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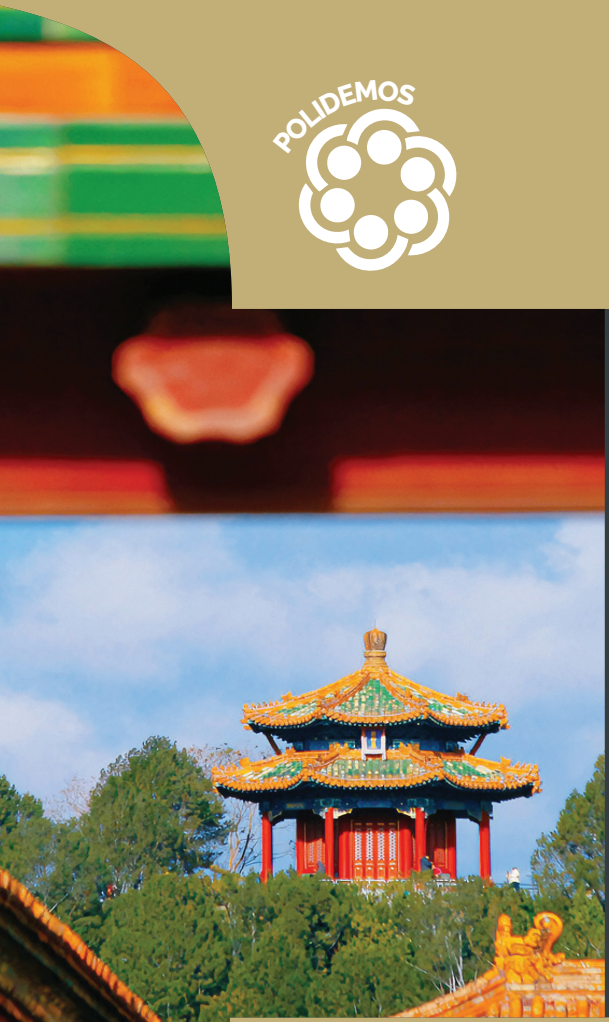

ASIA MARCANTONI
(edited by)

UNDERSTANDING CHINESE POLITICS IN THE 21ST CENTURY

Democracy, Society, and Strategic Ambitions

EDUCatt

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EDITED BY
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EDUCatt
Milano 2026

UNIVERSITÀ CATTOLICA del Sacro Cuore

POLIDEMOS

Centro per lo studio della democrazia e dei mutamenti politici

 EDUCatt – Ente per il Diritto allo Studio Universitario dell'Università Cattolica
Largo Gemelli 1, 20123 Milano – tel. 02.7234.22.35 – fax 02.80.53.215
e-mail: editoriale.dsu@educatt.it (produzione); librario.dsu@educatt.it (distribuzione)
web: https://libri.educatt.online/
Associato all'AIE – Associazione Italiana Editori
ISBN: 979-12-5535-517-5

Università Cattolica del Sacro Cuore contributed to the funding of this research project and its publication. This publication is made within the project DEM.IN.W.PEACE (Democracy: An Investment in Welfare and Peace) – D.3.2 (2024).

copertina: progetto grafico Studio Editoriale EDUCatt.

Polidemos (Centro per lo studio della democrazia e dei mutamenti politici) dell'Università Cattolica del Sacro Cuore promuove e svolge ricerche sui mutamenti nei sistemi democratici, sulle trasformazioni nelle concezioni della democrazia e sulla dimensione internazionale della democrazia. Polidemos promuove la discussione sulla democrazia operando a più livelli: al livello della ricerca accademica, mediante ricerche originali sul tema dei mutamenti democratici, considerato da differenti prospettive disciplinari e con un'ottica multi-interdisciplinare; al livello della discussione pubblica, mediante prodotti editoriali ed eventi pubblici; al livello della più ampia divulgazione, disseminando i risultati delle proprie ricerche mediante iniziative rivolte a organizzazioni della società civile, insegnanti e cittadini interessati.

Polidemos (Center for the study of democracy and political change) of the Catholic University of the Sacred Heart promotes and carries out research on changes in democratic systems, on transformations in conceptions of democracy, and on the international dimension of democracy. Polidemos promotes the discussion of democracy by operating at multiple levels: at the level of academic research, through original research on the subject of democratic change, considered from different disciplinary perspectives and with a multi-interdisciplinary perspective; at the level of public discussion, through editorial products and public events; and at the level of the broadest discussion, disseminating the results of their research through initiatives aimed at civil society organizations, teachers and interested citizens.

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DOI: 10.69117/POLIDEMOS.17.26.001

Preface

DAMIANO PALANO

In 1940, at the height of resistance against the Japanese invasion, Mao Zedong distilled in "On New Democracy" the lineaments of what was to become a model of political organisation alternative both to bourgeois democracy and to the institutional arrangement of the Soviet Union. Drafted at a time when the Chinese Communist Party (CCP) controlled several "liberated areas" and needed a political doctrine capable of legitimizing its authority – while uniting peasants, workers, the urban petty bourgeoisie, and the national bourgeoisie against imperialism and feudalism – the document presents "new democracy" as a response to the crisis of Western liberalism, to the fragmentation of post-imperial China, and to the need to adapt Marxism-Leninism to a predominantly rural and semi-colonial country (Meisner, 1999). More specifically, new democracy is conceived as a transitional stage between the anti-imperialist revolution and the socialist revolution: a multi-class political model, led by the CCP, in which democracy is "for the people" but not "of the bourgeoisie," characterised by the combination of political democracy, a mixed economy, and a national culture. Clarifying the distinctive features of this arrangement, Mao insisted that it was a third model, different from capitalist democracy and from the Soviet Union, yet tailored to China's economic and political specificity – one in which anti-imperialist unity brought together diverse social components:

> This new-democratic republic will be different from the old European-American form of capitalist republic under bourgeois dictatorship, which is the old democratic form and already out of date. On the other hand, it will also be different from the socialist republic of the Soviet type under the dictatorship of the proletariat which is already flourishing in the U.S.S.R., and which, moreover, will be established in all the capitalist countries and will undoubtedly become the dominant form of state and governmental structure in all the industrially advanced countries. However, for a certain historical period, this form is not suitable for the revolutions in the colonial and semi-colonial countries. During this period, therefore, a third form of state must be adopted in the revolutions of all colonial and semi-colonial countries, namely, the new-democratic republic. This form suits a certain historical period and is therefore transitional; nevertheless, it is a form which is necessary and cannot be dispensed with. (Mao, 1940)

The image of "new democracy" sketched by the Great Helmsman was one episode within a crowded debate which, since the end of the First World War, had revolved around what was to be understood by democracy and what counted as "true" democracy. The French Revolution had shattered the geometric edifice of the *Ancien Régime* and – as Claude Lefort famously argued – transformed the "place of power" into an "empty place" (Lefort, 1988). Yet it was only after 1917 – and with the end of the global conflict – that the will of "the people" became, in the West, the sole source of political legitimacy, just as Woodrow Wilson had envisaged when he articulated the "American principles" for a new international order. Popular legitimation had already been necessary before then; after the First World War, however, the need to derive authority from the people became imperative both for victorious powers and for the nascent regimes born from the disintegration of the old empires.

From the ashes of Tsarist autocracy there soon emerged a new despotism, and many democratic experiments created after the collapse of the central empires proved frail – often short-lived – so that, two decades later, on the eve of a new conflagration, those European states that had fully preserved representative institutions were the exception. The "order" sealed at Versailles revealed itself far less stable than Wilson had anticipated, and even his own principles – advanced to justify America's entry into the war – proved contradictory, unrealistic, and in many respects unworkable on the European continent. The very "sovereign people" helped stoke nationalist tensions and revanchist aspirations at the core of the "twenty-year crisis." The political experiments launched after the war – almost all of which collided with liberal traditions and the rule-of-law state – are best understood if we recognise that the end of the First World War inaugurated a new kind of conflict: not merely competition among great powers, but a struggle over the very meaning of the "sovereign people." Today we rightly deny any democratic credibility to the Soviet system of the 1920s or to fascist corporatism, since both suppressed the pluralism and fundamental rights without which no democratic order is conceivable. Yet our reading would be reductive if we failed to see that entry into the "democratic century" also opened an ideological and political battle over the definition of democracy itself – both in domestic organisation and in the international sphere. Mao's 1940 banner of "new democracy" was precisely one episode in that long struggle, which the People's Republic of China would continue to wage – later adopting further formulae.

In 1989, as the fall of the Berlin Wall ended the division between East and West, it seemed – as Francis Fukuyama's famous slogan had it – that "History had ended" (Fukuyama, 1992). The end of the Cold War marked the victory of liberal

democracy over its twentieth-century adversaries – an ideological victory that cast Western liberal democracy as the sole conceivable and desirable horizon for humanity. Updating Hegel's thesis that history culminated in 1806 at Jena, Fukuyama argued that, while events and conflicts would continue, a decisive ideological settlement had been reached. For Hegel, the end of history coincided with the liberal state; for Marx, it would arrive only with communism; and for Fukuyama, it arrived with the political and ideological defeat of the Soviet Union. This vision was simplistic, yet it shaped the West's self-perception: "democracy" became synonymous with liberal democracy, and political science increasingly labelled as "false democracies" the regimes that, while calling themselves democratic, abandoned – or systematically violated – liberal principles. The traumas of the "short twentieth century," the failure of "people's democracies," and the sinister imprint of "totalitarian democracy" encouraged us to conflate the democratic tradition with liberal institutions, underplaying illiberal, anti-pluralist, even totalising strands long present in projects for a "true democracy." Hence the scepticism with which many scholars received the notion of "illiberal democracy," warning that the term "democracy" cannot be meaningfully coupled with "illiberal" where fundamental pluralist guarantees are absent. The warning is theoretically sound; still, our current image of democracy – as competitive and liberal – is a relatively recent artefact of twentieth-century intellectual history and Cold War experience, a reinvention that stitches together heterogeneous elements as if they formed an unbroken lineage from Periclean Athens to the present.

Thirty years after 1989, the illusions of rapid, peaceful democratisation have faded. The "return of history" is sometimes framed – once again – as an ideological duel between democracy and non-democracy. Such framing reproduces a post-

historical imaginary that treats liberal democracy as humanity's ideological terminus. The genuine novelty lies elsewhere: in the erosion of the liberal international order, entangled with shifts in global power and with the turbulence within Western democracies themselves. Thinking about the future of democracy thus means envisaging a world less favourable to liberal democracy than the last three decades – not primarily because democratic ideals are discredited or besieged by avowedly anti-democratic ideologies, but paradoxically because of their triumph in a world where American centrality is receding, reopening conflict over the meaning of "democracy."

As after the First World War, today's "populist syndrome" entwines two crises of legitimacy – one internal to democratic polities, the other international. The present crisis does not inaugurate a new Cold War between democracies and autocracies; rather, it renews the contestability of the very concept of democracy – always in a fraught relation with liberal rights and always bound up with the question "Who is the people?" During the Cold War, at least within the West, it was broadly agreed that without guarantees of fundamental liberties – freedom of association, opinion, and dissent – no genuine competition, and hence no democracy, could exist. Before 1989 the boundary between "democracy" and "non-democracy" was comparatively clear; afterwards it has blurred, not only because many non-competitive regimes adopted the appearance of elections, but also because lists of "fundamental" rights lengthened and no single, homogeneous view of them prevailed across democracies.

Compared with thirty years ago, matters are further complicated by the end of the unipolar moment and by the emergence of old and new challengers to the West. The waning of the liberal international order – above all a consequence of the United States' relative decline – re-poses the paradox of contemporary democracy: a clash among differing democratic

ethos. What had seemed universal at the "end of history" now appears more partial, even Eurocentric, while alternative ethos – rooted in specific national traditions – resurface.

