latin America in the 1970s. concentration camps in British-ruled Malaysia and Kenya in the 1950s, US-run Guantanamo Bay and mass internment of undocumented immigrants.
31 Ibid.
the export of surveillance technology as part of its Belt and Road Initiative for revenues and data but also strategic leverage vis à vis the West.\textsuperscript{32}

Is digital China delivering economic growth and social stability?

The digital economy, with its sustained high-speed growth, has become pivotal in countering economic downward pressure for China. From 2014 to 2019, the contribution to GDP growth rate from digital economy was kept above 50 percent, reaching 67.7 percent in 2019.\textsuperscript{33} The economic value added of China's digital economy totalled 35.8 trillion yuan ($5.11 trillion) in 2019, accounting for 36.2 percent of gross domestic product according to the White Paper on the Development of China's Digital Economy (2020). Despite such rosy official report card, the digitalized economy does have a generic tendency to polarize the labor market. Mid-skilled jobs, i.e. routine tasks following a precise set of procedures, are easily automated by ICT and are most vulnerable to such hollowing out of the middle, while there may be rising wages and employment for high and low skill labor. Same with firms. While the digital economy has lowered the entry barriers for small players in consumer goods and services, it has also produced oligopoly in platforms or superplatforms such as Alibaba and Tencent.\textsuperscript{34} Five years after urging his people to take up entrepreneurship through the platform economy, premier Li Keqiang reminded the country of the stark reality of grotesque inequality -- some 600 million Chinese, or 43 percent of the population, earn a monthly income of only about $140. He called on the jobless in the digital economy to build a “stall economy” (street vending).\textsuperscript{35}

Is digital surveillance contributing to governance? A big data analysis of about 136,000 protest events between 2010 and 2017 finds that since China’s leadership transition in 2013, from Hu Jintao to Xi Jinping, the state’s enhanced capacity in information gathering and mass surveillance has enabled a “preventive” social management system that dissolves collective action while it is still at mobilization stage. The number of protest events declined

\textsuperscript{33} Sun Chi, “Digital economy driving force in China's growth” \textit{China Daily} July 9 2020. \url{http://www.chinadaily.com.cn/a/202007/09/WS5f069006a31083481725851e.html} 
\textsuperscript{34} Zhang and Chen 2019 op.cit. 
from about 900 a month in mid-2013 to about 600 a month by 2017, the number of participants per event has also been decreasing; protesters have been less likely to use disruptive and violent tactics; and the targets of social protests are less likely to be the state. And these changes were achieved not by sending more police to the scene of protest. Police forces were present only in 1/3 of these events.36

Qualitative studies show how the state uses big data. First Beijing demanded integrating islands of data collection by different levels and departments of the government. In 2014, Shanghai produced a new policy requiring streets, townships, residential communities, and villages to establish comprehensive information platforms for big-data analysis and called for dissolution of ‘information islands.’ In 2017 the CCP directed local governments to establish comprehensive information platforms that would integrate information provision and grassroots self-governance with community grid management. Second, with big data collection and integration, the state can now leverage a new temporal advantage to initiate the basic methods of bargaining, cooptation and bureaucratization to achieve prevention of protests, and to do so with greater precision. A case study of one district of 2 million residents in a Chinese city reveals that local officials use information from the data platform not simply to identify “troublemakers” but as a decision-making algorithm to decide what approach is most likely to demobilize them and prevent their grievances from causing social disorder. For example, local officials can identify “someone planning to petition and pull together information on their employment situation, housing, family needs, and welfare history to assess whether this person might be amenable to exchanging augmented welfare benefits – or a straightforward payment – for an agreement to desist from petitioning… data integration can be used to target specific individuals for preventive detention and outright repression; it is especially useful in time-sensitive situations or when an individual’s data shows that past attempts to demobilize them in other ways have failed.”37

The combination of old-fashioned, labor-intensive, hierarchal grid management with big data platform integration and algorithmic management lends the Chinese state unparalleled infrastructural power for surveillance which it put to effective use during the outbreak of COVID-19. In 2020 in Hubei (pop. 59million) where Wuhan is located, officials mobilized 170,000 grid workers to collect data on residents and enforce the provincial lockdown. Grid

37 Chen and Greitens 202, p. 18
patrolmen reported quarantine violations, tallied mask supplies in community pharmacies, identified suspected infections, traced newcomers to blocked-off neighborhoods, and supervised food distribution for quarantined residents. The grid management system gathered and integrated information for timely pandemic response in the district, allowing the grids to serve as the "roots of the state."\(^{38}\)

