

Internal Challenges for Rising China Lessons for Pakistan

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Abstract

Progress of China's economic development continues to be welcomed all around the world. However, the world's second largest economy is witnessing problems at home. The coming decade is going to keep China occupied with less of what happens around the world and more concerned with its three major issues of environmental problems, demographic challenges and political legitimacy. While China has been able to strongly address problems of air pollution and health through introduction of environmental institutes and courts, many enhancements in its Environmental Protection Law (EPL) can be made for improving the environment. As for its demographic challenges including an aging population, the country needs to work on a social security system through which the elderly can be enriched for serving in the country's social engagements. Lastly, if China's Communist Party (CCP) wants to overcome its problems of political legitimacy and internal stresses, the party would have to work towards guaranteeing judicial independence, deepen its economic reforms and be welcoming to the idea of inclusiveness, in which non-party members of the society have a say in the decision-making process.

Keywords: China's Communist Party, Environment, Demographics, Political Legitimacy, Society.

Introduction

Having become an economic powerhouse, China continues to be a country where complexities and contradictions, exist. Its rise has made it become one of the global players which has influenced and raised prospects of future rivalry with the United States. While, abroad China continues to be welcomed "as an engine of economic growth," at home the country's unhinged development has fueled inequalities into its social and political system, giving rise to long term question pertaining to its stability, (Bergsten, F.C, Freeman, C et.al, 2008). China, likely is to remain progressive and with its growing strength, it is expected to have worldwide implications, however, the future leaders of Beijing, for a decade, are going to remain concerned with challenges that are being confronted domestically and will seek minimization of their abroad entanglements. With every passing day, China will remain involved in important global pronouncements, however its minds will be staggering with insistent problems that it remains challenged with, domestically (Zhu, Z. 2011).

The Beginning of Third Revolution and Broder Lessons:

With the coming of Xi Jinping, in his first five years, many significant developments have progressed. His model is being rooted in the political and economic lives of the Chinese. How has that been possible? Let's analyze. Firstly, the leadership of Xi is

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“playing a long game.” Government prefers to control rather than compete, both in political and economic domains. State control means that the position that was held by the markets has diminished. The same is for economic competition, where foreign ideas have been limited in terms of seeking influence. The feedback mechanism, which once came from international players, its civil society and the market have been disposed. An example of this is Xi’s campaign against corruption and his idea of power centralization. While this gives the leader much authority, allowing him to have a greater role in making personal decisions, in reality, this has made decision making slower, increasingly paralyzing governance on local levels lowering rates of economic development. However, leaders of the country continue to tolerate these inefficiencies, resulted through nonmarket activity like the slow processing of Internet or the money and trailing SOEs. This generally is acceptable, not only since it adds to their political influence but also since it gives them the luxury of having long-term strategic assets. Secondly, power centralization and increased control of information by Xi has meant little admittance on consensus built within China over the policy direction taken by its leaders.’ Less robust than the previous times, debates related to the merits of the policies by the current regime have continued. A substantial drop in foreign direct investment (FDI) has meant that lead been worrisome for policy makers, who are calling for a change in the anticorruption drive. The increasing infiltration of state in the sphere of politics and economics has concerned most of the country’s talented and wealthy people. They have been prompted to seek for their family refuge, abroad. Within the top stratum of the party, there have been warnings of dissent. There is also a possibility that over time, Xi’s initiative will give way to build up of an opposing coalition, inside China calling for policy moderations. Third, the ambition of Xi to reclaim China’s greatness in the world, offers the outside world with challenges and occasions for collaboration. In few cases, interest of China and the world overlap. Therefore, many initiatives by China including the Asian Infrastructure and Investment Bank and its Belt and Road Initiative (BRI) provide for significant opportunity for business, whereas giving the world new public supplies. Concerning issues related to climate change, proliferation and Ebola, Xi’s desire to make China a leader of the globalized world has allowed the country to take political and financial commitments on a greater level than before. Speaking otherwise, other countries can defy China to take on its rhetorical commitments with respect to international leadership and globalization. Lastly, one of the greatest growing challenge and less understood exists in the dual-reform taken by China. “China is an illiberal state seeking leadership in a liberal world order.” Never has the world given importance to the domestic and political system upheld by China. While at one time, human right practices in China were viewed as an issue of domestic politics, now, issues concerning Chinese governance have taken on a front role (Economy, E. 2018).