It is for these reasons that we must look at China with different eyes. Although the PRC no longer pursues Mao's "new democracy," it continues to articulate its own view of what democracy ought to be. More than a decade into the "New Era" inaugurated by Xi Jinping in 2012, China occupies an ambiguous position in global discourse: omnipresent in politics and media, yet often subject to simplified, ideologically inflected depictions. This volume seeks to provide a more nuanced and critical reading of contemporary China – moving beyond both fascination with the "Chinese model" and Eurocentric suspicion – by offering tools to interpret the country's principal political, economic, and social transformations. Xi's leadership is presented as both continuity and rupture. Amid international tensions, demographic crisis, technological challenges, and internal inequalities, the CCP has forcefully reaffirmed its centrality, rooting legitimacy in nationalist rhetoric and socialist references. Power is also constructed through deliberate opacity, often encouraging external observers to oscillate between demonisation and idealisation. The "Chinese Dream" is emblematic: a polysemic device that has served domestic mobilisation and international projection alike.

Aimed at scholars yet accessible to non-specialists, the volume is organised into politics, economy, society, law, and international relations, mapping tensions between local specificity and global trends. In politics, Asia Marcantoni reconstructs the ideological making of the "New Era," showing how *minzhu* (民主, democracy) has been redefined as a tool of central legitimation under Party leadership; Dario Di Conzo examines population ageing and labour-market transformation; Yuying Xia analyses the *hukou* system as a generator of urban–rural

inequality; Guidomaria De Cesare explores the uneasy balance between political primacy and rule-of-law needs; and Matteo Peccini's case study of the Montenegro highway within the Belt and Road Initiative illustrates the ambivalences of cooperation and dependence.

Marcantoni's opening chapter argues that Xi's rise in 2012 marked a paradigm shift: a renewed ideological assertiveness and re-centred Party primacy, combining Marxism with Confucian resources. In 2019 Xi introduced the formula of "Whole-Process People's Democracy" (*quan guocheng renmin minzhu*), subsequently incorporated into national legislation. Framed as "democracy that works," it is evaluated less by electoral criteria than by its capacity to improve material livelihoods. After China's exclusion from President Biden's 2021 Summit for Democracy, Beijing issued *China: Democracy That Works* and *The State of Democracy in the United States*, texts that contrast Chinese efficacy with crises of liberal democracies, projecting "Chinese democracy" as an alternative modernity – especially for the Global South. As Mao once offered an anti-imperialist revolutionary path, Xi presents the New Era as a sovereign, pragmatic route independent of liberal values.

As Marcantoni observes, the book thus invites us to "provincialize Europe," to borrow Chakrabarty's formula, and to interpret Chinese democracy without evolutionary or Eurocentric frameworks. China does not follow the trajectory that leads from capitalism to representative democracy; rather, it has developed an autonomous path of democratization in which participation is subordinated to social harmony and to the legitimation of the Party.

This does not mean denying the existence of internal tensions: lawyers, journalists, feminists, and intellectuals who advance alternative visions are repressed, and the very idea of democracy remains monopolized by the official discourse.

Nonetheless, debate persists within society and within the intellectual sphere, where the question of substantive participation and of the relationship between government and people continues to resurface. "Democracy with Chinese characteristics" thus presents itself as a hybrid of ideology and pragmatism – a form of governance that combines authority and consultation, meritocracy and control – and that today proposes itself as an alternative paradigm to liberal democracies in crisis. Chinese democracy, from Mao to Xi, is not merely a rhetorical artifice, but a mobile and strategic concept, employed to legitimize power, build consensus, and define national identity.

With Xi Jinping, it even becomes an exportable product – a political language through which the ideological confrontation between China and the West is conducted. Yet behind the rhetoric of a "democracy that works" lies a progressive centralization of power and a contraction of spaces for genuine participation. It is therefore legitimate to ask whether "whole-process people's democracy" truly represents an original evolution of Chinese political thought, or whether it is yet another form of controlled democratization, aimed at maintaining the stability of the power pyramid in an increasingly multipolar world.

An answer to these questions can only arise from developments in the coming years and decades. The outcome will depend in part on emerging international equilibria and on the configuration toward which the redistribution of global power will turn. Although the final destination remains difficult to predict, it is highly likely that debate will continue for a long time to come, and that we will witness many further episodes in the cultural, ideological, and political struggle over what the form of the "new democracy" of the twenty-first century ought to be.

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DOI: 10.69117/POLIDEMOS.17.26.002

Introduction. Contemporary China beyond simplifications: critical tools for interpreting the Chinese "New Era"

ASIA MARCANTONI

After more than a decade since the beginning of the so-called "New Era" inaugurated by Xi Jinping in 2012, People's Republic of China continues to occupy an ambiguous position in global discourse: ever-present in political and media debates but at the same time object of often reductive, polarized, or ideologically oriented representations, China is viewed as a radically "other" system, impervious to comparative analysis, or measured and understood exclusively through Western normative and conceptual models, with equally distorting results.

This volume comes from the need to offer a more detailed and informed – yet accessible – reading of contemporary China, through a track that, while not claiming to be exhaustive, aims to provide readers with useful interpretative tools for understanding the main transformations affecting this global actor, as well as the challenges it faces in the New Millennium. The purpose of this volume, composed of essays written by young researchers, is therefore twofold: on the one hand, providing an up-to-date and scientifically grounded overview of the political, economic, social, and institutional processes that are redefining China's role domestically and internationally;

on the other, promoting a critical approach, capable of avoiding both the fascination with the so-called "Chinese model" and the systematic suspicion that often characterizes Eurocentric literatures, going instead to the origins of the reasons behind the actions of the current governance.

The figure of the current General Secretary Xi Jinping -central to the political, institutional, economic, and social redefinition of the country in its contemporary order- has represented both continuity and discontinuity with respect to the past decade. In a context marked by growing international tensions, demographic crisis, technological challenges, and internal inequalities, the Chinese leadership has strongly reaffirmed the primacy of the Party, boosting a discourse of legitimacy based on nationalist rhetoric and references to socialist ideology. In this scenario, power is also built through deliberate opacity, which makes it difficult for internal and international observers to find a unique interpretation. In their need to understand, they end up embracing extremely simplistic views. Consider, for example, the much-discussed 'Chinese Dream'. Evoked since the beginning of Xi's term, despite originally being a polysemic concept with elusive features, over the course of ten years it has revealed its full potential – proving to be functional both in terms of international projection and internal consensus- leading to interpretations of the country's role in the global scenario ranging from glorification to demonization.

Although directed at an academic and specialist audience, the volume has been designed as a useful tool for readers who, while not Sinologists with a background in the field, wish to deepen their knowledge and understanding of certain dynamics and internal workings of a global actor that increasingly influences the world's economic, political, and strategic balances. For this reason, in addition to reflecting on the present to provide elements and tools for understanding contemporary China,

each article yields, from a historical perspective, the dynamics and issues underlying the directions taken in the legal, economic, political-ideological, and social spheres. The contributions collected here therefore aim to offer updated interpretations capable of conveying the complexity of dynamics which – although they often seem specific to a context of traditional cultural and historical specificity- are in fact based on rather understandable reasons and seem to follow general trends that can be seen in the globalized world.

The volume is structured into five thematic sections conceived as fundamental pillars underpinning every society -politics, economics, society, law, and international relations- each of which, using different methodologies, addresses a crucial dimension of the contemporary Chinese system.

In the first section, which is dedicated to politics, Asia Marcantoni analyzes the ideological construction of Xi Jinping's "New Era," questioning the meaning attributed to the concept of "democracy" (*minzhu* 民主) in the official narrative and institutional practices of the Communist Party. The analysis reveals how, with the advent of Xi Jinping, this category has been reconfigured not in a participatory sense, but as a tool of legitimization, serving to strengthen central power. Moreover, it shows how a new conception of democracy is developing that seems to move away from "Chinese democracy"-as it had been conceived and developed since the 19th century- emphasizing the centrality of the Chinese Communist Party (CCP) as the guarantor of stability and progress and redefining the relationship between the ruled and rules. In this sense, the historical reconstruction of the meaning of the concept of democracy in China will provide a fundamental basis for understanding the new configuration of the political system, characterized by a vertical strengthening of power and the marginalization of horizontal forms of participation. The analysis also reflects on how

the entire discourse on democracy promoted by the current leadership is not only directed internally within the country, but also externally.

The volume continues with the economic section and with a contribution by Dario Di Conzo, who explores the consequences of demographic aging and labor market transformations, focusing on the resilience of a system in which the transition from accelerated development to the "new normal" implies redistributive choices and growing social tensions. In particular, the essay questions the realization of the so-called "Chinese dream" (*Zhongguo meng*, 中国梦) in dealing with population aging, regional inequalities, and transformations in urban and rural welfare. Retracing history since the economic reform period of 1978 and analyzing demographic changes, workforce shifts, and the diversification of business ownership, Di Conzo highlights how the loss of competitive advantage in labor costs, the intensification of sectoral polarization, and the influence of urbanization on internal migration pose significant challenges for the country's future economic and social development.

The third section, dedicated to society, features an essay by Yuying Xia, which sheds light on the *hukou* (户口) urban and rural residence registration system, investigating the dynamics that link residence, social status, and access to welfare benefits, and highlighting the increased social tensions as well as the difficulties of reforming the system to overcome them. After providing information about the origins of this system -designed to control migration flows and support urban development- the essay explores how it has effectively become a structural barrier that generates exclusion and inequality. In fact, by creating barriers to access -particularly for migrant workers- to health, social security, and educational services, the *hukou* system generates strong discontent among the population and an urgent need for social and legislative reforms.

Moving on to the legal system, in the fourth section, Guidomaria De Cesare analyzes the difficult coexistence between the assertion of the existence of a supposed Chinese legal exceptionalism and selective openness to Western regulatory models. The essay highlights the contradictions of a legal system (f*azhi*, 法制) in which legal sovereignty is subordinate to political primacy, but which at the same time requires regulatory efficiency and legal certainty. The analysis reveals the interplay between public and private law within the Chinese constitutional system, examining the evolution of the New Civil Code. It also offers a reflection on the issue of judicial independence and the functioning of the People's Procuratorates, and reflects on how the law in China plays a fundamental role not only in maintaining the political hegemony of the Party but also as a field of experimentation for meeting the economic and social needs of the population.

Lastly, the concluding section, dedicated to international relations, features a contribution by Matteo Peccini, who explores the case study of the highway project in Montenegro as part of the Belt and Road Initiative (一带一路, *yi dai yi lu*). Following an analysis of the economic and political mechanisms that regulate China's external projection -in this case, in the Midwest- the author attempts to problematize the dominant narratives on Chinese expansion, which range from accusations of creating "debt traps" to claims of win-win cooperation, proposing an interpretation that recognizes both the risks of dependence and the development opportunities offered by the Chinese initiative. The analysis of the "Highway to Nowhere" within the BRI is in fact an emblematic case of how, on the one hand, Montenegro represents a strategic hub for Beijing's influence in the Balkans and, on the other, how China's action in Montenegro is a harbinger of possibilities for the Montenegrin government itself.

In their ensemble, as well as providing interpretative tools for understanding a changing country, the essays of this volume propose looking at China not as an ideological or cultural monolith, but as a dynamic system crossed by tensions, where political, economic, and legal choices are confronted with internal contradictions and global pressures. Reading today's China means accepting the challenge of confronting a reality in constant transformation, where historical continuity is intertwined with discontinuities caused by the management of ever-changing internal and international challenges. In this context, political power strategies -which must be understood within the complexity of social, economic, and international relations- can only be understood by avoiding prejudicial perspectives and binary simplifications, and by adopting a perspective capable of combining analytical pragmatism and critical consciousness. From a broader perspective, this volume stems from the awareness that a comparative approach to the various ideological, political, social, economic, and legal aspects of China is fundamental to mutual understanding and common dialogue, which the contemporary world seems to need increasingly. Understanding China's political, ideological, economic, social, and legal systems is not a matter of mere academic curiosity but a historical necessity: global governance issues such as wars, interactions in trade, investment, intellectual property, environmental regulation, and digital governance all require a thorough understanding also of how China operates, both in practice and ideologically. Supporting in-depth comparative research on political, economic, and social issues, transcending disciplinary boundaries and bringing together experts from various fields of knowledge (language, culture, literature, history, politics, etc.) means recognizing that pluralism is a structural feature of the global order that can no longer be ignored if we want to promote development and mutual

understanding between China and the rest of the world, where the parties are increasingly interconnected.