Notwithstanding its seeming invincibility, digital authoritarianism or a "perfect dictatorship,"\(^{39}\) is not immune from elite conflicts and grassroots discontents. The fall out between Chinese President Xi and Jack Ma, China's richest man and leading platform entrepreneur played out on a world stage in 2020 and highlighted the uneasy and potentially fraught relationship between big tech and big power. Xi personally made the decision to halt the initial public offering of Ant Group, which would have been the world's biggest, after controlling shareholder Jack Ma infuriated government leaders by criticizing financial regulators for holding back technology development. His e-commerce giant Alibaba has been the world's leader and China's pride significantly due to the state's deliberately lax regulation. Yet, Xi's toleration seems to have hit a limit when Ma's Ant Group which now owns a mobile payments and lifestyle app, called Alipay, has disrupted China's financial system. Alipay is used by roughly 70% of China's population, has made loans to more than 20 million small businesses and close to half a billion individuals, long ignored by tradition banks, and operates the country's largest mutual fund and sells scores of other financial products. The *Financial Times* notes, "As a billionaire and a member of the Communist party himself, Ma personifies the contradiction inherent in China's governing ideology. His career until late last year was one of the deftest examples of entrepreneurial survival in a "market Leninist" system that stamps out alternative sources of power or authority. As in Vladimir Putin's Russia, Chinese oligarchs are dealt with quickly and ruthlessly at the first sign they are not slavishly loyal."\(^{40}\) Another important reason for Xi's crackdown is factional politics. A *Wall Street Journal* investigation reveals that Ant's shareholders include Boyu Capital, a private-equity fund whose partners include Alvin Jiang, the grandson of former Chinese leader Jiang Zemin and Xi's arch rival in the Chinese Communist Party.\(^{41}\)

\(^{38}\) Chen and Greitens 2021


\(^{40}\) Jamil Anderlini, “Jack Ma personifies the contradiction of China's ideology” FT March 1, 2021 https://www.ft.com/content/fa9ed13c-25a8-4a9d-900d-58333e35e8c1?emailId=603d11ef75ef00046320a08segmentId=7d033110-c776-45bf-e9f2-7c3a03d2dd26

\(^{41}\) "China's President Xi Jinping Personally Scuttled Jack Ma’s Ant IPO" WSJ online 12 Nov 2020.
Elite fracture aside, platform capitalism generates its own labor discontent. Tech workers have launched an online movement called “touching fish” to promote a slow down work culture. Pushing back against the pervasive “996” work culture – a reference to working 9am to 9pm, six days a week at a minimum – “touching fish” is a play on a Chinese proverb, meaning “muddy waters make it easy to catch fish.” It promotes a lazy work philosophy taking advantage of the COVID-19 crisis that has distracted management attention from supervising employees. Gladiatorial competitiveness in the workplace coupled with extremely long working hours compelled Chinese software developers to launch a campaign called “996 ICU” to raise international awareness of their working conditions. Over the past two years, 996 ICU has crowdsourced allegations of mistreatment from employees at more than 200 Chinese companies now ridiculed as “big factories” or “fortified cities.” Also, delivery workers in China, just like their counterparts in the UK and the US, have pulled off strikes, averaging several dozens a year, due to wage arrears and non-payment, as the industry becomes more competitive and store closures frequent. Although the amount of wages owed is often relatively small - one or two month’s pay in most cases - the lack of formal employment contracts has made it very difficult for workers to claim the back pay they are owed.

**Going Global: Exporting Overcapacity and Exalting Nationalism**

Predating the 2008 global crisis, the two-decade long march of global China (i.e. outward flows of investment, loans, infrastructure, migrants, media, cultural programs and civil society engagement from China) has been given various labels, from “Going Out,” officially announced in the year 2000, to the more recent “Belt and Road Initiative” and “Made in China 2025” launched in 2013 and 2015 respectively. The main impetus for going global is to overcome bottlenecks such as overcapacity and falling profits in domestic economic development. Political economists of China have identified the systemic sources of overcapacity: local protectionism, fragmentation of industries, low input prices, weak enforcement of central government regulations, and a fiscal and cadre promotion system that encourages growth over profit. “Anarchic competition among localities result(s) in

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43 Yuan Yang, “Obedience and Fear: Brutal Working Conditions behind China’s Tech Boom,” FT June 10, 2021. https://www.ft.com/content/37e9e0c6-952e-4fcf-9318-786ebd5e3a3d
44 https://clb.org.hk/content/express-delivery-workers-protest-wage-arrears-singles-day-approaches
uncoordinated construction of redundant productive capacity and infrastructure.” The problem was exacerbated by the 2008 global financial crisis, when the Chinese government rolled out a massive stimulus package that fueled even more debt-financed expansion of production capacity. Average industrial capacity during 2001-2011 averaged merely 69.3%, compared to 76.5% in the US, 83.4% in Germany and 81.5% in Brazil. At the Central Economic Work Conference in late 2012 right before BRI was announced and where all the top national and provincial leaders attended, economic slowdown, growing surplus capacity and unbalanced development were regarded as the top domestic challenges for China. A European Chamber of Commerce in China report also confirms a precipitous decline between 2008 and 2014 in utilization rates of major industrial products including steel, aluminium, cement, chemicals, refining, flat glass, shipbuilding and paper.