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Challenges for China in the 21st Century

Challenges which are to preoccupy China in the 21st century include issues of political institutions and legitimacy, demographic and the environment; Demographics: China's most considerable issue includes, its aging population, a gender distribution which remains skewed and its urban population which are not ready to have children, in spite of its one-child policy reversal. There will be repercussions on its future level of economic productivity and development, its worker dependent ratio and perhaps its social stability. Lin Ye, when talking about social security enlightens us with the difficulties which will be faced by China's rapidly growing aging population. Environment: Concerning environment, China faces many problems, the keyword of which would be "carbon"; carbon cannot be separated from climate change and coal, and People's Republic of China (PRC) remains heavily dependent on coal. Issues that need to be addressed include: How the world together with China is to lessen the negative results of coal combustion using technology, cut down on the emission of carbon "per unit of GDP," and quickly moving towards the sources of energy which are non-carbon-based. According to Jean Garrison, PRC will need international cooperation in the field of science and technology and pricing of carbon. Legitimacy: China's Communist Party has a core problem and that is of legitimacy, grounded not in ideology but in economic prosperity. However, economic development is creating inequalities and giving rise to new social groups which increasingly are demanding for more involvement, which over time is to produce challenges for the unquestioned rule of the party. Legitimacy needs to be incessant, but now resting on the growth of economy, it continues to remain instable. This has led to rising needs of a political system, which would include institutionalizing of succession, by leadership, structuring a system of accountability, as Yuchao Zhu details, ornamenting the capacity of governance, and as Weixing Chen explains, making an institute which gives people a voice (Zhu, Z. 2011).

China's Environmental Challenges

China's environmental problems are a serious cause of concern. For quite some time, much social harm and health damage has been done. While policies related to the environment and emissions have undergone drastic changes, implementation of these policies has also been made stronger. Problems related to environment have become a political priority. Many national policies have been launched, like the Environmental Protection Law of 2015, the Environmental Protection Tax Law of 2017 and an action plan for prevention of air pollution and its control (Jin, Y. 2016). China's report of its emission of CO₂ is not officially published. Exceptions to this were made during the period of 2005, 1994 and 2012. Hence, institutes of research and environmental academic have taken on the responsibilities to base the calculations of CO₂ emanation through logical conjecture and data gathered from previous sources (28).

- How it all began?

China's environmental problems are because of growing industrialization and negligent environmental monitoring. This problem was soon recognized by the government. However, their actions were criticized as inefficient (Silk, R. 2013). Causes for environmental harm are centuries old. Dynastic rulers while exploiting natural resources and consolidating areas for the development of China's economy also contributed to natural catastrophes and famine (Economy, E, 2010). Today, the environmental problems of China have resulted from not only the political choices made, but also from the organizations, attitudes and tactics practiced centuries ago. China's development of its environmental institutions started through the conference of United Nation, in 1972, when a delegation was sent to the conference of human environment, in Stockholm (Council on Foreign Relations, 2016). Problems further were aggravated when in 1970s economic reforms were encouraged. Many reforms were undertaken and extended throughout the provinces, which lead to the buildup of 'township and village enterprise' thus called the TVE (Yu, 2014). During 1997, this enterprise harvested about one-third of the country's national GDP (Taltow, 2017). The local experts were not able to control or meet the environmental standards. These days, the economy of China has many state-owned corporations and it has been difficult to implement their policies at the local level. The authorities have continued to prioritize economic issues giving no heed to environmental concerns. While the government may have declared its goal, changing environmental policies and its effective execution will necessitate reviewing connections among the governments, state, society, markets of government and power structure in bureaucracy (Huang, Y, 2015).

- Health challenges in China:

In China's large cities, 60% of the groundwater has been classified as 'poor or very poor,' while one-fourth of the country's main rivers are 'unsuitable for human contact' (The Think Tank Resources, 2016). Problems have further been aggravated because water cannot be disposed of properly and it is not adequately treated. Many arable farming areas have been turned into deserts. The forestry administration of the Chinese state that about 1.05 million square miles' landmass of China has been deserted; this has affected the lives of 400 million people and more (Guoqian, W, Xuequan, W et.al, 2012). Rapid economic development in China has led to growing levels of air and water pollution. A recent survey carried out by Health Effect Institute (HEI) and the Asia Program of Air Pollution and Public Health established that above than 120 investigations had been carried out in the urban communities of China and it has signifyied growing contamination in air and increased respirational side effect, premature mortality and hospitalization (Brauer, M). The World Health Organization (WHO) estimates the yearly death of 300,000 people because of its high level of air contamination (Zhang, J et.al, 2010).

