

# **CHINA'S NEW ERA**

Annie Luman Ren and Ben Hillman

The General Secretary of the Communist Party of China (CPC), Xi Jinping, has declared his rule to be a 'New Era' 新时代. The Party's Third Historical Resolution of 2021, which cemented Xi's place in history, declared his leadership 'the key to the great rejuvenation of the Chinese nation'. The Party distinguishes the New Era from the two previous eras in the history of the People's Republic of China (PRC). In the first—the Mao Zedong era (1940–78)—China stood up and threw off the yoke of Western and Japanese imperialism. The second era—the Deng Xiaoping era (1979–2012), which includes the administrations of Jiang Zemin and Hu Jintao, Xi Jinping's immediate predecessors—is recognised for its successful economic reforms and rapid industrial development. The third era (2013–), the era of Xi Jinping, promises to be the one in which China is restored to its place as one of the world's great and powerful nations. This goal is encapsulated in the 'China Dream' and the two centennial goals that Xi Jinping set for his administration; namely, that China would become moderately prosperous by 2021, the 100th anniversary of the founding of the CPC, and an advanced, high-income economy and global power by 2049.<sup>1</sup>

## A new era of new eras

According to the official narrative China's 'New Era' began when Xi Jinping was anointed party boss in 2012. But arguably, the new era was cemented in place in 2023 when Xi Jinping, already declared to be the Party's 'Core', commenced his third five-era term as General Secretary of the CPC.<sup>2</sup> Abandoning the collective leadership that characterised the Reform period and the two-term rule it established, from 2023 the CPC concentrated power in the hands of one man, who continued to strengthen the Party's control over the state to carry out his vision for the 'great restoration of the Chinese nation' 中华民族伟大复兴.

If the year 2023 consolidated Xi's New Era, it saw new eras of other kinds begin for China too. Following widespread anti-lockdown protests across China's cities in November 2022, China's leaders abruptly ended the zero-COVID policy that was characterised by harsh lockdowns and other

draconian controls on movement. Despite initial optimism that the end of restrictions would renew China's lost economic dynamism in the new year, business continued to languish on several fronts and unemployment skyrocketed, particularly among youth. The official youth unemployment rate hit 21.3 percent in June 2023 before the government stopped publishing statistics.<sup>3</sup> Some estimates, taking rural youth unemployment (typically excluded from official measures) into account, placed the youth unemployment rate as high as 46.5 percent.<sup>4</sup>

As they have done in the past, Chinese youth expressed their frustrations on social media with slang and memes, progressing from the 'lying flat' 躺平 of years past to 'let it rot' 摆烂. Xi chided disgruntled youth and told them to 'abandon arrogance and pampering' and embrace the Maoist spirit of self-sacrifice. On Youth Day in May 2023, a front-page article in the Party mouthpiece *People's Daily* repeatedly told Chinese youths to learn to 'eat bitterness' 吃苦—basically, to stop complaining and suck it up.<sup>5</sup> Chinese youth reacted to such official exhortations by mockingly describing themselves as 'garlic chives' 韭菜 (i.e. exploitable resources that grow again after being cut down); towards the end of 2022 they revived an even darker self-definition first mooted in the 1980s: 'human minerals' 人矿.<sup>6</sup> China's university graduates—unable to find suitable employment—likened themselves to Kong Yiji 孔乙己, the miserable scholar-turned-beggar depicted by the revolutionary writer Lu Xun 鲁迅 (1881–1936) more than a century ago. This is the subject of Annie Luman Ren's investigation in 'Why are China's Unemployed Graduates Comparing Themselves to Lu Xun's Character?.'

China's middle-class population, which has grown from roughly 15 million at the beginning of the century to between 350 and 700 million people, for decades had ridden the economic boom that transformed China from a poor, largely rural country into the world's second-largest economy.<sup>7</sup> Many built wealth through property ownership, helped by steady increases in property values in recent decades. But in 2023, the property sector, once a key driver of the Chinese economy and household wealth, experienced a sharp deterioration as major developers teetered on the edge of default and property values declined.