Overcapacity implies falling profit and can lead to non-performing loans, drain resources for technological upgrading, and heighten trade tensions with other countries. Chinese officials have been upfront about the need to export excess capacity to other developing countries through the Belt and Road Initiative, framing it as a win-win solution. Beyond overcapacity, going global also helps the government and businesses to expand the markets for Chinese goods and services, move up the value chain, and compete with other countries to set global norms and standards in technology (e.g. 5G), international law (e.g. Seabed Laws), trade (e.g. e-commerce) and financing of infrastructure (e.g. Asian Infrastructure Investment Bank).

Going global resolves more than a potential crisis of overaccumulation. Legitimation and governance of Communist rule are at stake as well. A successful global China can boost both growth, the basis of “performance legitimacy” and nationalism, the other legitimation strategy for buttressing Communist rule. Exalting the country to pursue “the Chinese dream of great national rejuvenation,” Xi Jinping made a feverish pitch for his signature Belt and Road Initiative in 2013. He told the country that the Chinese leadership strives to

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45 Hung 2008
transform China into an economically, diplomatically, politically, socially, culturally, and militarily strong country (qiangguo): “Such a holistic approach calls for a focus on both internal and external security. Internally, it is essential to promote development, continue reform, maintain stability, and create a safe environment. Externally, we should promote international peace, seek cooperation and mutual benefit, and strive to bring harmony to the world.”

Similar to leaders in other BRICS countries, Xi appeals to nationalism and projects himself and his party as the guardian of national interests at a time of global volatility, calling for more concentration of power. In addition to the official refrain about the “hundred years of national humiliation” inflicted by the West on China, Xi warned that “To achieve great dreams, there must be great struggles.” In the name of an all inclusive range of “national security” responsibilities, he consolidated his power by creating the most centralized power structure within the Party-state since Mao’s times, setting up the National Security Commission in 2014 and dismantling the collective leadership system Deng Xiaoping put in place. If Xi’s reign is marked by a more aggressive push for global China (sometimes referred to as “wolf warrior” diplomacy named after a popular nationalistic Chinese film Wolf Warrior) coupled with more repressive control over domestic civil society than that by his predecessors, the reasons have to do with the mounting political economic pressures the regime perceives or projects in the post-2008 world, and not just his authoritarian personality and outsized political ambition.

How does China go global? The playbook of global China entails three major mechanisms all of which bears strong resemblance to the ones the Chinese Communist Party has used at home since 1949. They are: economic statecraft, patron clientelism and symbolic domination. Let’s begin with the Chinese mode of economic statecraft, i.e. the use of economic means (e.g. state-owned enterprises, foreign direct investment, acquisition and mergers, loans for infrastructure) to pursue political goals.49

**Economic Statecraft**

Just as the Forums on China-Africa Cooperation provided a world stage for China to make lavish financial pledges for the “going out” campaign during the 2000s, the BRI has become

49 Baldwin 1985
the signature brand epitomizing Chinese economic statecraft under Xi. Announced in 2013, the BRI will make available US$1 trillion worth of loans and investment for building two clusters of nations along two economic belts, i.e., namely, the land-based economic corridor along the old Silk Road connecting western China through Central Asia, the Middle East, Eastern, Southern, and Western Europe, and the maritime economic belt connecting southeast coastal China with Southeast Asia, South Asia, the Gulf states, East Africa and Europe. All together BRI entails 6 intercontinental land corridors and 3 interoceanic corridors (see figure 1). In the first five years of the launch of the BRI, more than 100 countries and international organizations inked pacts to foster cooperation with China over the BRI, China’s trade with nations along the Belt and the Road surpassed US$5 trillion, and China’s foreign direct investment in non-financial sectors in these countries totaled US$80 billion.50

Figure 1: Source: https://www.rferl.org/a/russia-china-one-belt-one-road-project-putin-xi/28579849.html

The Chinese leadership envisions infrastructure as only one component of the BRI which comprises “five connectivities” or “five links”: policy coordination, infrastructure building, unimpeded trade, financial integration, and people-to-people exchanges. Taken together, these five links reflect the Chinese leadership’s vision for a region more deeply integrated around China, forming a Sinocentric order. The ultimate objective of BRI is not only to

enhance infrastructure connectivity across Eurasia but to “move toward a community of common destiny and embrace a new future.”

BRI dovetails with going digital and the Made in China 2025 plan (launched in May 2015), which aims to upgrade ten high-tech industries, five of which are directly related to BRI’s development (aviation and aerospace, electrical power, next-generation information technologies, rail transportation, and marine technology). A document issued in March 2017 on China’s “International Strategy of Cooperation on Cyberspace” officially calls on domestic internet companies to “take the lead in going global” and specifically mentions BRI when encouraging Chinese IT companies to “actively engage in capacity building of other countries and help developing countries with several e-sectors to contribute to their social development.”