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- Air Pollution and its Impact in China:

People think that China is a developed country, but the reality is otherwise. The country is considered to be a developing state (Valiantis, M, Oxley, T et.al, 2007). It's current circumstances of air contamination can be compared to that of the 1960's Western Europe. With the growth of industrialization, GNP is growing by 10% each year (Wen, Y). The yearly consumption of energy is about ninth of the United States (Fang, J). China being the biggest consumer of energy on the planet has now the largest expenditure of SO₂, because of its usage of petroleum products (Duddu, P, 2014). The impact of mechanical and horticultural production in China is difficult to assess. Conversely, the depletion of CO₂ from consuming non-renewable sources of energy evidently have an effect on the atmosphere (Shan, Y, 2018). Therefore, it is important for China to focus on its natural issues.

- What is China's take on its environmental issue?

The Chinese government has put environment as a top priority issue. It was during 2011 that the government published a White paper entitled "China's Climate Change policies and Actions" outlining details of instituting a carbon market in the coming years (Han, G, Olsson, M et.al, 2012). Since the past two decades, the country has enacted many environmental laws; "Air-Pollution Prevention and Control Law, Water Pollution Prevention and Control Law, Marine Environment Protection Law, Promotion of Recycling Economy Law and the Environment Impact Assessment Law." It can be concluded that China has been able to fairly recognize a legal regime for protecting the environment.

- Initiatives taken by China to protect its environment:

Instituting Ministry for Environmental Protection: In 2008, Ministry for Environmental Protection (MEP) got upgraded from State Environmental Protection Administration (SEPA). It became an important department for State Council (Ministry of Ecology and Environmental) and holds the responsibility for executing and instituting domestic procedures related to environment and pollution. It is mandated to assess and implement policies throughout China. The National Development and Reform Committee (NDRC) looks after issues relating to decrease in greenhouse gases (GHG) (Brombal, D, 2017). Criticism: SEPA initiated many raids against companies which broke law and polluted more than they were given the permission form. This later was called as the 'environmental storm' which went all its way to penalize its largest electric company. Many illegal workings at Summer Palace were stopped and an example relating to public decision-making was upheld. In current years, MEP has acquired much power and has been observed to have helped stop many chemical and polluting steel plants in Tianjin, Hebei and Beijing (Liu, J, 2014).

Ministry of Ecology and Environment (MEE): MEE has been created for settling other environment relates issues. It has created new roles which among others include strategies for reducing emission and climate change, which at present is under the jurisdiction of NDRC, a contamination ruling for underground water, which at present is under the jurisdiction of Ministry of Resources and National Land, the ecological protection of watershed, at present under the jurisdiction of Ministry for Water Resources, and control on contamination of agriculture, at present under the jurisdiction of Agriculture Ministry (Jing, L).

Specialized courts for Environment: It was during 2013 that China successfully was able to establish environmental courts, greater than 130 (Loftus-farren, Z). It was during the period of 2000's, when President Hu Jintao had coined the term, 'ecological civilization' (The China Story, 2014). It was the first time that for evaluating the political performance of official local government, meeting the pollution targets became the criteria (China Dialogue). China's environmental courts had many silent features which fit well with their political practices and local governments requirements. Their courts were flexible, they fit well with the conventions of socialist courts considered as consciousness-raising establishments and provided for a platform which could dispel social unrest generated by environmental disputes. Understanding the political rationality for which the courts were established will help understand the limited role of environmental courts and see through ways which would help develop the system of these courts, for the future.

- Enforcing Environmental Laws and Countering Environmental Challenges:

It was during 2013 when China's NDRC gave out on its first national proposal on climate change together with a list of environmental targets which are to be met by 2020 (National Development and Reform Commission). In the coming five years the government has planned a spending of \$ 275 billion for cleaning of its air and \$333 billion for cleaning its water pollution (Yonas, B). China's new law on Environmental Protection (EPL): In December 2016, smog spread in many regions of China. Soon, government woke up to its responsibility for introduction more environmental reforms (Islam, K, 2017). Many steps were taken among which it was decided that provinces which were producing and consuming coal and aluminum around the provinces of Beijing were to reduce the levels of smog from the period of November till March (Lian, R and Burton, M, 2017). Some of the important measures introduced in the currently modified EPL for a more sustainable, measured and systemized environment include:

- Daily fines, for violators
- Seizure of polluting equipment's by authorities

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- If excessive pollution is taking place, order for limiting or stopping its production can be given.
- In case of serious violations, there can be administrative detention.
- Polluters, if found suspected of environmental crimes can be turned in for judicial sanctions (China Water Risk).