In conclusion, I would like to thank the Polidemos research center at the Università Cattolica del Sacro Cuore di Milano for its generosity and for giving me the opportunity to conceive and publish this volume. Sincere gratefulness also extends to Director of the center Damiano Palano for his work, constant support, and trust in the project. Sincere thanks also go to all the authors for their contributions and willingness to cooperate, which have made possible what we hope will be a stimulating interdisciplinary discussion as well as a first -albeit modest- step aimed at overcoming the barriers of departmentalization and promoting exchange and collaboration among colleagues working on Asia, with a particular focus on China. The opportunity to edit a volume dealing with issues as complex as they are relevant is a precious opportunity for me, which I hope can be shared with all readers interested in critically understanding certain aspects of contemporary China.

DOI: 10.69117/POLIDEMOS.17.26.003

Xi Jinping's "New Era" and the Future of "Chinese Democracy" (*Zhongguo de Minzhu*)

ASIA MARCANTONI[1]

Abstract: Starting from China's willingness to think democracy outside the Western conceptual framework, and in an attempt to distance ourselves from both the Eurocentric perspective and the one that supports Chinese exceptionalism, this essay offers a reflection on the meaning of the concept of democracy in China (minzhu 民主) adopting a conceptual history approach from a global viewpoint. The discourse on democracy has generally served the Communist Party to emphasize its leading role as representative of all social classes. Considering this evolution, the recent proliferation of discourse on democracy propagated by Xi Jinping should come as no surprise. Since the beginning of his first term, he has forged his own version of democracy, describing the Chinese democratic system as an intra-party consultative and deliberative process based on meritocracy. Xi Jinping defines the democratic model as changeable and adaptable to the peculiarities of each context, proposing for the first time in 2019, at the height of the clashes with Trump, the expression "Whole-process People's democracy" (quan guocheng minzhu, 全过程民主).

Keywords: Contemporary Chinese Political Thought- CCP- Chinese Democracy -Chinese Political System – Xi Jinping

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1. *Recasting the democratic idea: The Chinese Debate in the Early Twentieth Century*

In order to correctly frame the historical and theoretical Chinese context in which the idea of Chinese democracy – i.e. the subject of the present contribution- took shape, it is first useful to recall that liberal representative democracy is neither the only form of democracy that has historically existed[2] (cf. *pars pro toto* Duso, 2004) nor the only one existing today (Crouch, 2005, Mudde 2013, Zakaria 1997). In this respect, the aim of this political section of the volume is not so much to delve into the specific conceptuality of Chinese political thought, but rather to recognize the need to constantly recalibrate the use of Western theoretical-political categories when dealing with the reception and original use of such categories by other peoples[3]. To this end, borrowing a term introduced by the Indian philosopher Dipesh Chakrabarty (2016), the attempt will be to "provincialize" the mental structures through which we are used to interpreting not only "our" history, but also that of others. It should also be emphasized that the reference to democracy -or rather, to the absence of democracy- in contemporary China is often employed in our public debate more to affirm Western hegemony than to understand the characteristics of that country's regime. Hence, the difficulty lies in discussing Xi

[2] Until the end of the 18th century, the term "democracy" referred exclusively to direct democracy, which was reviled by almost all thinkers of the time. Even during the American and French revolutions, in fact-for example, in the reflections of Rousseau and Sieyès-representation and democracy were considered opposing political models. For a reconstruction of the evolution of the meaning of the concept of representative democracy in the West, understood as the logical outcome of modern thought and Western politics see Duso, 2004.

[3] For further information cf. Richter, 2005, pp. 7-20.

Jinping's perspective on democracy without running the risk of adopting a prejudicial, mostly negative, perspective toward current Chinese governance. Not because there are no reasons to hold a critical view of the present government, but because such a view should not be constituted *a priori* based on perceptions, therefore misleading, and simplistic narratives. From a broader perspective, addressing this issue proves necessary today, in an international context increasingly marked by the opposition between "us" and "they"; "the West" and the "Rest" (Mezzadra and Neilson, 2024). Especially over the past decade, the relationship between the United States and China has shifted from competition to outright opposition. In this context, we are witnessing a radicalization of the general debate that pervades public discourse on China, with an ideological clash fueled by respective propaganda becoming crystallized. This is precisely the results in the consolidation of discursive models based on binary oppositions. Yet, in order to understand the current Chinese political regime, *«democracy versus authoritarianism is neither a useful research topic, nor a fruitful political agenda»* (Mobo Gao, 2018 p.12) It is therefore necessary to move beyond such a dichotomous perception to fully grasp the specific features of the Chinese debate on democracy, recognizing both the influence that Western political thought has exerted in China since the end of the 19th century, and the absolute originality with which that thought has been received and re-elaborated (Said, 1983; 2003). To delve into the issue, therefore, it is first necessary to clarify the general outlines of the debate on democracy in China in the first half of the 20 th century, having clearly in mind that only by recognizing the historical specificity of the discourses of that time -crucial in influencing Chinese politics and history- is it possible to identify the meaning they take on in their current revival by Xi Jinping. Before moving on to an analysis of the development

of the idea of democracy following the birth of the PRC (People's Republic of China) in 1949, it is useful to make a quick reference to the theoretical context of the immediately preceding years to understand, albeit in broad terms, the peculiarities of the reception of the Western concept of democracy in 20th-century China.

Certain figures -particularly representative of the various schools of thought that developed in historical moments that were as close as they were different and crucial- can be helpful in this reconstruction. These are authors who, at the ridge of the collapse of the millennial Empire, reflected on what political form the new China should take, what political government was best suited to the needs of the Chinese social, historical, and cultural context, and what it meant for China to establish itself as a nation. These are authors such as Kang Youwei, the main promoter of the Hundred Days' Reform of 1898 *(Wuxu bianfa,* 戊戌變法) that was a radical reform of the system, launched under the aegis of Empress Cixi and aimed at modernizing the entire imperial apparatus, education, and the economy (Roberts, 2013, pp.260-268); Zhang Binglin or Zhang Taiyan, a prominent figure of revolutionary consciousness; Lu Xun -the father of vernacular literature: *Baihua*-; Liang Qichao, disciple of Kang and father of modern Chinese political thought; and also thinkers such as Chen Duxiu -a central figure in the May Fourth Movement of 1919 *(Wusi yundong,* 五四运动)[4] and co-founder of the Chinese Communist Party in 1921-

[4] The May Fourth Movement was an anti-imperialist student movement that emerged from the Chinese people's indignation with the conditions that the Treaty of Versailles would impose. It was part of a broader movement known as the "New Culture Movement" and differed from previous approaches – which proposed a gradual reform of the Chinese political system – in its

and Sun Yat-Sen, founder of the Guomindang, the nationalist party (Schwartz, 2000 pp. 406-444). Without going into a detailed analysis, what emerges from these thinkers, even though they belong to very different schools of thought that developed in a very short but eclectic period of time[5], is a dual approach to Western political thought: on one hand, there is the use of European knowledge to modernize the Chinese tradition of thought. This is the case of Chen Duxiu (1915), who, in his famous essay entitled *Warning the Youth*, argued that only the introduction of science – 'Mr. Science' *Sai Xiansheng*, 赛先生 – and democracy – 'Mr. Democracy', *De Xiansheng*, 德先生- could cure the disease of Chinese politics, morality, and knowledge; or to update Confucianism through a series of theoretical elaborations and institutional reforms.

Another attempt to update Confucianism through a series of theoretical elaborations and institutional reforms was given by Kang Youwei's reflections on the Confucian notion of *li* (礼, ritual, ceremony) or even on the ancient traditional concept of "great harmony" (*da tong*, 大同) (Moores, 2023, pp. 1-25). On the other hand, there was the intention to clearly distinguish themselves from Western culture, considered to be the origin of the imperialist politics of European nations. The ideas of Zang Binglin -who inspired the May Fourth Movement- are paradigmatic of this position: Zang's criticism of the notion of representative democracy and his attempt to democratize local peasant structures, against any attempt at state centralization of power, should be read along these lines (Veg, 2016). Sun Yat-sen's thinking, the founder of the Republic of China

radical approach, which aimed to sever ties with the imperial past and Confucian tradition completely.

[5] For more details about this cf. Ge Zhaoguang, 2018; Zarrow and Karl, 2002, p. 76; Leibold, 2007, pp. 32-33.

established in 1912 and based in Nanjing, was more articulated. For the theorization of the new Republic he drew inspiration from Montesquieu's European theory of the separation of powers, which he adapted to the Chinese context as the "*Five Yuan*" system (院, *yuan*): the Legislative *yuan*, the Executive *yuan*, the Judicial *yuan*, the Control *yuan* -derived from the ancient Chinese censorate for the selection of officials- and the Examination *yuan* (Sun Yat-sen, 1976). In 1924, Sun presented the "Three Principles of the People" (*Sanminzhuyi,* 三民主义) at a conference: nationalism, the well-being of the people, and democracy (although the most correct translation of the term used by Sun is not democracy, but "the rights of the people" (*Minquan zhuyi,* 民权主义). The latter, in particular, beyond references to the Western democratic-republican tradition, is defined as a political regime in which two powers are intertwined: that of the people over the government, namely the latter's ability to control every government action; and the power of the government to direct the affairs of state. This division, Sun suggests, *«will make the government the machinery and the people the engineer. The attitude of the people toward the government will then resemble the attitude of the engineer toward his machine»* (p. 323). Without being able to explore in depth how for Sun, the people can intervene in the functioning of the "machine", what is interesting is the very attempt to introduce a more "active" role for the people into the mechanism of constitutional democracy, based on the separation of powers. The people should not be limited to electing their representatives, but should also act politically -especially through institutions that control those in power- even during the "normal" functioning of the country's democratic life.

A first and partial conclusion is therefore to recognize a dual movement within the Chinese debate on democracy in the early decades of the 20th century: *1.* An attentive reception

of the categories of Western representative democracy, aimed at "rejuvenating" traditional structures of thought and institutions, or rather at modernizing Chinese culture and society; *2.* An attempt to recast these categories in the direction of a more "substantial" democracy and the search for a constant connection between the people and their rulers (Mobo Gao, p.141). This could lead to the idea that these authors were trying to develop an "alternative path to modernization" -what Cui Zhiyuan (1994) called the *«second liberation of thought»*[6]-as opposed to the Western model, which they saw as tainted by imperialism, and also to develop a new interpretation and application of the concept of democracy.