The international scope of Chinese economic statecraft triggers global concern about China’s imperial aspirations. Yet, the centrality of SOEs and loans for infrastructure are time tested tools for China’s own domestic development. Under both the planned and market economies, SOEs, profitable or not, have been tasked with employment creation, stability maintenance, political and population control, technology transfers and upgrading, even defense. Now their missions in going global have expanded to include industrial upgrading, increase in exports, financial return, political influence, and resource security.

Rolland 2019
Lee 2017; Zhang 2020
Similarly, using loans for fixed asset investment deemed necessary for “regional
development” and for what political geographers call “territorial state making” is nothing
new. There are many uncanny parallels in state discourse and practice between “going out”
and “going west.” The latter refers to the campaign to “open the great western region,”
where the Chinese government uses large scale infrastructure projects as a spatial fix for
Chinese capital flow and consolidation of state power, masking fiscal transfers to SOEs as
development aid, and trumpeting a “win-win” discourse of “mutual benefits.” Most tellingly,
“since 2013, a number of infrastructural projects built under the name of Going West, such
as the Qinghai-Tibet Railway, are now being extended beyond China’s borders under the
label of the One Belt One Road Initiative, bringing together China’s westward and outward
strategies.”

*Patron-clientelism*

Besides using economic resources to realize power and influence, the Communist regime has
tactfully leveraged social relations with people and communities to create patron-
clientelism: long term unequal relations of exchanging material rewards for political
support. As with economic statecraft, patron-clientelism has an entrenched presence in
state-society relation in rural and urban China, from the pre-PRC to the current eras. After
1949, the CCP’s control and selective distribution of economic, social and political resources
have allowed it to forge unequal relations of dependence, loyalty and support with citizens
and cadres alike. In going global, the regime expands and exports patron clientelism to
cultivate dependence and loyalty among foreign nationals, political elites and overseas
Chinese. Chinese foreign assistance projects are tools for building such political patronage
relations with African elites. A large scale study on 1650 Chinese development projects
across 2969 physical locations on the continent from 2000 to 2012 found that political
leaders' birth regions receive substantially larger financial flows from China in the years
when they hold power compared to what the same region receives at other times. These
biases are a consequence of electoral competition: Chinese aid disproportionately benefits
politically privileged regions in country-years when incumbents face upcoming elections
and when electoral competition is intense.

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53 Yeh & Wharton, 2016, 291.
54 Walder 1987; Oi 1989; Lee and Zhang 2013
55 Dreher et al., 2019
Financial incentives, funding supports, business opportunities are used to entice pro-China behavior among overseas clans associations, native place associations, Chinese business associations, friendship associations, and councils for peaceful reunification of China, and the like. The Chinese embassies, via their control over their passport status and life chances of family members back home, can demand compliance of Chinese students and scholars abroad, eliciting their assistance in collecting information of foreign countries. Economic incentives often come packaged with heavy doses of nationalistic rhetoric.\(^{56}\) As China pursues global expansion, the regime revamps its “united front” apparatus, an elaborate machine within the party-state dating back to the 1930s. Its nine bureaus cover almost all of the areas in which the Communist party perceives threats to its power. The third bureau, for instance, is responsible for work in Hong Kong, Macau, Taiwan and among about 60m overseas Chinese in more than 180 countries. The second bureau handles religion. The seventh and ninth are responsible respectively for Tibet and Xinjiang — two restive frontier areas that are home to Tibetan and Uighur minority nationalities. Under Xi Jinping, a leading group has been formed for united front work now with direct command from the Politburo. Its training manual introduces a range of methods on how officials can use this “magic weapon”, from the emotional, stressing “flesh and blood” ties to the motherland to the ideological focusing on a common participation in the “great rejuvenation of the Chinese people,” and most importantly material, providing funding or other resources to selected overseas Chinese groups and individuals deemed valuable to Beijing’s cause.\(^{57}\)

**Symbolic Domination**

A third form of power mechanism in Beijing’s pursuit of global China is what Pierre Bourdieu terms symbolic domination. It refers to the production and reproduction of power through symbolic forms (e.g. art, religion, language, media) due to their ability to construct, name and classify realities, making certain things thinkable, even natural. Mobilizing cultural goods and practices get at people’s disposition, feelings and common sense (or doxa), and has a magical quality as it is almost invisible.\(^{58}\) As with economic statecraft and patron-clientelism, symbolic domination has long been a Communist power strategy in governing the Chinese mainland and is now being exported abroad. Tight control over

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https://www.ft.com/content/fb2b3934-b004-11e7-beba-5621c713abf4  
\(^{58}\) Bourdieu, 1991; Bourdieu, and Wacquant, 1992
religion, school curricula, media and the publishing industry has remained a primary means
to “unify thoughts,” quell dissent and cultivate “patriotism” often mentioned in the same
breathe with “love for the Communist Party.”