In November 2023, the story of a Chinese couple named Li Jun 丽君 and Liang Liang 亮亮 went viral on social media. The couple were small-town migrant workers who moved to the capital city of Henan province, Zhengzhou, in 2021, where they purchased an apartment off plan that would be due for completion by 2024. Exhausting their savings for the deposit, the couple also took out a mortgage of more than RMB 1 million, with monthly repayments of RMB 6,293 for 30 years. After signing the contract in November 2021, the couple enthusiastically shared the news on Douyin (the sister app of TikTok), saying, 'Soon, among tens and thousands of lights in the city, finally there's going to be a light that only shines for me.'<sup>8</sup> At the time, their words inspired millions of others struggling to lay down roots in a large city.

But things did not go as planned for the couple. During waves of COVID-19 lockdowns that forced business to shut for months in 2022, Li Jun's monthly salary was reduced by half. The couple's combined income fell under RMB 10,000 per month. Then news came that their real estate developer, Sunac—China's third-largest property developer—missed the deadline for coupon payments on a US\$742 million offshore bond in May 2022.<sup>9</sup> Construction on Li Jun and Liang Liang's future home halted. Yet the couple had to continue to repay their mortgage (in China borrowers begin paying mortgages for new properties as soon as the contract is signed) plus rent (RMB 1,500) for their current dwelling. Money became even tighter when the couple's daughter was born in October 2022. A year later, in November 2023, the couple's plight gained wide attention as they shared dramatic details of their struggles with Sunac: Liang Liang claims to have been assaulted by staff members of the sales centre when demanding a promised refund and ended up in hospital with minor injuries, and Li Jun, who was recording the incident, had her phone snatched and her livestream was cut off.<sup>10</sup>

In a widely shared commentary that was later censored, an influencer on Bilibili concluded: 'The story of Li Jun and Liang Liang taught young people that even the most hard-working, most law-abiding and most optimistic Chinese citizens don't deserve to live the Chinese dream. There's no hope left for others. Thank you, Li Jun and Liang Liang, for showing us the cruel reality that is China today.'<sup>11</sup>



**Headquarters of Sunac China Group, Beijing**

Source: N509FZ, Wikimedia

Despite the sombre verdict, there may still be hope that Li Jun and Liang Liang will one day move into their apartment—in September 2023 Sunac announced that it had won approval from creditors to restructure about US\$9 billion of debt.<sup>12</sup> However, experiences such as the couple's and the decline of the property sector more broadly have dampened consumer confidence, which is essential for the growth strategy known as 'dual circulation', announced in 2020, that seeks to balance state investment and export-led growth with domestic demand. As Jiao Wang notes in 'China's Macroeconomy in 2023: An Overview', China has been grappling with the challenge of slow and uneven household consumption recovery in the post-pandemic period. After reaching an all-time high of 127.00 points in February 2021, China's Consumer Confidence Index dropped to a record low of 85.50 points in November 2022 after the Twentieth Congress that cemented Xi's third term. Despite a brief upturn to 94.9 in March 2023, it subsequently dropped to below 90 and remained there to the end of the year.

Another cloud over the Chinese economy that darkened in 2023, and is closely linked to property sector woes, was the scale of local government debt. Local government debt had been building for years before spiralling under zero-COVID policies as the burden of testing and monitoring the population

fell to local governments.<sup>13</sup> The value of outstanding local government bonds hit, by some estimates, RMB 50 trillion in 2023, representing a twenty-fold increase over the past decade, and, notably, this figure does not include other sources of government debt generated through local government finance vehicles (LGFVs) and shadow banking.<sup>14</sup> At the start of the year, debt servicing commitments exceeded income for 12 out of 31 province-level administrations, and the burden continued to grow throughout 2023.<sup>15</sup>

The local government debt crisis has driven cash-strapped governments to cut pensions, reduce contract work, and delaying payment of salaries for civil servants, teachers and postal workers.<sup>16</sup> In February, retirees in Wuhan and Dalian took to the streets to protest cuts in government-provided medical insurance for seniors.<sup>17</sup> In 'China's Local Government Debt', Jean C. Oi traces the local government debt crisis to China's state policies during the COVID-19 pandemic, which enforced fiscal discipline and deleveraged the real estate sector. In the summer of 2020, Beijing had implemented the 'Three Red Lines' policy 三条红线, which prohibited real estate firms from borrowing beyond set limits. This undermined the previously successful business model of property developers who had become accustomed to easy money, and squeezed revenues from land sales, which had become a vital source of income for local governments.

Although China's GDP was expected to grow at 5 percent in 2023, much stronger than many other countries, business and consumer confidence was hard hit and headwinds for the economy remained strong. The Xi Jinping administration has laid out an ambitious economic policy agenda as it seeks to move China up the value chain and towards high-income status, but it will struggle to achieve its goals unless businesses are investing and consumers are spending.