2. *Democracy and modernization in the People's Republic of China (PRC)*

It was in the middle of the war of liberation from Japanese domination when Mao Zedong, the founder and first leader of the PRC, wondered, in his essay *On New Democracy*, about the possibility of introducing, at such a decisive moment, a reflection on what an independent China should become, not only from a socio-economic point of view, but also from a cultural one: *«Not only do we want to change a China that is politically oppressed and economically exploited into a China that is politically free and economically prosperous, we also want to change the China which is being kept ignorant and backwards under the sway of the old culture into an enlightened and progressive China under the sway of a new culture»* (Mao Tse-Tung-1940 pp.137-200). It was a matter of liberating the Chinese people not only from Japan's material

[6] The first "liberation of thought" had already taken place in the 1920s when China embraced Marxism-Leninism during the May Fourth Movement to rid of the so-called "New Enlightenment" (*qinmeng*) school of thought.

domination – thereby ending the "century of humiliation" – but also from the cultural hegemony of an old China responsible for its submission to foreign powers. Mao's reflection on democracy therefore, does not only concern institutional aspects, but seeks a radical transformation of society: the goal of the Maoist project is the creation of a democratic society, and not (only) a democratic government. The society that Mao wants to destroy and replace is not (only) the feudal society that still existed in some regions of China, but above all the colonial or semi-colonial society created by a century of foreign domination. The democratic revolution must constitute the first phase of this transformation (the second will be the socialist one): for this reason, it must generate a "new democracy", namely a substantial democracy, and not a purely formal one. The new *«Chinese-style»* democracy is part of a *«new era in world history»* marked by the Soviet Revolution in Russia, which has deprived the West of its monopoly on global modernization (ivi p.190). For this reasons, the democratic process cannot follow the stages of establishing a bourgeois and capitalist democracy, but must seek a new path, creating the conditions for the birth of socialism, becoming part of the *«the world socialist revolution»*, which is different, if not opposed, to the bourgeois revolutions (American and French) (ivi. p. 191). This is a very relevant statement, not only for its implications about Marxist theory (the so-called "Sinification of Marxism[7]") but also for

[7] As is known, Marx's approach to historical materialism, contemplating specific political and economic phases and predicting the spread of revolution in countries with a large working class (the revolutionary class of reference), did not consider -at least at the beginning- the possibility of a revolution conducted in a rural context, as in the case of China. Based on the reflections of thinkers such as Ai Siqi, Chinese Marxists soon realized that the realization of a communist revolution in China could negate the truth of Marxism. The beginning

understanding Xi Jinping's revival of Maoist rhetoric, which is aimed both within the country and at the rest of the world- as will be analyzed- in particular at the former European colonies, the countries of the so-called Global South. In *On New Democracy*, from a political point of view, Mao advocates a system of universal and egalitarian suffrage, without distinction of sex, creed, property, or education within the *«system of democratic centralism»*, that is, a pyramidal system of people's assemblies (from local to national). The emphasis on egalitarianism is particularly pronounced in the economic sphere, where it is clearly distinct from liberal democracy, which is based on individual rights, primarily the property right: *«China's economy must develop along the path of the 'regulation of capital' and the 'equalization of landownership', and must never be 'privately owned by the few'; we must never permit the few capitalists and landlords to 'dominate the livelihood of the people'; we must never establish a capitalist society of the European-American type or allow the old semi-feudal society to survive»* (Mao Tse-dung, 1940, p. 199). The critic of the individualism (if not of the very concept of the individual, as forged by modern European thought) thus emerges as a fundamental element of the democratic society conceived by Mao: *«The goal was to form in society a 'gong (公)-oriented' outlook (collective, public, and broad), in contrast with a 'si (私)-oriented' one (selfish, individual, and narrow)»* (Xing Li, 2001). It is clear, therefore, that interpreting Maoist considerations on democracy based on a comparison with the historical and theoretical trajectory of Western representative democracy risks being

of the process of Sinification of Marxism can be attributed to figures such as Chen Duxiu and Li Dazhao and their translations of Marx into Chinese. The process of Sinification of Marxism ended in 1945 with the victory of the CCP and the elevation of "Mao Zedong Thought" -which made Chinese peasants the revolutionary subject- to the ideological guide of the Party. For an overview of the topic, see *pars pro toto* Knight, 2005; 1983, pp. 17-33.

misleading. In the conclusive pages of the essay, Mao dwells on the characteristics that the new democratic culture must have in its struggle against the reactionary cultures generated by imperialism and (semi)feudalism. Mao speaks of a *«national culture»* in which *«communist ideology plays the guiding role»* (p.220), although it is not yet – and cannot be – an entirely socialist culture. Mao's definition of the relationship between this new national democratic culture and the rest of the world is particularly interesting: *«To nourish own culture China needs to assimilate a good deal of foreign progressive culture, not enough of which was done in the past»* (ivi p. 221); and yet, he continues affirming that, to support a *«wholesale westernization»* was a mistake:

> *China has suffered a great deal from the mechanical absorption of foreign material. Similarly, in applying Marxism to China, Chinese communists must fully and properly integrate the universal truth of Marxism with the concrete practice of the Chinese revolution, or in other words, the universal truth of Marxism must be combined with specific national characteristics and acquire a definite national form if it is to be useful, and in no circumstances can it be applied subjectively as a mere formula* (ivi p. 222).

This rhetoric and belief was to become a lesson for subsequent leaders in developing the idea of "Chinese characteristics", from Deng Xiaoping to Xi Jinping[8]. Furthermore, about culture, Mao wrote: *«New-democratic culture belongs to the broad masses and is therefore democratic. It should serve the toiling masses of workers*

[8] In general, the expression "with Chinese characteristics" is accompanied by formulations that aim precisely to question the distinctive features of Western democracies, or to highlight the specificity of the development of concepts initially elaborated in the Western context when applied to the Chinese context. Consider the idea promoted by Deng Xiaoping of "socialism with Chinese characteristics", which was subsequently developed by Hu Jintao in 2005, also in relation to democracy: "democracy with Chinese characteristics".

and peasants who make up more than 90 per cent of the nation's population should gradually become their very own»; And thus, this culture would become*: «A national, scientific and mass culture -such is the anti-imperialist and anti-feudal culture of the people, the culture of New Democracy, the new culture of the Chinese nation»* (ivi p.223). In fact, it was precisely the revolutionary strategy of New Democracy – and therefore the common struggle against the Guomindang, and US imperialism, as well as the desire to destroy feudalism and to give China new political and economic structures- in the 1940s and early 1950s that allowed the unity of the people and intellectuals, until, at the end of the same decade, the aspirations it raised, especially among intellectuals, became grounds for social unrest (Rastrelli, 1988, pp. 364-369). Starting from this intuition, Mao later developed the so-called "mass line" (*qunzhong luxian*, 群众路线), which also formed the basis of what would be the concrete result of the revolution that led to the establishment of the People's Republic of China in 1949 and to the development of the idea of "democratic dictatorship of the people" (人民民主专政, *Renmin minzhu zhuanzheng*)[9]. Referring at the *qunzhong luxian* principle, Mao argued that it was necessary to gather the ideas of the masses (fragmentary and unsystematic) to synthesize them (through study, transforming them into general and systematic ideas), then bring them back to the masses, and spread them by explaining their meaning until the masses had not only assimilated but adhered to them strongly, translating them into action. It was precisely in action that the correctness

[9] The people's democratic dictatorship would be led by the working class and therefore by the Party -understood as its vanguard- and would be based on «*four classes: the working class, the peasantry, the urban petty bourgeoisie and the national bourgeoisie, which had no ties to imperialism and had supported the liberation of the nation*». (Mao Tse-tung, *1961, pp.414-424)*

of these ideas would be verified (Mao Tse-tung, 1955, p. 367; Mao Tse-tung, 1943).

One of the main Maoist contributions -based on the principles of mass line and class struggle- was precisely the theory of "continuous revolution" which was essential in the construction of socialism and also the framework within which the Great Helmsman developed his democratic idea. In general, analyzing the Maoist thought and work, it can be seen how Mao conceived and promoted the idea of democracy in a way that was always functional to the class struggle, to restore a voice to the people, and how he always sought to establish a dialectical relationship between the masses and the party. Already during the revolutionary period -from the early 1920s to 1949- these objectives and goals in fact emerged from the ideas of "New Democracy", "Mass Line", "Democratic Centralism", "United Front". Even after 1949, the democratic idea, essential for establishing a new government in the form of a "democratic dictatorship of the people", led during the years of the Cultural Revolution (无产阶级文化大革命, *Wuchan jieji wenhuad-ageming*) to the development of the idea of the need to "bomb the headquarters" in order to follow popular will and restore political power to the people. However, as is well known, it was precisely the Cultural Revolution launched by Mao in 1966 that marked the implosion and the crisis of this project of radical transformation of Chinese society and culture, leading to a long period of chaos that, even today, is considered by the Chinese leadership as a terrible threat to be avoided at all costs. The Cultural Revolution is a clear example of how Mao, after various attempts to give the people a voice, repeatedly returned to asserting the need for centralized party leadership. Dealing with the general chaos that had been created, the Great Helmsman returned in fact to the Leninist vision of the party in power, effectively betraying his previous words and

committing, in some ways, the same mistakes he had criticized the Communist Party in the USSR for, accusing it of having replaced the dictatorship of the proletariat with a tsarist-style oligarchy (Marcantoni 2025). Following Mao's death in 1976, although it was Deng Xiaoping himself who encouraged the display of posters on the Democracy Wall, he never supported the demand for a "fifth modernization" -i.e. democracy[10]- to the point that, faced with the fear of the regime being overthrown by the Tiananmen Square protests of '89, he decided to proceed with violent repression (Samarani, 2013, p. 253). The "Socialist democracy" (*Shehui zhuyi minzhu,* 社会主义民主), now mentioned in all Party documents, appeared for the first time in the 1981 *Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC*, which aimed to recognize both Mao's great historical and political contribution and the shortcomings and mistakes that followed the radical change of the late 1950s when, as previously noted, the contradiction between democracy and centralism in Maoist theory reached the point of implosion (Deng Xiaoping, 1981). In this *Resolution*, the lack of "democracy" (i.e. "democratic mechanisms") in the socialist political system was considered by the subsequent leadership to be one of the causes of the disastrous Great Cultural Revolution. It is precisely from this point that the entire subsequent period of reform of the Chinese political system unfolded and can be understood. It was Deng Xiaoping who initiated the process of institutionalization of the Party (i.e. the formal shift from "Revolutionary party" to a "Ruling Party"), which led to the establishment of the "presidential limit" of two

[10] This is a definition of political democracy credited to the dissident intellectual Wei Jinsheng who, during the Democracy Wall period, wrote the famous *Manifesto "Democracy: the fifth modernization"*.

terms and to the "separation of roles between the State and the Party", forming the basis of the current Chinese political system[11]. During the subsequent leaderships of Jiang Zemin (1989-2002) and Hu Jintao (2003-2013), since the period of reform and opening up inaugurated by Deng had changed profoundly Chinese society -being now composed of a plurality of new and different interests- the discourse on democracy generally served the Party to emphasize its leading role as representative of all social classes, alongside the well-known theory of the "Three Represents" and of the "Scientific development outlook". During Jiang Zemin's rule, there was considerable democratic experimentation in village elections. Under the rule of Hu Jintao, the *CCP Central Committee's Resolution on Strengthening the Party's Governance Capabilities* often used the expression *«scientific and democratic governance in accordance with the* l*aw»*. This meant, as the document stated, that the Party should continue to govern for the people by relying on them, to be the guarantor of their role as masters of the country, to improve the people's democratic dictatorship and democratic centralism, and to develop the "inner-party democracy" (*dangnmei minzhu*, 党内民主), aimed at reforming the CCP's power system and making decision-making processes more transparent. Moreover, the 2005 *White Paper* on Democracy, entitled *Building Political Democracy in China*, reaffirmed the idea that socialist democracy in China was closely related to the specific historical and cultural context of the country (Samarani, 2006).

[11] For an overview of the complex process of political reform that began in the 1980s and was inaugurated by Deng Xiaoping, see Miranda, 2022.

3. *The Rise of Xi Jinping (2012-) and the concept of* Whole process people's democracy (WPPD)

The advent of Xi Jinping in 2012 brought further new connotations to the discourse on the characteristics of Chinese democracy and the mechanisms for its implementation. Recently, in fact, due to a series of internal issues – such as the weakening of the Party's roots and credibility among part of the population following a series of problems, first and foremost corruption – and external issues – such as the conflictual international scenario starting with the trade war with the United States in 2016 – the debate on democracy has taken on new meanings and purposes. First of all, it should be clarified that Xi's rise to power and the characteristics of his leadership are the result of a series of needs that emerged in the early 2010s (Marcantoni, 2023). Since 2012, there has in fact been a strengthening of his personal role compared to his predecessors, with a growing emphasis on ideology both within the Party and in society, corresponding to an increase of ideological and social control and a new assertiveness at the international level. For these reasons, on various occasions in recent years, the points of contact between Xi and Mao Zedong have been highlighted, starting with the vocabulary used by the leader, which echoes Maoist principles such as the "mass line"[12] and assumes prerogatives that were only seen with the Great Helmsman, such as the inclusion of the leader's name in the CCP Constitution at short notice and while he is still alive. In recent years, however, academic debate has clarified that Xi Jinping should not be understood as "a new Mao". The differences between the two, in addition

[12] Maoist principle according to which the Party should: serve the people with dedication, trust in the creativity of the masses, rely on the masses in all matters, trust in the ability of the masses to liberate themselves, and learn from the masses (Yuhuai He, 2001 p.321).

to the profound diversity of the context in which Xi operates – thinking just to the fact that Mao's China was an isolated country in a world divided by the Cold War – are visible starting with their doctrinal systems. Although Marxist ideology has returned to play a central role during Xi's years of leadership, traditional Confucian principles – which Mao saw as an obstacle to modernization and wanted to eradicate to create a new culture – have gained central importance and, together with other factors, are shaping a new democratic idea, profoundly different from that of the Father of the People's Republic.