The top leadership is keenly aware of the importance of symbolic power in advancing its
global China project. In 2007, then President Hu Jintao included culture as a factor of
“comprehensive national power” and began programs to burnish China’s “soft power.” Xi
Jinping spoke about seizing discursive power internationally, “telling a good China story,”
and “spreading China’s voice well.” Chinese media and think tanks have coined buzz words
such as “China Model” “Peaceful Rise” “China Dream” to counter Western discourses of
“China Threat,” “Chinese neo-colonialism” and “China’s Collapse.”59 The rebranding of
CCTV as a China Global Television Network is a multi-billion effort to produce and
disseminate official sanctioned perspective on global news, allowing China to compete
directly with other news agencies like Reuters, Bloomberg, CNN, and the BBC. CGTV now
broadcasts six channels, two in English and others in Arabic, French, Russian, and Spanish,
with reporting teams in more than seventy countries. In radio broadcasting and the print
media, China has either bought stakes in existing outlets, used front companies to mask its
editorial control, or established its own networks of publication and distribution from Africa
to America (e.g. China Daily Africa, inflight magazines in Kenya Airlines, free inserts in
national newspaper on the continent, and community radio and television stations targeting
ethnic minorities in the US).60

The global network of Confucius Institutes (CIs) is a primary tool for promoting China’s
symbolic or soft power. Funded by the Ministry of Education, the first CI opened in 2004 in
South Korea, and according to official data there were 548 Confucius Institutes around the
world by the end of 2018, as well as 1,193 Confucius classrooms based in primary and
secondary schools. Chinese funding popularizes the teaching of the Chinese language and
culture, from calligraphy and cooking to tai chi in many countries. CIs’ financial
sponsorship and partnership with foreign universities have made possible educational
exchanges and public events which otherwise would not have happened, especially in
developing countries and less endowed institutions in the US and Europe.61

59 Callahan 2015
60 Thussu, de Burgh and Shi 2017; Wasserman 2018
Sensitivity to feelings and human relationships informs global China’s people to people diplomacy.62 These are programs aimed to build a network of young leaders who may eventually emerge as “friendship envoys” between China and Latin America & Africa, with favourable predisposition to China. Under the banner of the “bridge to the future” exchange program, and organized by the All-China Youth Federation, Beijing has committed to training 1000 young leaders, mirroring those training workshops for foreign government officials. Students and journalists are two other target groups. For instance, between 2015 and 2019, China offered tens of thousands of government scholarships to Latin American and African students and training fellowship to journalists under the aegis of the China Public Diplomacy Association.63

Has going global accomplished its missions of promoting accumulation and legitimation?

The BRI has so far failed to reverse the trend of overcapacity. “Judged by the post-BRI capacity utilization of the sectors identified by the state as top priorities for remedial, however, the positive effect of the BRI seem temporal and limited. The BRI only arrested the decline in capacity utilization of most the eight sectors of this kind in 2013, and failed to reverse the decline of all these sectors during 2014-16.”64 While the reason for this is unclear, analysts have pointed to the daunting challenge of governance of the sprawling Going Global and BRI initiative. There is no unified department to manage it and practical implementation will continue to be determined by fragmented agencies competing for lucrative overseas projects. “Unwanted adventurism” by provinces and SOEs and inadequate regulation are costing the Chinese government multi-billion dollar debt write offs.65

Behind BRI’s mind-boggling financial pledges and game-changing blueprints are complex, competitive and contradictory interests among multiple institutional actors. The driving forces for “going out” and the BRI are SOEs, banks, ministries, provincial and local governments whose interests do not always align with those of the central government. An important example is China’s international engineering and construction contracting industry, now a world leader claiming some 25% of world total revenue (as much as 60% in

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63 Gadzala, 2019
64 Lai, 2020
65 Jones and Zeng 2019: 1427
Africa). Undertaking international aid projects for Beijing in the early 1990s, and tasked with exporting China’s industrial goods and technology, these powerful SOEs were given policy tools (state provided bank guarantees, insurance and subsidized working capital loans) under “going out” to compete for international projects. They identify projects, secure financing from Chinese policy banks which conduct lending assessment and approve projects for governments to sign off on. The moral hazard in this financing model is that concessional loans for infrastructure have generated lucrative and protected overseas markets for many Chinese state-owned contractors who are guaranteed high fees paid out by Chinese state banks as loans to foreign governments. But these contractors bear little risks and may overstate the case for a potential project and encourage the host government to seek financing from China. Corporate profit motives of Chinese contractors drive these projects, relegating to after thoughts the host country’s developmental prospect or debt sustainability. The Chinese bank, on the other hand, may not have adequate local knowledge to make a sound assessment of the project’s risks. When the project runs into financial trouble, both the bank’s balance sheets and the Chinese government’s reputation (due to the inter-governmental nature of the loans) suffer.66