What China can do better to implement its EPL laws?

While China through its Environmental Protections Laws (EPL) has met China's essential environmental regulars, much enhancements can be made for improving the environment, argues Mehran Idris Khan and Yen- Chiang Chang (2018). These enhancements would include:

1. Procedures of legislation need to elevate in the legal system, while remaining focused on implementing the policy of EPL.
2. There needs to be a system of environmental database established among different departments of the government harmonizing measures for establishing inter-regional enforcement apparatus on environment.
3. Improvement in environmental intelligence for acknowledging pollution and better enforcement of law.
4. The economic department of the country needs to encourage industries which are environmental-friendly.
5. Special attention needs to be given for building up the capacity of environmental NGO's. They should be invigorated for performing their distinctive critic role in protecting the environment.
6. Polluters need to be strictly dealt with.
7. There should be camps for creating awareness among the general public related to environmental laws and polluters needs to be encouraged for ensuring definitive protection of environmental standards.

China's Demographic Problems

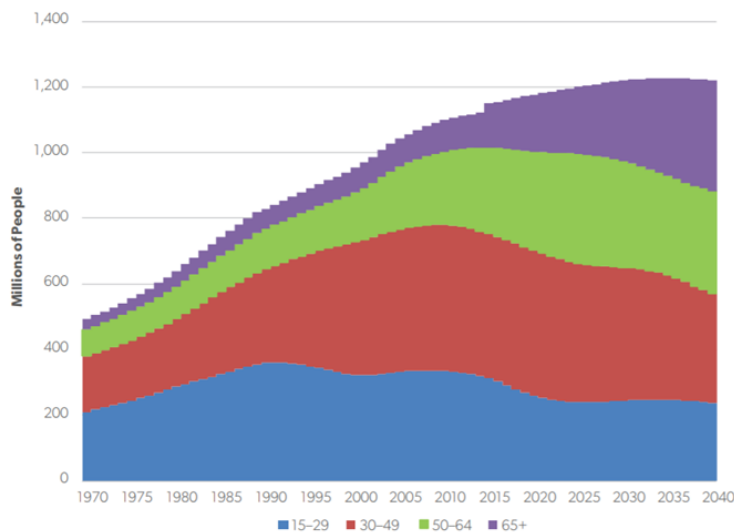
As released in January, the Academy of Chines Social Sciences states that by 2029, China's population will reach to 1.44 billion entering an "unstoppable" phase. The report pronounced and warned that by 2065 the population will have reduced to lower levels entering a period "of negative population growth." The lesser the people, the less important the domestic consumption and therefore slower economic development. The young old ratio will dramatically become imbalanced and ties holding society together will be put under unprecedented weight. The history of this problem is rooted in China's one-child policy. Announced during 1980, it aimed at reducing the growing number of feeding mouths. Acting as a hindrance to growth, Beijing in 2016 permitted

parents to partake two children. In 2018, a draft civil code was published and its omitted any orientation towards family planning (Campbell, C, 2019). These changes in population will result in many issues, which have been detailed in the following section.

- The Availability of Labor and Manpower:

Projections state that by the year, 2040, China will experience sub-replacement levels of fertility. Therefore, it should be of no surprise that the population of those working, which reached its peak levels during 2015 would shrink at a greater speed, between 2015 and 2040. The present and future trends of China for 1970 till 2040 have been shown in Figure 1, detailing the probable and the projected alterations in China’s “adult” (aged 15+) population.

Figure 2: China: Estimated and Projected Population, Age 15+ by Age Group, 1970–2040



Source: UN Department of Economic and Social Affairs, Population Division, 2017 Revision of World Population Prospects, 2017, <http://esa.un.org/unpd/wpp/index.htm>.