Since coming to power in 2012, Xi Jinping has described China's democratic system as an intra-party consultative and deliberative process based on meritocracy. In 2019, he promoted for the first time the formulation "Whole-process people's democracy" (*Quan guocheng minzhu*, 全过程民主), lately incorporated into the *Organic Law of the People's Congresses and Governments*. This replaces the more typical criteria for measuring democracy, such as popular suffrage, with a holistic view of the material and substantial improvement of people's lives. The term "people's democracy" echoes the Marxist-Leninist and later Maoist principle of the democratic dictatorship of the people, while the addition of "whole-process" seems to constitute an attempt to develop a new way of describing the relationship between the people and the government under "socialism with Chinese characteristics" in the "*xin shidai*" (新时代new era) inaugurated by Xi (Marcantoni 2025).

Moreover, following his exclusion from the Democracy Summit organized by Joe Biden in 2021, not only Xi defended the merits of the Chinese political system, defined as "*Democracy that works*" (i.e. *Guangfan zhenshi guanyong de minzhu*, 广泛真实管用的民, *the broad, authentic, real genuine, and effective, popular*), but he also contrasted it with Western representative democracy, which is in crisis from different perspectives (State Council

Information Office of the People's Republic of China (SCIO) 2021). On the current "crisis of democracy" there is already a vast body of literature to refer to (cf. *pars pro toto*: Crouch, 2005; Mudde, 2004; Mair, 2013; Lippmann,1989; Mastropaolo, 2005). What is relevant here, therefore, is to note how the discourse on democracy in China is significant not only in relation to the Chinese context, but also in relation to the contemporary debate that has been going on for years on the crisis of democracy, concerning it as in a game of mirrors. This crisis is in fact a crisis of a specific way of conceiving and practicing democratic sovereignty, which belongs to specific ethical-cultural identity, i.e. a crisis of liberal representative democracy, which established itself in the West during the 19th century. Consequently it is no coincidence that this crisis does not so much involve the emergence of other political models – even if there is a return of anti-democratic pamphleteering (Brennan, 2018) – as rather a change in the adjective attached to "democracy." – hence the talk of populist democracy (McCormick, 2017), plebiscitary democracy (Ferrajoli, 2003) – or even "illiberal" democracy (Zakaria, 1997).

Xi emphasizes that the concept of democracy is not static, criticizing the Western definition of democracy, which the Chinese leader opposes with a vision that considers the social and cultural conditions of each country. In this sense, Xi's *whole process people's democracy* is to be understood as the final product of a tradition of debate that draws not only on the recent past but also, and above all, on the Maoist concept of "people's democratic dictatorship". The latter, theorized in the months preceding the birth of the People's Republic in the essay dated June 30, 1949, took the form of an update and adaptation of the theory of "New Democracy", mentioned above, and as a "weapon" to defend the results of the victory of the people's revolution.

Chinese democracy *«that works»*, understood as the product of Chinese history and specificities, can be declined alongside five main dimensions which, as has been repeated several times, including at the 20th Congress, must continue to be developed and improved (Xi Jinping, 2022a): the first is the so-called consultative democracy, which is developed in the Chinese People's Political Consultative Conference, a state body composed of minor parties and a-party figures, which supports the work of the National People's Congress, the legislative body. This institution came from the historical experience – as well as the Maoist theory – of the "United Front" that the CPC experimented with on two occasions, first by allying itself with the Guomindang and minor parties in 1923 against imperialism and the Warlords, then from 1937 during the war against Japan. The second dimension is that of democratic centralism, which serves to manage relations between the people and the government, between a high office and its subordinates, and between the central and local governments. The third dimension is that of grassroots democracy. This was already arranged in 1987, when the Standing Committee of the Chinese National People's Congress adopted the *Organic Law of Village Committees*, which provided for the direct election of their representatives. Jiang Zemin implemented it in multi-party elections in village committees and urban residential committees, which are not formally considered administrative levels. The fourth is intra-party democracy (*Dangneiminzhu,* 党内民主), thanks to which the various factions within the Party can see their prerogatives represented in the governing bodies. It was during the 16th Congress in November 2002 that – as a result of reflections in previous years on how to deal with the increase of pluralism in the society – the need to develop such a mechanism within the one-party system was emphasized, defined as *«the life of the Party»* that *«plays an important exemplary and leading*

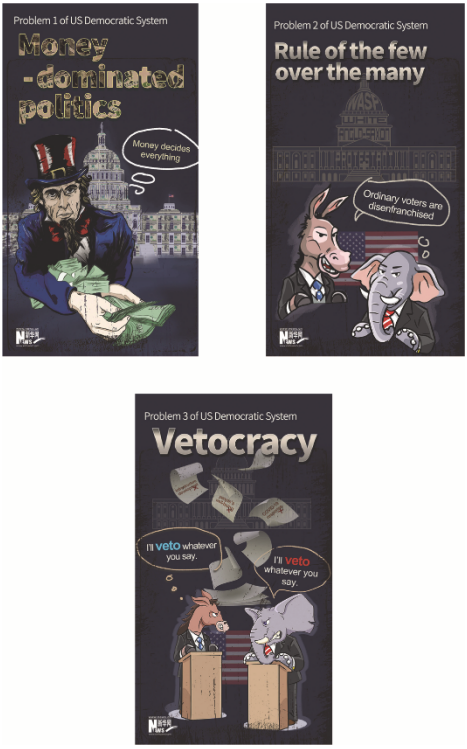
role in people's democracy» (Jinag Zemin, 2002). Finally, there is the "deliberative" or "direct" aspect of Chinese democracy. Since 2012, the current General Secretary has promoted several Local Legislative Outreach Offices (LLOOs) for this purpose, as a *«vivid example»* of WPPD and a «distinctive feature of contemporary Chinese democracy». These offices are designed for the direct participation of the local population in national legislation and are planned at the national, provincial, and city levels. By April 2022, the Legislative Affairs Commission of the Standing Committee had already launched 22 offices in two-thirds of the country's provinces, to broaden the democratic expression of public opinion and ensure that citizens' needs are satisfied (Xi Jinping, 2022b; pp.17-18). It should also be pointed out that the word used to translate "consultative" into Chinese is the same as that used for "deliberative" (*xieshang minzhu* 协商民主), although they are often used to refer to distinct aspects. In fact, various Chinese political scientists refer to the same phenomenon using both words, which carry rather different meanings and implications, as is well known, even in the history of Western thought.

It should be noted, however, that Xi Jinping's rise to power has effectively limited the willingness of the ruling class of the 1980s to develop democracy within and outside the Party. As regards the former, with the 20th Congress, Xi Jinping surrounded himself only with loyalist, silencing, at least in the Politburo Standing Committee, all those factions whose presence perpetuated the system of "democratic" representation of the various internal currents within the Party in the leadership apparatus. Furthermore, during the same occasion, the meritocratic principle, which is the basis of Chinese democracy, seems to have faded with the appointment to the Standing Committee of the Political Bureau of figures loyal to Xi, such as Li Qiang, Ding Xuexiang, and Li Xi (Marcantoni and Strina, 2022).

As for outside the party's system, the 2019 reform of the grassroots democracy system requires, unlike the previous regulations, that every candidate in elections is a member of the CPC. Similarly, during Xi's leadership, the removal of the formal limit of two presidential terms – following the constitutional reform of March 18, 2018 – and the absence of any indication as to a possible successor were a strong indicator of the thinning of the separation between the roles of the State and the roles of the Party (*dang zheng fenkai* 党政分开) that Deng Xiaoping had sought to produce in the name of the administrative efficiency necessary to implement economic reforms. Furthermore, the position of Core Leader (*hexin lingdao ren*, 核心领导人) assumed by Xi since 2016 ensures that, in case of an impasse in the decision-making process, he has the power to take decisions independently. Another change has also concerned the direction of the party's overall discourse on the concept of democracy. In fact, while until a few decades ago the debate on democracy in China was inward-oriented, serving to legitimize the Party, it is now also outward-oriented, and seems to have the potential to influence other countries, particularly the so called Global South. A vivid example is the *White Paper* (SCIO, 2021) on democracy titled *Zhongguo de minzhu* in its Chinese edition and *China: democracy that works* in its English one. This was published preemptively by China in response to its exclusion from the aforementioned *Democracy Summit* organized by Joe Biden in December 9-10, 2021 aimed to create an alliance among democratic nations to strengthen declining democracies and combat authoritarianism[13]: *«to renew the spirit and shared purpose of the nations of the free world»* (Biden, 2020). Besides the *White paper*, in response to its exclusion, Chinese

[13] See Biden's introductory speech at the Democracy Summit, "*Remarks by President Biden At The Summit For Democracy Opening Session*" (Biden, 2021).

leadership also published a *Report* titled *The State of Democracy in the United States*, released on December 5th, 2021 (Xinhua, 2021). The document consists of unilateral criticisms aimed at delegitimizing American democracy while highlighting, by contrast, the efficiency and functionality of the Chinese government. These same ideas have not only been promoted by China through various media both abroad and within the country, but they have also been disseminated using effective and summarizing propaganda posters, like the following ones:



Source: Xinhua News. Available on: http://www.news.cn/english/2021-12/05/c_1310352570.htm

In doing so, thus, China is proposing a new concept of democracy, criticizing Western primacy on the term and taking advantage of the fact that Western political notions of democracy are in deep crisis. Just as Mao promised China would rise again after a century of humiliation, Xi has given the country new strength by proposing the *Chinese dream of national rejuvenation*[14]. Furthermore, just as Maoist theory of New Democracy was conceived for the liberation of peoples -first and foremost the Chinese people, with their specific characteristics- in all those Asian countries where capitalism had not yet fully developed, so also in Xi Jinping's vision we can see the goal of pursuing an alternative form of modernity to that of the West (Marcantoni, 2025).

Already on October 18, 2017, during his opening speech at the 19th National Congress of the Communist Party of China, Xi had spoken of the Chinese system as *«a new option»* for those countries eager to accelerate their development while maintaining their independence (Xi Jinping, 2017). Subsequently, he spoke not only of an alternative, but also of the very goodness of the Chinese democratic system («democracy that works»; «true democracy»), pitting it against the Western system and its inefficiencies.

While it is true that the differences between China and the US are not as strong as those that existed during the Cold War between the USSR and the US, on the other hand, at the ideological level, also in relation to the issue of democracy, with Xi's government they seem to be becoming more evident day by day.

One of the ideas promoted by Xi at the 20th Congress was that his thought -i.e., "Xi Jinping Thought on Socialism with

[14] The discourse on the rejuvenation of the nation, "the great rejuvenation of the Chinese nation," on its rebirth (复兴, *fuxing*), promoted by Xi Jinping, not only recalls the desire to restore China's important role in the world, but also focuses precisely on the rebirth of traditional culture against the contamination of Western styles and political models.

Chinese Characteristics for a New era", (Xi Jinping xin shidai zhongguo tese shehui zhuyi sixiang, 习近平新时代中国特色社会主义思想) inserted into the Party Statute like that of his predecessors- could be adopted by countries that do not share the moral values underlying liberal and democratic political philosophy. From this perspective and from the words of the General Secretary, it emerges that rather than a ready-made, off-the-shelf system, the much-discussed so-called "Chinese model" (e.g. in Daniel Bell's works[15]), the Chinese system presents itself as a country offering a series of intuitions and alternative visions that can be used and adapted to meet specific needs in various contexts and on different levels, from politics to society to economics. This approach is completely different from the way in which democratic hegemony has been successful in the past, although this does not mean that it is without pitfalls or that it does not raise new issues, such as the debt trap or the so-called new Chinese colonialism (Nian Peng and Ming Yu Cheng, 2024).

