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Chinese Communist Party(CCP) Exposed

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A528. China: A Year of Tumult and Hope



Protesters shout slogans during a protest against China's strict zero-COVID measures in Beijing on Nov. 28, 2022. (Kevin Frayer/Getty Images)

Thinking About China

China: A Year of Tumult and Hope

Rising totalitarianism in the context of emerging dissent



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The latest tumult from China is a microcosm of the past year. The People's Liberation Army attacked across the de facto border into India, and swarmed the Philippine Islands. Xi Jinping supposedly ended strict COVID-19 lockdowns due to the biggest protests since Falun Gong protesters surrounded the Chinese Communist Party's Zhongnanhai leadership compound in 1999.

Inklings of hope emerged from the "white paper" protests, in which thousands of young people across China risked their lives to raise blank sheets of paper and signify their opposition to China's lockdowns. Some called for Xi and the CCP to "step down."

Unfortunately, that looks unlikely in 2023. Xi got himself appointed to a norm-breaking third term as general secretary of the CCP in October. He continued in 2022 to eradicate opposition through a long-running "anti-

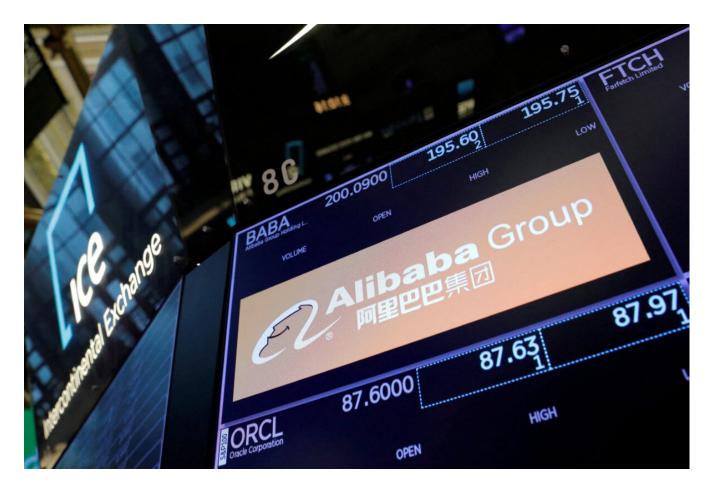
corruption" campaign that defenestrates opposing politicians and leading entrepreneurs, including in technology, education, and property development.

China's economy stumbled in 2022 due to the lockdowns, deflation of the property bubble, and increasing debt. This resulted in the loading of the financial system with risk from increased responsibilities for bailouts and lower reserve requirements.

The United States and its allies increasingly impose sanctions and export controls on China, intended to both improve its human rights and decrease its power. Federal and state entities moved <u>against</u> China's tech companies, including a developing computer chip war and measures against Huawei, TikTok, and China's overseas tech investors.

Major Chinese companies <u>listed</u> on U.S. stock exchanges—such as Alibaba, JD.com, and Baidu—experienced downward pressure on their market capitalization from U.S. audit laws. While the CCP resisted the audits for years, it finally accepted them this month. Companies that will be subject to the audits have thus escaped U.S. delisting but fell

further in trading, in the context of worries about what the audits might uncover.



The logo for Alibaba Group is seen on the trading floor at the New York Stock Exchange on Aug. 3, 2021. (Andrew Kelly/Reuters)

International companies have begun the process of diversifying supply chains to other countries like India, Thailand, and Vietnam. Nevertheless, Xi appears bent on following his mercantilist and hegemonic agendas.

In February, Beijing hosted what activists called the "Genocide Olympics" due to the regime's treatment of

Uyghurs. Diplomats from 10 countries—led by the United States, Britain, and Canada—boycotted the Winter Games.

The CCP continues to see Taiwan as a renegade province and has plans to invade. In response, democratic countries around the world are deepening ties with the island democracy. Lithuania, for example, opened a trade office in Taipei in November. Beijing responded by downgrading relations. Earlier in the year, the CCP allegedly halted the clearance of Lithuanian goods due to the opening of a Taiwanese trade office in Vilnius, Lithuania's capital. This month in response, the European Union brought China to court at the World Trade Organization.

Xi has concentrated political power on himself and insulated it from dissenting voices. The CCP politburo is now a group of yes-men. This will likely lead Xi to make more disastrous choices for China and the world in 2023, including an increase in coal-burning power plants.

If China's economy does improve due to a relaxation of COVID lockdowns, Xi will use that economic strength to further the influence of the CCP globally and empower his

military to the point where it will need to be used—for example, against Taiwan—for Xi to maintain his power.

Conflicts with China will likely increase in 2023. An invasion of Taiwan could come at any time, especially while the West is off balance due to Russia's invasion of Ukraine. In response, the United States and European Union, the world's two biggest economies, increasingly see Beijing as an adversary and long-term threat. Arms sales to Taiwan have increased, as have military budgets. That trend will likely continue as public opinion in democracies learns from repeated negative interactions with China under communist rule.

But let's also look at the silver lining of 2022 and what that might mean for 2023. The lockdown protests were the biggest in over 20 years. They forced the CCP to at least give the appearance of backing down from a policy closely associated with Xi himself. They could spread to other regions, like Hong Kong, as new issues emerge in 2023 that mobilize Chinese citizens more widely.

Only if Beijing listens to its people, ultimately by democratizing the country and improving its human rights,

will it reverse its self-defeating trend toward totalitarianism, economic decoupling from the rest of the world, and a pariah-state status.

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