Between 1978-2010, economic accounting did not account for all of China’s economic growth. Reversal in this account would mean that in terms of manpower, the economy of China will be making unfavorable headways. It is already known how the population and composition of the working-age is to be changed in ways unpromising to economic growth. The coming generations are to see a tarn of young manpower, shrinking rapidly. In this reference, the policymakers of Beijing have taken on few options. These include; steps for improving education for workforce, but then again those between 50-64s for 2040 have dropped out of school and the inverted population pyramid of China has made this task of educational completion, slower. The theoretical option of rising the ratio of capital-labor is its other option, however,

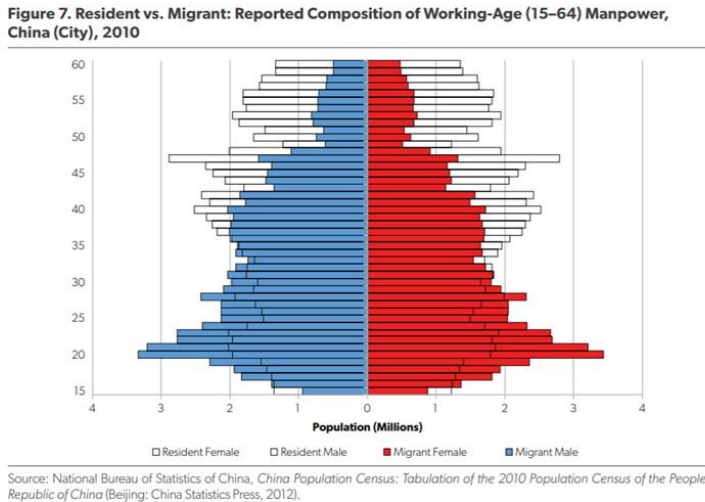
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today the gross domestic production (GDP) of China is untenably high. Countries including the Gulf states, the Western Europe and Singapore have made efforts for readdressing shortages of labor by way of international migration, however, China having problems of scale, cannot take on this option. Last, is an alternative for internal migration. It ramps up productivity, dwindles the pool of manpower making the peasants move their work into cities. Beijing has gotten hold of this opportunity and this option is being promoted actively through the country's developing Urbanization Plan, popularly called the urbanization drive (Xinhua, 2016). A promised strategy, it is not an all-time cure.

- China's problem of domestic migration:

Statics from United Nations Procurement Division (UNPD), 2018 envisages that between the years of 2015 till 2040, the urban population of China will have grown above 300 million. Leadership in China is dependent on urbanization for its future economic development and it is making attempts to hasten rising cities through its urbanization drive (Glaeser, E, 2012). However, there is one particular problem, that of the Chinese Hukou system. The system is connected with registration of household and personal identification and its history can be traced into times of imperial China. Beginning from 1950's and onwards, the hukou has been supervised by the Chinese Ministry of Public Security and it designates official residential place for each of its citizen. One who is working outside of their hukou is considered as illegal. Only if someone finds another job in a different province or city can one get a temporary hukou approved. As of today, the government of China has remained reluctant to upgrade its migrants hukou according to their new residential places. Hence, there is a huge number of "floating population" and with rising cities many out-of-hukou workers have emerged. A large number of this population is consisted of migrant peasants who work in urban regions. On some exceptional terms, these people (women or men) and those who leave behind their cities and hometowns to find jobs in the urban areas work in regions where they are considered as second-class residents. Following rules, these "temporary" residents cannot be provided with local services of education and healthcare. They have also no right of bringing any nonworking member of the family along with them. Here lies the contradiction: While China's cities require urban migrants, these migrants have to be treated like inferior beings, because of the hukou system. The contradictions highlighted in Figure 2 represent the structure of hukou population, of 2010, for the big cities of china.

Figure 2: Resident vs. Migrant: Reported Composition of Working-Age (15–64) Manpower, China (City), 2010



There are political problems in the hukou system. It is similar to the problem of “influx control” faced by the apartheid regime of South Africa which are characterized as Soweto. Until this system of China is not reformed genuinely, it should expect the opening of many tinderboxes in its big cities.