China also needs to grow the wealth of its rural population. The Xi administration claims to have lifted 99 million people above the official poverty line of 4000 yuan (US\$620) per annum (\$1.69 per day). Yet as Ben Hillman notes in 'From Poverty Elimination to Rural Revitalisation: The Party Takes Charge', this figure is less than the World Bank's threshold of

\$2.15 a day, and far below the World's Bank recommended national poverty threshold for upper middle-income countries such as China, which currently stands at \$6.85.<sup>18</sup>

An important way to grow incomes and the middle class is to incorporate rural migrant workers who have flocked to the cities to work in factories and on construction sites. Yet, as Dorien Emmers and Scott Rozelle argue in 'Inequality in China: The Challenge of Common Prosperity', China has failed to invest enough in the education and health of the rural population for decades. Having a large population of uneducated workers was not a problem while China was moving from low- to middle-income status. But such shortcomings in education and health will likely threaten China's future growth.

An overall sense of malaise and uncertainty about the future crystallised in spontaneous public grief over the death on 27 October of former state premier Li Keqiang 李克強, which some quarters interpreted as a collective mourning over the collapse of the Chinese Dream. Li, who was sidelined by Xi in favour of loyalists, was seen by many as an adherent of Deng's 'Reform and Opening Up' policies, in contrast to Xi, whom they see as pulling back on reform and closing China to the world.<sup>19</sup> Several sudden leadership changes compounded the uncertainty, as Willy Lam argues in 'The Mystery of Xi's Disappearing Officials'. The high-profile disappearances of former state councillor and foreign minister Qin Gang 秦剛 and former defence minister General Li Shangfu 李尚福 in August prompted questions about Xi Jinping's ability to run the party-military apparatus. Lam warns that the instability at the highest levels could undermine efforts to address economic headwinds.

Xi Jinping's response to the policy challenges that crystallised in 2023 has been to double-down on centralising governance of the state by the CPC. The Party has increasingly taken control of social and economic policy, expanding its presence in private companies, schools, and civic associations as well as local urban and rural communities. Even multinational corporations have been subjected to increasing political pressure and economic coercion, as Debby Chen writes in 'How Multinational Corporations are Coopted into Becoming China's Agents of Repression'.

The most notable interventions have been in the tech sector, which suffered a wipe-out of US\$2 trillion in market capitalisation, leading to widespread speculation about the Xi administration's commitment to market reforms and the future of innovation in China. Yet, as Rogier Creemers explains in 'The Dreary and the Dramatic: What Happened to China's Platform Economy?', this regulatory wave was not a sudden whim of Xi's, nor was it triggered by Alibaba founder Jack Ma's public criticism of the financial regulator. Creemers points out that since 2018, the Chinese state has sought to impose regulatory measures on the fintech sector such as exist in the European Union and elsewhere. What happened, he argues, should be understood as a 'rectification': the introduction of a new governance paradigm for a sector that Chinese authorities view as highly strategic and therefore in need of effective regulation and state supervision.

At the start of 2023, the Party released its Document No. 1 on rural affairs, which highlighted a more dominant role for the Party in rural governance as part of its ambitious 'rural revitalisation' 乡村振兴 agenda for the countryside. In 'From Poverty Elimination to Rural Revitalisation: The Party Takes Charge' in this volume, Ben Hillman explains the important changes underway in China's 700,000 villages. After four decades in which self-governing village committees and directly elected village leaders played a leading role in decision-making, village-level party branches and village party secretaries are now taking charge of all key decisions on village affairs, including economic affairs. The centralisation of rural governance under the leadership of the Party has been buttressed by the expansion of 'rural enforcement teams', which gained wide attention this year with viral videos featuring rural enforcement teams (known colloquially as the *nongguan* 农管) confiscating farmers' livestock or forcefully removing crops. Tan Zhao discusses the expanded responsibilities and powers of the rural enforcement teams in 'Are the Nongguan Coming? The Evolution of the Rural Comprehensive Administrative Enforcement Team in China's Rural Governance'. Tan Zhao links the expanded role of the rural enforcement teams in 2023 and rising complaints about their heavy-handed tactics to



leadership concerns about food security. He also notes that the management of its local agents continues to be a challenge for the Party as it intervenes more in local social and economic affairs.