4. *Beyond Western Modernization (and Democracy): the Chinese alternative path*

In conclusion, from the analyses conducted clearly emerge how, to address the complexity of Chinese democratic issue, it is necessary to distance ourselves from the Eurocentric and developmentalist approach that has characterized many of the analyses of Chinese democracy developed to date. Especially after the end of the Cold War, many scholars and political scientists in both the East and the West believed that capitalism had achieved a definitive victory and that history would end with the adoption of the Western-style liberal democratic

[15] Cf. Bell, 2015.

system in every country. This became particularly prominent especially in the years leading up to the fall of the Berlin Wall and the events in Tiananmen Square in 1989. In fact, behind studies on the Chinese democratization process – aimed at identifying the conditions and variables that would make this prediction possible- there was often a desire for China to democratize, and for this to happen by following specific steps, such as adopting a Western-style multiparty system or creating a civil society. The analysis of Chinese history, political discourse, and contemporary Chinese political thought shows that democracy, far from being a mere rhetorical concept in the People's Republic of China, plays a significant role in the country's political discourse and theory. In various ways, it has been widely practiced throughout the history of the People's Republic of China, albeit along different directions than in the West, and it is a topic that continues to animate the country's political life today, generating debates not only among Party leaders and intellectuals, but also within civil society. It is therefore necessary to further emphasize that this democratic trajectory should be understood and placed within the context of China's democratization process, in terms of its autonomy, legitimacy of existence, and unique development, without yielding to the tendency which aims to "measure" a country's "level of democratization" by assessing the degree to which it applies the Western model of representative democracy. Only after recognizing this possibility of autonomous existence will it be possible to pay attention to not assuming that it is a linear, forward-layered process of development. This would allow, in fact, to read the measures adopted in regard of democracy in the last decade as a sort of "*de-democratization*" not with respect to the Western one that has not developed – or has not done so completely – but with respect to a genuinely Chinese one. In fact, while on the one hand the debate on democracy in China

is much more lively than the West recognizes, and there is a revival of themes and discussions that stem from the country's 20th-century history, on the other hand, theory does not seem to have many practical consequences, since Xi's regime has instead strengthened the power pyramid and centralized many government functions. Consider, for example, all the people (such as lawyers, intellectuals, feminists, independent journalists etc.) and movements within Chinese society that, until about ten years ago, had different visions of democracy than Xi Jinping's – some similar to the political reform ideas of previous CCP leaders, others completely opposed – and which have been brutally repressed. Chinese society itself, in fact, throughout the history of the PRC, has offered various visions that are independent from those proposed by the party, but no less "indigenous" or "Chinese" for that, and which the current leadership is now delegitimizing as such. As argued by the Chinese dissident artist Badiucao in a recent interview, this strategy promoted by the CCP should be understood as part of a broader project aimed at transforming the global order, replacing the logic of coexistence and the grammar of democracy with mutually supportive authoritarian models. In his view, this project is being promoted by political leaders who, on the one hand, employ ideology as a technology of global power and, on the other, contribute to the erosion of the rule of law, the censorship of journalists and activists, and the suppression of civil society. For the dissident this process is carried out not only overtly by leaders such as Xi Jinping, Vladimir Putin, and Kim Jong-un, but also by figures within democratic systems -such as Donald Trump- who represent internal fractures within Western democracy itself (Atzori, 2025). To conclude, what the contemporary Chinese Communist Party seeks to promote is a form of democracy capable of satisfying the needs, aspirations, and demands of the population, but that *«consistently trump*

electoral conceptions» (Perry, 2005) a perspective that arises both from the "crisis of Western democracy" and from the various reflections and debates that have emerged in the Chinese intellectual sphere throughout history, as well as from the spread of the Party's dominant ideology, which seems to reject not only "purely" Western forms of democracy, but also, especially with the advent of Xi, those of mass mobilization.

If we want to give credit to the vision of democracy promoted by Xi's CCP, we must continue to question and investigate how the newly conceived practices will facilitate participation and discussion of ideas especially looking at the gap between theory and concrete practice in social reality. Therefore, bearing in mind this clear discrepancy, it is necessary to continue studying and trying to understand in which direction the debate may go, and whether, in the more or less distant future it may also produce significant innovations on a political level. It is precisely because today's China continues to be swept by a growing desire for reforms -capable of responding to problems such as social injustice, corruption, unemployment, and slowing economic growth- that it is interesting and necessary to continue investigating the new prospects for the development of "Chinese democracy".

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DOI: 10.69117/POLIDEMOS.17.26.004

Is the 'Chinese dream' ageing well? Demography and Labour Market from the 'Reforms' to the 'New Normal'

DARIO DI CONZO[1]

Abstract: Xi Jinping's ideological blueprint, the "Chinese Dream" (Zhongguo Meng, 中国梦), envisions restoring China's historical international stature by transforming it into a great power and economic powerhouse. However, despite remarkable achievements accomplished by the "Socialism with Chinese Characteristics", several challenges remain in the gap between the dream and reality. This chapter, by reconstructing their historical evolution starting from the 1978 "Reform and Opening Up" program, specifically explores the challenges posed by the current constraints of China's demographics and labour market. Although China is no longer the world's most populous country, its labour market remains the largest, with 780 million workers accounting for 22.7% of the global workforce in 2022. Social scientists from multiple disciplines have investigated the role of labour in China's economic rise, but the transformations of the 2010s have been even more profound than those of the previous 30 years, resulting in unprecedented labour reallocation. This chapter examines key shifts in China's labour market since the beginning of the reform era, with a focus on three main issues. First, it analyzes the demographic, spatial, and macro-sectoral employment drivers that created China's comparative advantage in labour costs during the first decades of reform, while highlighting how this advantage has diminished faster than anticipated. Second, it explores the urban-rural divide and its impact on migrant workers' flows, which have shaped domestic labour market

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dynamics. Finally, it looks at the gradual diversification of the enterprise ownership regime, from collective-state ownership to a labour market dominated by domestic private capital. The paper concludes that these profound changes have been essential to China's economic growth, but the rapid demographic shifts, combined with a polarized tertiarization of the labour market, threaten the realization of Xi's "Chinese Dream" of national rejuvenation.

Keywords: Chinese Dream; Labour market; Demographic transition; market reforms; Migrant workers.

Introduction

> *Everyone has an ideal, ambition and dream.*
> *We are now all talking about the Chinese Dream.*
> *In my opinion, achieving the rejuvenation of the Chinese nation*
> *has been the greatest dream of the Chinese people*
> *since the advent of modern times.*
> (Achieving Rejuvenation Is the Dream of the Chinese People,
> Xi Jinping, November 29, 2012)

> *To realize the Chinese Dream, we must take our own path,*
> *which is the path of building socialism with Chinese characteristics.*
> (Address to the First Session of the 12th National People's
> Congress, Xi Jinping, March 17, 2013)

Since the rise of Xi Jinping's leadership in 2012, the "Chinese Dream" (*Zhongguo Meng*, 中国梦) has become a central ideological blueprint within the theoretical architecture of the Chinese Communist Party. This "Dream" envisions restoring China's historical international stature by transforming it into a great power and economic powerhouse. In a dialectical relationship with the "American Dream" to disenchant its universalism (Brusadelli, 2025, p.146), the Chinese one has evolved into a project of national rejuvenation, with the goal of closing the gap with the US

by 2049, exactly one century after the founding of the People's Republic (Lam, 2018, p. 11). However, despite remarkable achievements accomplished by the country, several challenges remain in the gap between the dream and reality. The shift from double-digit GDP growth to the so-called "new normal"[2], in an increasingly assertive geo-economic context marked by technological decoupling from the US, has further exacerbated several structural issues that China's economy must now address. This chapter, by reconstructing their historical evolution starting from the 1978 "Reform and Opening Up" program, specifically explores the challenges posed by China's demographics and labour market constraints.

The market-oriented reforms carried on under the paramount leadership of Deng Xiaoping revolutionized the development model and fundamentally altered the role, distribution, and organization of labour. During the 1980s and 1990s, the socialist employment model of the so-called "iron rice bowl"[3], based on the right and duty of each work unit (danwei,

[2] The concept of the "new normal" refers to a structural shift in China's economic trajectory following the global financial crisis of 2008. It marks a transition from an input-driven growth model to one based on innovation. The "new normal" is characterized by slower, more sustainable economic growth, with GDP growth expected to stabilize around 5% annually, a notable reduction from previous two-digit growth periods. This shift is driven by challenges such as an aging population, the loss of low-cost labour advantages, and the need to transition the economy toward more innovative sectors. These changes represent a departure from the previous export-led growth model, highlighting the need for a new growth strategy to ensure long-term economic stability. For an overview of the topic, see Dollar, Huang, and Yao, p. xii.

[3] This model inherently went beyond the concept of industrial relations in market-based economy, as it attributed a political and social value to labour in the organization of both the urban and rural economy. It was a system in

单位) to provide a permanent job in state-owned enterprises (SOEs) or agricultural communes, was gradually dismantled. From the ashes of the socialist production system, the 1992 Trade Union Law and the 1994 Labour Law established a hybrid employment model, where labour relations were mediated by contracts in a context marked by the absence of the right to strike and independent union representation[4]. This institutional context, combined with demographic factors and a predominantly agricultural employment distribution in a regime of discrimination against rural inhabitants, provided a significant comparative advantage in labour costs. The extension of this advantage allowed China to undergo a rapid and profound industrialization process, in which import substitution policies, and the attraction of foreign capital shaped a highly successful export-led growth model. In just thirty years, China reshaped its economic structure, transforming from a

which the low wages paid by state-owned enterprises (SOEs) were compensated by the provision of an extensive welfare system, where the worker experienced an "organized dependency" on the rest of the social system. For an overview of the topic, see Walder, 1988, p. 13.

[4] The All-China Federation of Trade Unions (ACFTU) serves as the sole trade union in China, reflecting the country's one-party system. Unlike trade unions in democratic societies, which often act as independent bodies advocating for workers' rights, the ACFTU's role is more aligned with the party-state's interests. It functions as a Leninist transmission belt between the labour force and the Communist Party, ensuring that workers' needs and grievances are addressed in a manner that supports the broader goals of the party. The ACFTU serves to convey the party's policies to the masses, while also channeling workers' concerns back to the party leadership. This system exemplifies the symbiotic relationship between the union and the party-state, where the union does not act as an independent advocate for workers but rather as a tool for reinforcing the party's central role in all aspects of society, including labour relations.

socialist-egalitarian and predominantly agricultural country into the so-called "world's factory".

In this Chapter, the profound transformations that have taken place in China's labour market are described, focusing on three key aspects. Firstly, the role played by demographics and macro-sectoral employment transitions in creating the comparative advantage in labour cost formation is discussed, highlighting how this advantage has been depleted faster than expected. Secondly, the asymmetric relationship between urban and rural spaces, its origins, and its impact on labour market evolution through the "differential citizenship" (Wu, 2010, p.55) imposed by the hukou system are explored. Finally, the gradual diversification of enterprise ownership regimes, transitioning from a system based on collective-state ownership to a labour market dominated by domestic private capital, is examined.

While the structural characteristics of China's labour market and demographics have played a key role in the country's economic rise, current constraints, driven by the rapid aging of the population, the physiological slowdown of rural-to-urban migration, and the income polarization within the services sector dominated by private capital, create a gap between the present challenging reality and Xi's "Chinese Dream" of national rejuvenation.

1. *The origins of "comparative advantage" in China's labour market*

On April 23, 2023, the United Nations Department of Economic and Social Affairs (UNDESA) announced that, after at least two-hundred years, the People's Republic of China has lost its global demographic primacy to India (Hertog, Gerland and Wilmoth, 2023). China's demographic size has been a central factor in its global relevance since imperial times.