- **China’s Aging Population:**

In the coming era, in spite of China’s overall decline in population, the country is to experience a certain kind of population explosion: increase in its population of senior citizenship for the age of 65 years and above. According to the projection which have been made by UNPD, during the period of 2015 to 2040, the population of 65+ will reach to about 340 million from that of 135 million. How China plans on coping with this issue remains a critical question. Who is to provide for this immense population? Beijing’s present governmental policies are not adequate or comprehensive. The country has remained indecisive to country-wide public pensions and care guarantees for old-age people. The situation is to be charitably called as work in progress. For example, during 2017, China was able to cover less than 65% of the pension schema for its working-age population (World Bank, 2017). If public policy has not answer to the problem, then how is this issue to be resolved? One answer lies in public savings, however, like in other parts of the world, for old-age security, the vulnerable cannot depend on their personal assets or their savings. It can be assumed that by 2040, China may become richer i.e. to say, there would be more support for the elderly. Suggestive of the project presented by Ronald D. Lee’s National Transfer Account, transferring resources of intergenerational household can become effective while dealing with an aging population in many parts of East Asia and most likely China, itself.

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What China needs to do for resolving its issue of an aging population?

Dr. Wenmeng Feng presents the following key recommendations for stimulating development vitality for China's ageing society:

1. **Plan for urban development:** Much consideration needs to be given to China's elder population and their support in planning for urban development. For future consideration, suitability of the elderly needs to be considered as an essential urban planning measurement. This is important for layout of urban function, living facilities, urban transportation etc.
2. **Community construction:** For building communities which support the aged, city planners need to develop relevant capacities of the community. This would include system construction, planning of the community and personal apportionment. Unambiguously, in planning for the community, provision and position for aged people need to be considered; there needs to be a cooperative contrivance among the community and institutions which provide related services like shops, hospital and restaurants, so as to construct an elderly community-oriented support system.
3. **A social support system:** The elderly requires a social support structure. While the government of China will gradually build financial stand-in for paying care services for the elderly through its system of nursing insurance, conversely, directed through uniform standards, considerable specialists would do with vocational accreditation and nursing training for recruiting care nurses from among the elderly.
4. **Involving the elderly in social and health services:** To address issues of ageing population in an active manner, the local institutes of health would be necessitated for intensifying their services and guidance for those aged who have chronic illness, and shift their applications from services towards prevention. Moreover, concerned measures would be taken by relevant authorities for enriching elderly lives so as to attract their involvement in social engagements.

China's problem of Political Legitimacy

In 2018, the political leadership took a new turn when Xi Jinping, China's political leader ended the limits of presidential term making himself all powerful and opening possibilities for his lifetime ruling. However, this decision is now leading to internal strife and political stress. Until now, collective leadership ensured political continuity. Nevertheless, Xi's first presidential directive changed conditions for attaining stability. The general secretary of China's Communist Party (CCP) has centralized the process of decision-making by means of military reforms and has placed his protégés on top of leadership assembly. During 2017, "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" got incorporated into the constitution of CCP

by the Party Congress (Xinhua, 2017). Thoughts of Xi Jinping are grounded in his “Four-Pronged Comprehensive Strategy.” They encompass the following:

1. Building a prosperous society.
2. Deepened reforms
3. Governing the nation in accordance with the rule of law &
4. Tightening the discipline of the party

All four strategies focus on building of socialism within the Chinese characteristics.

- Governing the nation in accordance with the rule of law:

Under the leadership of Xi, having socialist rule founded on Chinese characteristics is the basis for every legal reform. In accordance with the Plenum of 2014, five principles guide the reform process in China. This includes 1. Party leadership 2. people’s dominant position 3. fairness before law 4. combining the ruling under country’s rule of law along with that of virtue 5. needing China to pave its own path. China’s socialist rule can be understood as a mechanism which can be enforced strongly under the leadership of CCP with the state being a reflection to people’s will. There are further talks on reforming the judicial system and strengthening the law of rule awareness between all its people while also increasing their moral integrity. Xi urges further “reform of the judicial system, and strengthened rule of law awareness among all our people while also enhancing their moral integrity (Jinping, X, 19).

A promised judicial independence? It has been pointed out by Zhang (2016) that there is much skepticism to the judicial reforms, which can materialize. Given that China’s legal system is directed by the Party and its objective, little can be done by the judiciary. During 2015, many civil rights and activists for the rights of women got charged for crimes like taking on quarrels and becoming a cause for trouble (The Verge, 2018; The Economist, 2015). NGO’s got restricted and nothing much could be done by the judiciary for preventing or ameliorating political suppression (The Economist, 2016). Independence of judiciary in recent times has become a taboo in China. On 15th January, 2017 Zhou Qiang, Chief Justice in a state-run News Service for the Chinese said “China’s court must firmly resist the western idea of judicial independence and other ideologies which threaten the leadership of the ruling Communist Party (Reuters World News, 2017).