More generally, observers have noted that the BRI, like “Going out” or “Develop the West” are not “carefully-worked out grand strategies” but typically platitudes, slogans catchphrases offering atmospheric guidance with which players can manoeuvre to serve their sectoral interests. Local governments, SOEs, state banks lobbied hard to influence the translation of Xi’s slogans into concrete policy in order to get part of the spoils. Some components of the BRI were defined by provincial government’s economic interests before Xi’s rise to power. “Provincial governments had been requesting funds for ‘silk road’ schemes since the late 1980s; a ‘Eurasian land bridge’ had been discussed between United Nations agencies and Chinese ministries since the mid-1990s; and Chinese investment in cross-border infrastructure in Central Asia had already reached US$19.2bn by 2008, and $39.5bn by 2014. BRI was not really a new initiative but rather a scaling up and agglomeration of many existing, bottom-up projects, typically led by provinces and SOEs, often initially developed under GWD.”68

66 Lee 2017: 47-52
67 Zhang 2020: 23
68 Jones and Zeng 2019: 1422; Carabrese 2020
Besides, Chinese state projects abroad often run into operational, labor and political problems, compounded by managerial inexperience and disadvantages associated with Chinese firms’ late comer status. Two scholarly studies show that Chinese oil companies often lacked international experiences in an industry long dominated by Western corporations and wrought with complicated elite politics.\(^6^9\) A 2017 investigative report undertaken by the *Financial Times* on 18 Chinese overseas high-speed rail projects found that the value of abandoned railway projects almost doubled that of completed ones.\(^7^0\) Many Chinese projects have been stalled by civil wars, legal problems of land tenure, transparency regulations, social resistance, debt sustainability and political transition. Academic studies have also debunked the many exaggerated portrayals of Chinese power abroad. In agriculture, where Chinese land grabs in Africa had allegedly advanced China’s empire-building ambition, Brautigam found half of the most reported cases of land acquisition to be either non-existent or reported with factual errors and exaggerations. Among actually existing agricultural investments, some were loss making or abandoned, while others were of much smaller scale than reported.\(^7^1\) The charge about China’s “debt trap diplomacy” — i.e. debt for equity swap of infrastructural projects funded by Chinese concessional loans, thereby converting credits into territorial control by the Chinese government — is also exaggerated. The most celebrated cautionary-tale story of Chinese taking control of Sri Lanka’s Hambantota port turns out to be a regular business takeover of a port that is badly in need of cash infusion by new investors. There was no cancelling of Chinese loans which account for only 10% of Sri Lanka’s foreign debt.\(^7^2\)

China’s pursuit of soft power has also encountered significant backlash. Recent attempts at cultivating clientelism in western democratic countries have provoked strong Western criticisms assailing it as “sharp power.” This term was popularized by a Hoover Institution report which distinguishes “transparent” and therefore legitimate public diplomacy by other countries and what it calls the opaque Chinese methods of “coercive, corrupting and corrosive” penetration. It notes as the “united front” has gone global and far beyond the Chinese diaspora community, to include a broad range of sectors and players in Western societies in order to promote views and policies to advance Chinese interests.\(^7^3\) After

\(^6^9\) Patey 2014; Corkin 2013
\(^7^0\) James Kynge, Michael Peel and Ben Bland, July 17, 2017, Financial Times “China’s Rail Diplomacy Hits the Buffers” https://www.ft.com/content/9a3a6b54-624d-11e7-8814-0ac7eb84e5f1
\(^7^1\) Brautigam 2015
\(^7^2\) Brautigam 2020
\(^7^3\) Diamond and Schell 2018
discovering politicians working for Beijing’s bidding at high levels of the state, the
Australian Government introduced a wide-reaching ban on foreign political donations, and
imposed disclosure obligations for those working in Australian politics on behalf of a
foreign principal. The intelligence-sharing Five Eyes alliance (Australia, New Zealand, US,
UK, and Canada) has since 2018 shared classified intelligence on China’s foreign activities
with Germany and Japan as a broadening international front formed against Chinese
influence operations and investments.74

As in the case of economic statecraft and patron clientelism, the sheer volume of cultural
and media investment or diaspora networks does not tell us about the effect or effectiveness
of China’s symbolic power. The global network of Confucius Institutes have been ineffective
in enhancing Chinese cultural and moral appeal or inducing favourable views of China.
Prominent Chicago anthropologist Marshall Sahlins criticized them as “academic malware”
promoting the political influence of the Chinese government under the guidance of the
propaganda apparatus of the party-state and threatening the principles of academic freedom
and integrity of US higher education. Incidents of academic malpractice are disturbingly
common, ranging from virtually unnoticeable acts of self-censorship to the discouragement
of visits from the Dalai Lama and publicly notorious cases like the scandal caused by the
director-general of the Confucius Institutes at a recent meeting of the European Association
for Chinese Studies when she had certain pages ripped out of the conference program and
abstracts.75 In August 2020, the US Secretary of State Mike Pompeo called the Confucius
Institute "an entity advancing Beijing's global propaganda and malign influence campaign
on American classrooms and campuses,” and designated the CI “a foreign propaganda
mission.” As China’s relations with the West sour, at least 45 CIs among a total of 75 in the
US, all CIs in Sweden and some in Germany have been closed.76