According to the renowned economist Angus Maddison, this demographic primacy can be traced back at least to the 18th century. Based on his data, at the beginning of the 19th century, the population of imperial China stood at approximately 380 million, while India had just over 200 million people (Maddison, 2007, p. 24). By the mid-20th century, Maoist China, emerging from a century of concessions, colonial occupations, and over twenty years of both civil and liberation wars, had 546 million inhabitants, about 31% of the global population[5].

Despite varying interpretations and emphases, every analysis of China's development model evolution has underscored and examined the role of demographics in the country's ability to integrate rapidly and efficiently into the global economy. This smooth and progressive integration of China's labour force into global production has multiple origins. From a diplomatic standpoint, the *rapprochement* between Beijing and Washington in the 1970s created the political framework for the establishment of financial and commercial relations between China and its Asian neighbours of the so-called "capitalist archipelago" (Cumings, 1993). From an economic and institutional perspective, post-1978 China presented unique productive opportunities, among which it is difficult to establish a hierarchy. Firstly, Deng Xiaoping's "Reform and Opening up" program transformed China into a distinctive "developmental state" which was able to build an incredibly fruitful structure of incentives to attract fixed capital and transfer of technology from developed economies (Gabusi, 2017). Secondly, in the absence of a local entrepreneurial class, the Chinese diaspora abroad played a key role in mediating linguistic, cultural, and legal aspects between foreign investment and the local institutions (Arrighi, 2007, p. 387). Thirdly, China boasted an

[5] Maddison Project Database, 2023.

immense workforce, predominantly rural, low-cost, and equipped with relatively high levels of education and health when compared to per capita income[6]. These characteristics provided the country with an unparalleled comparative advantage in labour cost formation, triggering the process of spatial relocation of industrial production (Silver, 2003) that would ultimately lead the country to become the so-called "world's factory". In summary, the origins of this comparative advantage can be traced back to the demographic structure and predominantly agricultural employment distribution in the Chinese economy at the end of the 1970s. The next two sections reconstruct the origins and evolution of these two structural elements, emphasizing how they have gradually dissipated throughout the 21st century, leading to new challenges for China's labour market.

2. *General Lineages of China's demography.*

The opening of China's economy in the 1980s and 1990s coincided precisely with a period when the population's age distribution became more productive due to the ongoing "demographic transition". This process consists of four stages that summarize the long-term demographic trend experienced by modern societies through an alternating "low-high-low" population growth pattern (Choe, 2018, p. 394). The first stage represents a pre-modern demography in which high birth and death rates coexist, leading to slow population growth without

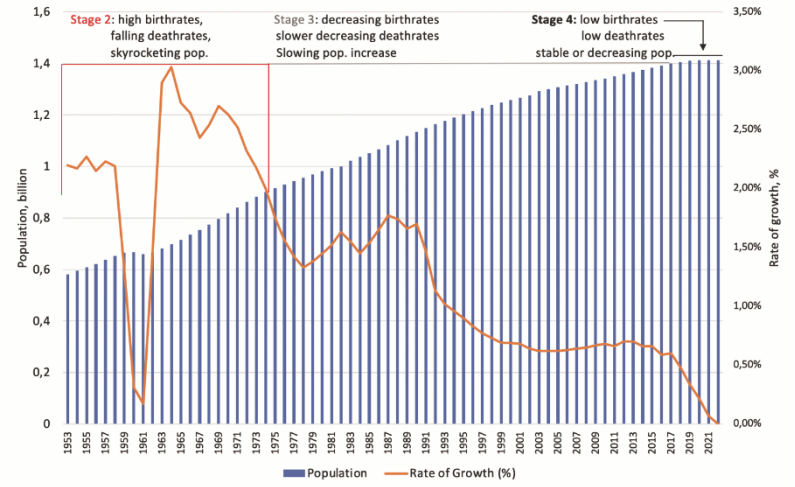
[6] In 1978, China's annual per capita income was only 5.6% of that United States, making it one of the poorest countries in the world. However, health indicators such as life expectancy and infant mortality were significantly better compared to countries with similar per capita incomes. Maddison Project Database, 2023.

shocks. A sudden increase in population characterizes the second stage. Such surging growth arises due to high birth rates while collapsing infant mortality and increasing life expectancy, achieved through generalized health and food security improvements. This occurred in China between the mid-1950s and the mid-1970s, as evidenced by a yearly population growth rate above 2% (Chart 1, stage 2 in red)[7]. The third stage of the "demographic transition" is marked by decreasing birth rates and a physiological slowdown in life expectancy, leading to moderate population growth. This stage of moderate growth, which lasted over a century in Europe, was realized in China in only forty years following the reforms (stage 3 in grey)[8]. Indeed, since the early 1990s, this slowdown in the growth rate has been accelerated by the notorious and draconian "one-child policy". As shown in Chart 1, the growth rate declined from 1.70% to 0.69% between 1990 and 1999. However, despite the repeated calls by demographers on the urgency of relaxing restrictive birth rate policies, no nationwide initiative was taken until Xi Jinping introduced the "two-child policy" in 2015 (White, 2019, p. 430). Accordingly, from 2001 to 2017, the population growth was marked by a long interval of modest and stable rates, swinging between 0.60% and 0.70%. Since 2018, a new period of a sharp contraction in the population growth rate has occurred, rapidly propelling China into the fourth stage of the "demographic transition". This is a phase of negative or close to zero growth featured by slight increases in life expectancy and a decline in the birth rate below the

[7] With the exception of the years 1959-1960, which were marked by the great Chinese famine that, according to multiple sources, claimed the lives of some 30 million people throughout the country. (Samarani, 2018).
[8] Naughton, 2018, p. 188.

replacement level, triggering an overall population ageing. In just four years, and ahead of forecasts[9], low growth turned negative and, for the first time since 1961, China's population shrank in 2022[10].

Chart 1 – China's "Demographic Transition", 1953-2022



Source: Data from 1953 to 2002 are drawn from the Maddison Project Database; From 2003 are from National Bureau of Statistics of China (NBSC).

For an economic analysis of the labour market, the "demographic transition" has its most direct effect in creating the so-called "demographic dividend", which is realized when the

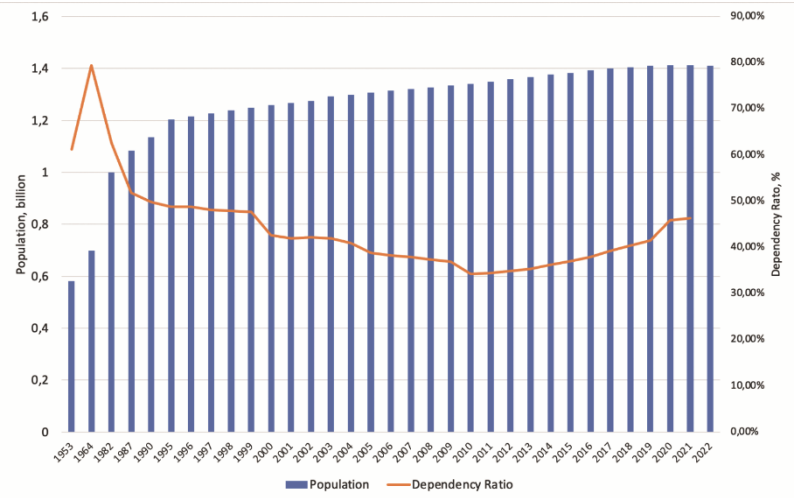
[9] Wang and Mason in 2011 anticipated a first decline in the population within «a few decades». (Wang and Mason, 2011). Naughton in 2018 *predicted* that the peak of China's population would be reached in 2028. (Naughton, *2018*, p. 206).

[10] In 2022, China's population decreased by 850,000 people. (National Bureau of Statistics of China, 2023).

number of people of working age (15-64) increases faster than the total population. The "demographic dividend" entails three types of economic effects (Naughton, 2018, pp. 188-189). Firstly, there is a "savings effect" caused by the tendency of individuals to save more when they are of working age, favoring investment over consumption. Secondly, there is a "human capital effect", realized through the overall decrease in the birth rate during the third stage of the demographic transition. Indeed, China's "baby boom" generation (between 1954 and 1975) progressively decreased the number of children, leading to higher investment in education per individual. Finally, there is a "mechanical effect" given by the ratio of working-age people to the total population, which can be synthetically measured through the "dependency ratio"[11]. As shown in Chart 2, China has experienced an increasing "demographic dividend" during the reform era. Since 1964, the dependency ratio of the population has steadily declined, reaching its lowest in 2010, with only 34.2% of the population belonging to age groups outside the labour market. Thus, the unfolding of productive opportunities linked to both domestic economic-institutional factors, such as the 1978 "Reform and Opening Up" program, and international factors, such as the *rapprochement* with the US and productive globalization, took place in a context where the available workforce was remarkably growing. This trend helped keep labour costs contained, shaping a meaningful comparative advantage for an extended period of time.

[11] "A ratio that measures the number of dependents in the population relative to the number of economically active. A higher ratio indicates greater reliance of the non-working population on goods and services produced by the working population in the society. Let No be the size of the population aged over 65, Ny the population aged below 15, and Na the economically active population aged 15–64" (Black, Hashimzade, and Myles, 2017, p. 603).

Chart 2 – Dependency Ratio, 1953-2022



Source: Maddison Project Database, NBSC, Statista.[12]

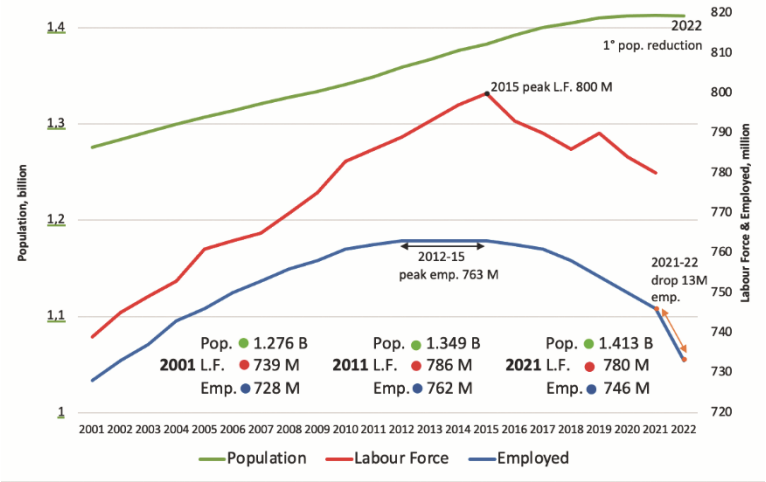
However, as extensively predicted by Chinese demographics (White, 2019, p. 427), restrictive birth rate policies coupled with parallel disincentives to childbirth related to economic development[13] have accelerated the depletion of this demographic source of comparative advantage throughout the 21st century. As stated above, the population growth rate was stable between 1999 and 2017, experiencing a slump in subsequent years that accelerated the "demographic transition". The

[12] Statista, *Dependency ratio in China from 2011 to 2023*, [online]. Available at: https://www.statista.com/statistics/224941/dependency-ratio-in-china/ (Accessed: 12 June 2024).

[13] Two main birth rate disincentives in an economic development dynamic are related to the increase in the female labour market participation rate and the average increase in the number of years of education of the female population.

slowdown in population growth was anticipated by an earlier and more severe contraction of the labour force. The labour force peaked at 800 million in 2015 and then began to contract at a rate of 3.3 million per year, reaching 780 million in 2021. Meanwhile, the employment "peak" occurred between 2012 and 2015 at 763 million (Chart 3). Since then, the number of employees has declined annually by about 2.8 million until 2021, followed by a slump of 13 million in 2022 alone.