- Tightening the discipline of the party:

Full report given by Xi Jinping identifies making extensive effort for making the leadership party stronger and committing ourselves to examine oneself in the mirror (Jinping, X, 6). The fourth prong constitutes a campaign for propaganda: “Three Strict, Three Earnest campaign (40).” The campaign seeks on improving the discipline of the party while its cadre conduct encourages components of socialist values (Gow, M, 2017). 41 Building a normative consensus which focuses on socialist values allows

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the CCP to toughen its dominant station and the law which generates consensus. Dealing with corruption for Party Discipline: How is it justified? The Sixth Plenum gives approval for two important documents focusing on firming up Party discipline. These two documents are primarily called as “Guidelines on Inner-Party Life in New Situation” and “Party Regulations on Inner-Party Supervision.” These two documents contain considerable campaigns of anti-corruption which were launched by Xi during 2013 and have given immense power to Xi and his top hierarchy. The concept of procedural justice is new in China and requires time for adapting and developing to local circumstances (Chen, 2016). Nevertheless, this argument entails tolerance towards extrajudicial measures as a necessity for disciplining those members of the party who stray away from today’s CCP’s stringent and upright requirements.

- Building on a prosperous society? Inequality of wealth and sustainable development:

Xi has highlighted the need for invigorating China by means of a coordinated social, ecological, economic, political and cultural strategy. To construct a society, which is moderately prosperous, China will need to make a transition from a command to an economy characterized by socialist market (Jinping, Xi, 23). The challenge involves the positioning of stimulating resilient economic growth, towards that which promises sustainable development. Thomas Piketty identifies the economic growth of China as being highly unequal. China’s “new normal” is considered to be among those societies which are unjust and unequal, economically: few privileged people and wealthy elites from second-generation have been set against those whose incomes have proportionally been increased (Hurun Report, 2017). The imbalance of wealth is a cover up for the emerging imbalanced class system of the capitalist. However, this has not been forgotten by Chinese leadership. In his 2018 speech for the New Year, Xi Jinping while not directly stating the issue of wealth imbalance, spoke

“We are now one big step closer to the completion of a moderately prosperous society in all respects (...). It is our solemn commitment to lift all rural residents living below the current poverty line out of poverty by 2020.”

Way forward? China’s drive for sustainable development will require the country to deepen its economic reforms inclusive to equal distribution of services in urban and rural areas, improve redistribution of social welfare and services and goods delivered to the public, reduce corruption and in general establish a just and legal system (Xu, Q, 2016).

- Deepened Reforms:

Reports by Xi point out too many challenges for deepening of reforms. They include establishing a modern system of public finances, an economic relationship among the local and the central government which clearly delimits responsibility and authority; reforms for taxation, reforms in the institute of financial sector and development of a

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regulatory framework related to macro-prudent and monetary policies (Jinping, X, 30). The decision given by Xi Jinping regarding deepening of reform (Third Plenary Session of 18th Central Committee of the Communist Party of China, 2013) has clearly outlined that ideological unity is to be grounded around the ‘two-hand’ formula given by Deng Xiaoping: an economy based on market having inflexible political control. In his decision, Xi had placed importance on establishing the rule of law which is to be advanced under the leadership of CCP. This view was again reinforced in the constitution of CCP and was amended during the 19th Party Conference which enshrined thoughts of Xi’s action guide, for the party (Xinhua, 2017).

Way forward? Xi’s guide for action are indicative of the unified command taken by the Party (Jinping, X, 62). Conversely, party’s non-Party constitutes who are an important part of the society, like people who do not own a business, urban professions and the emerging middle class including the farmers need to be included in the process of decision making.

Conclusion

While China might have become the world’s second biggest economy, there are many internal challenges which will determine the continued success of Xi Jinping and its Chinese Communist Party (CCP). It is likely that we will see China entering a phase of progress, national glory and prosperity only if the party of CCP can guarantee for its citizens a natural green environment where people continue to have clean air and water, have an egalitarian culture without corruption and the party plays a leading role in its country’s issues of social transformation (Zhiyue, Bo, B, 2017), including addressing the issues of its aging population and domestic migration.

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