## **A new era of global ambitions**

The year 2023 also marked a new era in China's global ambitions. On 18 May 2023, as leaders from the world's seven advanced economies gathered in Hiroshima for the Group of Seven (G7) summit, Xi Jinping welcomed the heads of state of five former Soviet republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan—in the historic city of Xi'an, Shaanxi province, for the inaugural China–Central Asia Summit. As evening fell, Xi and his wife Peng Liyuan hosted a welcome ceremony and banquet inspired by the traditions of the Tang dynasty inside a sumptuous garden complex built on the site of an imperial garden dating back to the Tang (618–907). Standing in front of the brightly lit towers and pavilions, Xi outlined his 'vision of a China–Central Asia community with a shared future' and proclaimed 'a new era' of ties between China and Central Asia.<sup>20</sup>

Chinese state media quickly hailed this meeting as a triumph of China's regional diplomacy. For Beijing, Central Asia is key to its trillion-dollar Belt and Road Initiative (BRI), launched a decade ago. The region is critical for China in terms of trade (which reached a record US\$70 billion in 2022), natural resources (Kazakhstan has some of the world's largest oil fields outside the Middle East) and, not least, maintaining control and security in far-western Xinjiang, which borders Central Asia.<sup>21</sup>

The pomp and circumstance of the China–Central Asia Summit is one marked example of how China envisages itself on the global stage. The city of Xi'an had been chosen for its historical and political significance. Once the capital city of the Tang dynasty, a period characterised by cultural openness and economic prosperity, Xi'an (then known as Chang'an) was the eastern starting point of the ancient Silk Road, a cosmopolitan centre welcoming Persians, Arabs, Indians, Koreans, Japanese and others to China for trade, education and cultural exchange.

Nearly two decades ago, heartened by their country's newfound strength, scholars in mainland China turned to the past for inspirations for a uniquely Chinese approach to the theory and practice of international relations. Most notably, Professor Zhao Tingyang 赵汀阳 at the Chinese Academy of Social Sciences remoulded the ancient Chinese ideal of *Tianxia* 天下, or 'All-Under-Heaven', into a new vision for the international system that is 'explicitly inclusive and implicitly puts China at its centre'.<sup>22</sup> Reverberations of the *Tianxia* belief can be observed in the catch-all slogan of 'Community of Shared Destiny' 命运共同体 first proposed by Xi Jinping in 2013 during his first official visit to Russia as the new leader of China's party-state.<sup>23</sup>



**Tang Paradise, a Tang dynasty themed park in Xi'an where the China-Central Asia Summit took place**

Source: rawpixel.com

While China has already pivoted away from the bellicose wolf warrior diplomacy that characterised Xi's second term in office, under Xi's third five-year term, it is likely that China will continue to promote its own vision of a global order on an even grander scale. Kevin Magee observes in 'From Riyadh and Tehran to Beijing: China's Diplomatic Role in a Changing World' that in 2023, China took on a series of new initiatives in areas where it hitherto played little or no diplomatic role, including brokering a peace deal between Saudi Arabia and Iran, as part of its new approach to diplomacy.

In ‘The Belt and Road’s Midlife Crisis: Perspectives from Latin America and the Caribbean’, Ruben Gonzalez-Vicente reflects on how ten years of the BRI has reshaped the politics of development in the region. He characterises the BRI as being in a state of midlife crisis and questions whether it will be supplanted by the Global Development Initiative (GDI) announced by Xi in 2021. The GDI, along with two follow-up initiatives—the Global Security Initiative (2022) and the Global Civilisation Initiative (2023)—has been described by the *Financial Times* as ‘China’s boldest move yet to enlist the support of the “global south” to amplify Beijing’s voice on the world stage’.<sup>24</sup>

For Graeme Smith, China has been using Australia’s colonial history in the Pacific to ‘tell the China Story well’ 讲好中国故事 and to strengthen ties with Pacific Islands nations. In ‘The Frontiers of History: China Discovers the Pacific’s Dark Colonial Legacy’, Smith calls on the Australian government to deal with its Pacific history with honesty and make reparations where appropriate, which would help to blunt China’s criticisms.