In 2021, the UK broadcasting regulator Ofcom revoked CGTN’s license because it found in
that the CGTN channel’s license holder, Star China Media Limited, did not have oversight
of CGTN’s programming. Instead the real editorial control came from the state-media
network China Central Television, or CCTV, which owns CGTN. Such affiliation with a
political body violates UK regulation. In response, China banned BBC from broadcasting in

76 https://www.washingtonpost.com/politics/2020/08/24/state-department-labeled-chinas-confucius-
programs-bad-influence-us-students-whats-story/ & https://scandasia.com/sweden-has-closed-all-confucius-
institutes-and-classrooms/
China, accusing it of reporting false news regarding rape and torture inside Xinjiang’s re-education camps and damaging China’s national interests.77

From Global Backlash to a New Cold War

This article begins by noting China’s integration into the global economy as being founded on a co-dependent relationship with the US since the early 90s. The subsequent 30 year boom has buttressed authoritarian rule and nationalistic claims by the CCP. But since the mid-2000s, the global financial crisis and the global wave of popular revolts — played up in Chinese official rhetoric as significant challenges calling for fundamental restructuring and collective vigilance — have accelerated two sets of grand strategies by the Chinese leadership seeking to maintain growth and governance. The previous sections discuss what “going digital” and “going global” entail and their consequences. Overall, available evidence thus far suggests that the CCP has been more successful at home than abroad in achieving accumulation and legitimation, and going digital has been more effective than going global.

Let’s look first at China’s trajectory of growth and governance at home. The post 2008 economy did not experience any hard landing — growing annually at 6-7% — nor did the negative growth rate caused by COVID-19 last more than one quarter in 2020. By the second quarter, China announced a 3.2% growth rate that was a sharp reversion of the 6.8% contraction in the first quarter.78 In March 2021, Premier Li Keqiang announced a rebound GDP growth target of above 6%, against a 4.4% contraction of the global economy predicted by the IMF.79 Protests of all kinds have declined in absolute numbers since Xi Jinping took power in 2013, largely due to a coordinated political and technological infrastructure for collecting and acting on surveillance data to prevent and defuse protests. Despite a spike in social protests in cyberspace after the death of the whistleblowing doctor during the pandemic, the regime has deftly countered popular discontent with political performances of national victory, unity and patriotism through state propaganda, censorship and rituals.80 As the Economist has noted, “If anything the party has emerged stronger and in higher public esteem than it was a year ago. In late January it switched

80 Jiacheng Liu, “From Social Drama to Political Performance: China’s Multi-front Combat with the COVID-19 Epidemic,” Critical Asian Studies 2020
from hesitancy and obfuscation to all-out mobilisation with the aim not merely of keeping the disease at a manageable level but of crushing it entirely. China’s success in achieving this, and in restoring near-normal life in the country without a resurgence of the coronavirus, proved a godsend for the party’s propagandists. No massage of the truth was required to highlight the contrast between conditions at home and the prolonged agonies of countries in the West. The party’s efforts helped it to tighten its political grip and breathe new life to its grassroots organizations.”

Popular satisfaction with China’s government has grown stronger over the past 20 years. A Harvard University study from 2003 to 2016 drew on face-to-face interviews with more than 31,000 people in urban and rural China on areas of public goods and services, corruption and environment. Not only has the central government maintained a high 86% of overall citizen satisfaction, the study concludes that “there is little evidence to support the idea that the CCP is losing legitimacy in the eyes of its people. In fact, our survey shows that, across a wide variety of metrics, by 2016 the Chinese government was more popular than at any point during the previous two decades. On average, Chinese citizens reported that the government’s provision of healthcare, welfare, and other essential public services was far better and more equitable than when the survey began in 2003. Also, in terms of corruption, the drop in satisfaction between 2009 and 2011 was completely erased, and the public appeared generally supportive of Xi Jinping’s widely-publicized anti-corruption campaign. Even on the issue of the environment, where many citizens expressed dissatisfaction, the majority of respondents expected conditions to improve over the next several years. For each of these issues, China’s poorer, non-coastal residents expressed equal (if not even greater) confidence in the actions of government than more privileged residents. As such, there was no real sign of burgeoning discontent among China’s main demographic groups, casting doubt on the idea that the country was facing a crisis of political legitimacy.”