## Australia–China relations: Fifty years on

In November 2023, Prime Minister Anthony Albanese became the first Australian leader to visit China since 2016. Beijing hailed the visit as ‘a new starting point’ of China–Australia relations, coming after a period of turbulence that marked much of the Coalition’s time in Canberra.<sup>25</sup> Among the more symbolic actions of the visit was Albanese’s trip to the Temple of Heaven’s circular Echo Wall, where he took a photo that paid homage to Gough Whitlam’s ground-breaking visit to Beijing 50 years ago, which marked Australia’s recognition of the PRC.

Beijing’s decision to remove the tariffs on Australian barley it had imposed in 2020 in August and to review dumping tariffs of 218 percent on Australian wine helped to pave the way for Albanese’s visit. In ‘Ending Economic Sanctions: The Role of Chinese Industry Associations in the Removal of Barriers on Australian Barley and Wine’, Scott Waldron, Darren Lim and Victor Ferguson examine China’s decision to remove the barley tariff.

The authors also present fresh analysis that includes consideration of the influential role of domestic interest groups and lessons for future trade negotiations.

While trade relations have improved, the trilateral security pact between Australia, the United Kingdom and the United States known as AUKUS continues to a point of contention between Australia and China. This is the subject of Edward Sing Yue Chan's 'How Fearful is China's Military Rise?' In 'Caution and Compromise in Australia's China Strategy', Benjamin Herscovitch discusses the mix of tactical caution and policy compromise in the Labor government's China policy.

## Voices from the 'other' China

The year 2023 also marked the ten-year anniversary of the 'Southern Weekly Incident' 南方周末事件, when China's most influential and outspoken liberal newspaper found itself at odds with the Guangzhou Ministry of Propaganda. The annual New Year editorial 新年献词 published by this Guangzhou-based weekly had been a popular and influential tradition. Entitled 'The Chinese dream, the dream of constitutional rule' 中国梦, 宪政梦, the original 2013 New Year editorial called on the party-state to fulfil promises made in the 1982 constitution to allow independent courts and the rule of law.<sup>26</sup> Instead, the paper was forced to run a commentary prepared by the provincial propaganda department praising the Communist Party. This sparked a three-day anti-censorship protest outside the paper's headquarters and a nation-wide dialogue about press freedom.<sup>27</sup> A 2023 commemorative piece published in Taiwan concluded: 'The *Southern Weekly* Incident was a watershed, it foreshadowed the arrival of a new age ... looking back now, it signified the shrinking boundaries and scope of Chinese journalism.'<sup>28</sup>

The same diminishing space for candid discussion has been felt by millions of Internet users in China. Although censorship has always been prevalent, the advent of the Xi Jinping era marked a turning point for the Chinese Internet, with the Party instructing social media platforms to play a more active role in serving the Party's interests. As early as August 2013, Xi

recognised that ‘The Internet has become the main battlefield for the public opinion struggle’.<sup>29</sup> Since then, virulent nationalists fed on diets of ‘positive energy’ and ‘the declining West’ have come to dominate public discussion. Alarmingly, in ‘Chinese ‘Incels’? Misogynist Men on Chinese Social Media’, Qian Huang shows that an increasingly gender-conservative media and educational system under Xi, combined with increasing gender imbalance and decreasing social mobility, have helped to foster widespread misogynist discourse on the Chinese Internet. This has damaging implications for China’s gender equality.

Yet no matter how simultaneously clamorous and suffocating China’s media landscape can appear, voices of humanity and decency, of wit and good humour, can still be heard. This includes Chinese-language podcasts, which, relatively free from official attention, have attracted more than 85 million subscribers tuning in to listen to authentic real-life accounts and nuanced, civilised discussions.<sup>30</sup> In this volume, we feature two translations from a popular Chinese language podcast, *Gushi FM* 故事FM. In one story, ‘Loneliness, Death and Desolation: Why I Return to Antarctica Time and Again’, the narrator Cao Jianxi 曹建西 describes his experiences working as a member of China’s Antarctic Scientific Expedition, offering a personal account of China’s pursuit of becoming a ‘polar great power’.<sup>31</sup>

In another story, ‘How AI Changed the Way We Work’, employees from different industries share changes to their work routine brought on by AI. While some feel as if they are being washed away by the changing technological tide, others are surfing the wave with great excitement. By offering these two translations, we hope to present what Geremie Barmé, the founder of the China Story, describes as voices from the ‘Other China’: a China of ‘quiet dignity and unflappable perseverance’, where ‘myriad expressions and ideas continue to exist’, despite ‘a political party that would bend all to its will’.<sup>32</sup>

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