81 https://www.economist.com/china/2020/12/30/how-the-pandemic-strengthened-the-chinese-communist-party. As a matter of fact, a large scale opinion poll across 31 provinces by a Canadian team during the pandemic finds that 80% and 81% of Chinese citizens expressed their satisfaction toward the national government on information dissemination and deliveries of daily necessities respectively during the pandemic. Yet, approval ratings fell progressively down the levels of government, to only 67% & 58% for the community or village level of government. Most world leaders experience a temporary rise in popularity during the pandemic. https://www.economist.com/graphic-detail/2020/05/09/covid-19-has-given-most-world-leaders-a-temporary-rise-in-popularity

CCP’s regime legitimacy and economic strategy abroad present a starkly different picture. A global backlash against the Chinese government has been brewing with no sign of subsiding soon. A Pew Research Center 14-country survey released in October 2020 finds that unfavourable views of China have steady increased in the past few years, reaching historic highs this year due to China’s mishandling of the COVID-19 pandemic. The pandemic has also led to the suspension, cancelation and review of Belt and Road projects in Egypt, Bangladesh, Pakistan and Tanzania among others. Many loans are on the brink of default as debtor countries have been hammered and are now calling for debt-forgiveness. Xi’s prestige is on the line, along with financial losses and the diplomatic risks of China claiming assets from defaulting countries. Citing multiple academic and consultancy reports, the Financial Times reported a notable retrenchment of loans by Chinese policy banks, falling from a peak of $75 billion in 2016 to just $4 billion in 2019, and 18 processes of debt renegotiations due to poor governance standards, scandals, complaints by debtor countries of inflated cost.

The pandemic may have exacerbated the hegemonic rivalry between the US and China that is destined to happen as the latter moved from the lowest node of the global supply chain to become a world leader in telecommunication technology, e-commerce, infrastructure financing and more. According to one analysis, the souring of US-China relations have to do with a fall out between US corporate interests and China. In the early 90s, China enlisted companies such as Caterpillar and AT&T to lobby aggressively for its trade interest by promising them market access, beating an opposing coalition of human rights idealists in the Clinton administration, anti-communist cold warriors on the Right, the military-intelligence community, and leftists skeptical of free trade agreements like Bernie Sanders in Congress. “After China got what it wanted in terms of US policy, China changed its policy to make sure foreign companies like AT&T could not have majority stakes and leadership in China’s telecommunications sector. And Beijing started to cultivate its state-owned telecommunication giants like China Mobile and China Telecom to dominate the market and marginalize foreign countries.” These Chinese companies, equipped with state

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84 “The Pandemic is hurting China’s Belt and Road Initiative” The Economist, June 6, 2020.
85 Jonathan Wheatley and James Kynge, “China Curtails Overseas Lending in face of geopolitical backlash,” FT Dec 8, 2020, https://www.ft.com/content/1cb3e33b-e2c2-4743-ac41-db8f88a4259
banks’ bottomless credits and tech secrets obtained from their former US partner, squeezed out their American counterpart in the Chinese market in the aftermath of the global financial crisis. With the BRI, Chinese companies were squeezing out American companies in the international market in the developing world as well. Trump’s presidency and then the pandemic are contingent events fuelling what is at its core a structural conflict between two super-powers whose co-dependent relationship has expired as China has risen.

A US-China decoupling in trade, finance, socio-cultural interactions has increasingly congealed into a new Cold War or a “clash of civilizations,” terms invoked by politicians and the global media. Kiron Skinner, the State Department’s director of policy planning said, “In China we have an economic competitor, we have an ideological competitor, one that really does seek a kind of global reach, that many of us didn’t expect a couple of decades ago…And I think it’s also striking that this is the first time that we will have a great-power competitor that is not Caucasian.” From China’s perspective, a member of the Chinese Politburo described the U.S.-China relationship as a “clash of civilizations” and boasting that China’s government-controlled system was far superior to the “Mediterranean culture” of the West, with its internal divisions and aggressive foreign policy.87

The most prominent proxies in this US-China Cold War include the world’s leading high-tech corporations — Huawei, ZTE, Tiktok, and not clients states as in the previous Cold War with the Soviet Union.88 Hong Kong, Asia’s premier financial center, too, has become “the main battleground in an escalating cold war between China and what is left of the US-led liberal world order. Beijing’s decision to ignore the damage to its global reputation and defy its international treaty obligations under the Sino-British Joint Declaration on Hong Kong” indicates its determination not to yield to Western pressure.89 The fall of Hong Kong as a global marketplace and liberal heaven of free media and rule of law maybe the canary in the mine. Compared to other BRICS countries, China alone has risen to great

88 Tom Mitchell, “China has the upperhand in corporate proxy war with China,” FT Sept 23, 2020. https://www.ft.com/content/7c76380b-7509-h16-a046-c32c5739b971 “The US won that contest when the Soviet Union dissolved in the early 1990s and it would be almost 30 years before the political class in Washington decided they had another geopolitical rival of Soviet proportions — President Xi Jinping’s China. But now proxy wars between the two reigning superpowers are fought over companies, not client states.”
89 Jamil Anderlini, “Hong Kong is the Battleground in a US-China Cold War,” May 28, 2020 FT https://www.ft.com/content/442b1131-d08f-f5a6-8dc7-d9c635e52d2d
power status. Riding the waves of crises and backlash, the Chinese leadership is poised to exploit its strong popular support at home to rally the nation against international oppositions and sanctions. After a thirty year period of co-dependence and integration, China and the US are bracing for a volatile and confrontational big power struggle, even military conflicts, with uncertain destabilizing consequences for global capitalism and the liberal international order.