Chart 3 – Population, labour force, and employment in China, 2001-2022

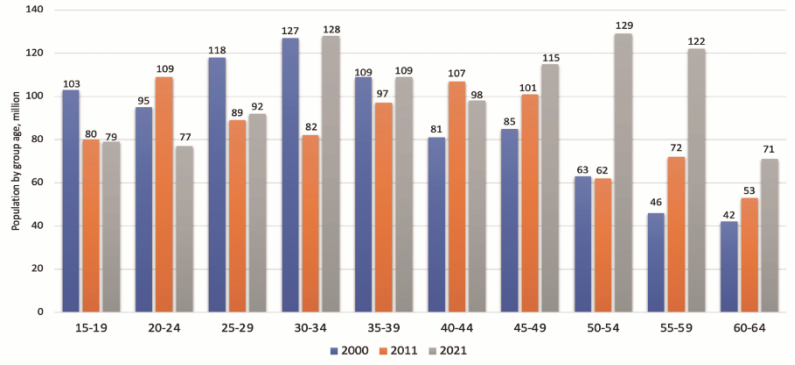


Source: *NBSC*. Note: lines can be read from top to bottom: Population, Labour Force, Employment.

In fact, during the 2010s, the dependency ratio of the population gradually increased from 34.2% in 2010 to 46.3% in 2021, illustrating how moderate population growth has been contributing to overall population ageing. This rapid ageing of the population is clearly observable in Chart 4, which shows the evolution of the

age composition of the workforce in the 21st century. While in 2000, the three largest groups were workers aged 25 to 39 years (approximately 354 million, blue columns), by 2021, these had been replaced by the age groups between 45 and 59 years (approximately 366 million, grey columns). Whether until 2010, China's economy could rely on the growing "demographic dividend", the combination of socio-economic factors and restrictive birth rate policies has significantly accelerated the shrinking of the available labour force and the overall ageing population in the second decade of the 21st century. Therefore, beyond increasing labour cost, the most alarming data related to population ageing concerns pension dynamics. Indeed, in the next 14 years, 332 million Chinese people will leave the workforce, while new entrants will be limited to 261 million, which corresponds to the current number of people under 14 years of age, creating a negative balance of over 60 million.

Chart 4 – China's evolving labour force divided by age group, 2001, 2011, 2021



Source: *NBSC*. Note: categories are displayed from left to right in each group-age, following the order listed in the legend, 2000; 2011; 2021.

In sum, China's "demographic comparative advantage" has dissolved in the first two decades of the 21st century. This depletion, as demonstrated by the "demographic transition" model, would have occurred naturally through lower fertility rates due to economic development. However, the overlap of these socio-economic factors and restrictive birth policies has significantly accelerated this dynamic. While in the first thirty years of reforms, China was able to benefit from an incredibly favourable demographic dynamic that boosted overall productivity in the economy, the distortions introduced have caused a population aging that is too rapid and threatens its development path. This structural rise in labour costs, driven by China's demographic winter and the excessively rapid growth of the retired population, presents a significant obstacle for Xi's "Chinese Dream". This project, which promises young people a bright and positive future where their individual fulfilment aligns with the dream of national rejuvenation (Gullotta, 2024, p. 116), will have to confront the reality of a younger generation that will demand higher remuneration while also being required to support an increasingly large retired population.

3. *China's evolving employment Structure and the Lewis Turning Point*

The second structural element to consider in analyzing the realization of China's comparative advantage in labour cost formation is the employment redistribution that occurred during the reform era. The pre-reform employment structure reflected technological backwardness, commercial isolation, and a predominantly rural population distribution in China. In 1978, 70.5% of workers were employed in the primary sector, about 283 million peasants who, in the absence of private land

ownership, were organized in agricultural communes[14]. The secondary sector employed 17.3% of workers, approximately 69 million, and was monopolized by the SOEs, largely focused on heavy industry and mostly located in urban areas. Finally, the service sector employed just 12.2%, or 49 million workers, predominantly situated in urban and coastal China (Chart 5). This production structure made China one of the countries with the lowest real per capita GDP in the world, just 5.6% of the US level[15].

Starting from such a distribution of labour, a first structural factor capable of increasing overall productivity in the economy was the gradual transition of the agricultural workforce into the more productive secondary and tertiary sectors. As discussed in detail, this transition did take place, but what is particularly noteworthy about the evolution of the labour market is that it is once again linked to the upward demographic dynamics. Indeed, in the first phase of the reforms, between 1978 and 1992, the workforce increased by 65%, from 401 million to 662 million workers, allowing the Chinese economy to experience an expansion of the manufacturing and services sectors without reducing the overall workforce in the primary sector. Approximately 40% of the 261 million workers who entered the labour market between 1978 and 1992 (104 million) were employed in the agricultural sector, while 29% and 31% (75

[14] The land collectivization reforms were completed between 1956 and 1957 and led to the establishment of agricultural communes, organized into subunits called production teams and brigades. These communes were based on an egalitarian distribution of agricultural production and income and were responsible for providing rural public goods and services, such as basic infrastructure and healthcare. For an overview of the topic, see Cai, Park, and Zhao, 2011, pp. 167-214.

[15] China's real GDP per capita in 1978 was $1,583 (2011 dollars), while the U.S. GDP per capita was $29,287. Maddison Project Database, 2023.

and 82 million) found employment in manufacturing and services, more than doubling the workforce previously employed in these sectors. Thus, in the first fifteen years of the reforms, the "demographic explosion" allowed for the support of four simultaneous development incentives without creating competitive costs between different business opportunities in labour demand and without reducing the number of workers employed in the primary sector. Firstly, new mixed-capital enterprises, the joint ventures (JVs) of the Special Economic Zones (SEZs)[16], could rely on growing labour supply coming from the countryside. As discussed in depth later, those workers were excluded from the egalitarian "iron rice bowl" system and employed in a highly deregulated context, both in terms of wages and working conditions[17]. Secondly, the entrepreneurial incentives introduced by the "household responsibility system"[18] partially reformed agricultural land ownership rights,

[16] The Joint Venture Law and the creation of the first four SEZs (Shenzhen, Zhuhai, Shantou, Xiamen) both date back to 1979.

[17] During the 1980s, the Chinese labour market entered a dual-track employment system. On one hand, there were the historical workers of SOEs, holding urban hukou, who largely managed to protect their working conditions and the right to a permanent job within their enterprise, even though the first forms of wage differentiation linked to productivity were introduced. On the other hand, those entering the labour market, mainly young individuals with rural hukou, were excluded from the socialist employment model and subjected to a highly deregulated system, characterized by the endemic absence of contracts and based on labour relations determined by market forces. These issues will be discussed in detail in the section on domestic migrant workers.

[18] Between 1979 and 1982, the Party adopted a new agricultural production strategy focused on the empowerment of families. This approach did not formally alter land ownership rights but granted farmers the opportunity, after fulfilling the quotas required by the planned economy, to sell their harvest at market prices. Gabusi, 2009.

allowing the primary sector to experience sustained growth in both production and productivity, even in the absence of a rapid reduction of its employees (Valli, 2015, p. 36). Thirdly, the reform of Township and Village Enterprises (TVEs)[19] allowed a growing share of the non-urban workforce to shift from agricultural activities to these rural industries. Indeed, TVEs, mainly organized as small and medium-sized enterprises, were gradually inheriting the light manufacturing of the "capitalist archipelago", which had entered into crisis due to rising local labour costs. Finally, the liberalization of prices and private commercial opportunities, together with ongoing coastal urbanization, drove the rapid growth of the tertiary sector and a sharp rise in its workforce.

In summary, when Jiang Zemin introduced the term "Socialist Market Economy"[20], definitively marking the transition to a hybrid development model between state control and market forces, the economy had achieved significant gains in overall productivity without benefiting from the reduction in the

[19] The reforms of the TVEs represent one of the most successful experiments arising from rural economic liberalization and played a central role in demonstrating the advantages of transitioning from a command economy to a hybrid development model combining planning and market forces. These rural industries were born from the reorganization of village and township factories, which were granted the ability to engage in any production not already covered by the SOEs. These enterprises, collectively owned by local institutions, proved particularly efficient in inheriting light industries, carving out large market shares thanks to the ability to diversify production according to demand. Naughton, 2018, pp. 307-310.

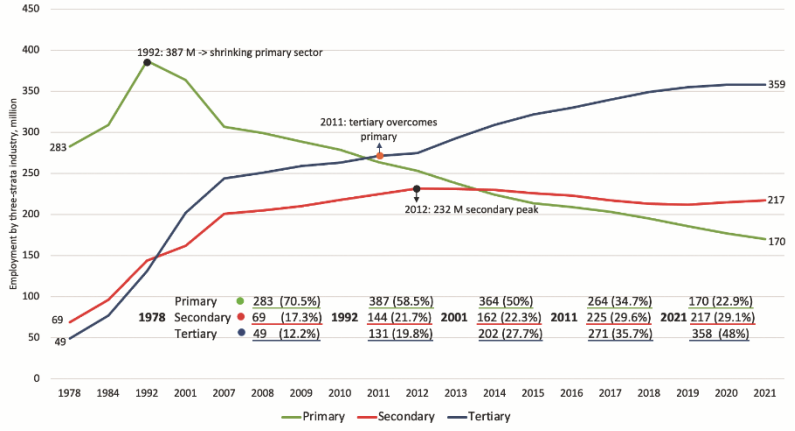
[20] At the Party's Fourteenth Congress in October 1992, the adoption of the "Socialist Market Economy" was established to "accelerate reforms, open to the outside world, and drive modernization", recognizing it as a "major development in Marxist theory", with equal status given to state planning and market forces. Between brackets the title of speech held by Jiang Zemin at the 14th Party Congress.

total number of peasants. These productivity gains, resulting from the transfer of the workforce from the agricultural sector to manufacturing and services, can be effectively summarized through Arthur Lewis's model. In brief, this model asserts that agriculture, the sector with the highest number of employees in a non-industrialized economy, absorbs an excessive share of the total labour force and does not adopt incentives for labour-saving, making both sector productivity and wages particularly low. This condition provides the economy with an enormous reserve of agricultural labour, available to be employed in more productive sectors (manufacturing and services) without altering the total production of the primary sector, given its marginal productivity close to zero. When the workforce shifts from agriculture to industry or services, wage pressures in the industrial sector are tempered by low wages in agriculture, as well as, in China's case, by the gradual increase in the working-age population already described. This framework forms the "comparative advantage" provided by an enormous availability of low-cost labour that, once employed in industry, triggers a "virtuous" economic cycle. In Lewis's model, the real labour productivity growth rate exceeds the real wage growth rate, allowing the industrial sector to generate high profits. This high profitability in the industrial sector leads to a higher propensity for investment in fixed capital, which, by expanding the industrial base, supports the demand for labour and fuels the transition of employment from the primary to the secondary sector, increasing productivity gains in the economy. When the agricultural labour surplus is exhausted, industrial wages begin to rise faster than productivity increases, and industrial profits are compressed, conditioning investments. At that point, it is said that the economy has passed through the Lewis turning point. Despite the limitations and criticisms directed at this model, what Lewis theorized can help to observe the evolution of

China's labour market between 1992 and the outbreak of the Global Financial Crisis (GFC) in 2007-2008. After reaching the peak of employment in the primary sector in the early 1990s (Chart 5)[21], the number of workers in this sector began to decline rapidly. Between 1992 and 2001, China lost 3 million farmers annually, while the secondary and tertiary sectors gained 18 and 71 million workers, respectively[22]. At the beginning of the 21st century, the employment structure was evenly divided, with 50% of workers employed in the primary sector (approximately 364 million) and the remaining 50% split between the 162 million in the secondary sector and 202 million in the tertiary sector, representing 22.3% and 27.7%, respectively. Thus, when China joined the World Trade Organization (WTO) in December 2001, the predominantly agricultural employment distribution still allowed for significant workforce transfers to more productive sectors. Indeed, in the following decade, the multiplication of private business opportunities and the skyrocketing trend of inward foreign direct investment (FDI) led to a much deeper redistribution of the workforce than that experienced in the 1990s[23].

[21] The highest number of workers in the primary sector was reached in 1991, with approximately 391 million workers. Data sourced from the NBSC.
[22] The number of workers in the tertiary sector surpassed those in the secondary sector in 1994. In 1994, there were 153 million workers in the secondary sector compared to 155 million in the services sector. Data sourced from the NBSC.
[23] In 2002, foreign direct investments in China amounted to 52 billion US dollars, while by 2011, they had more than doubled, reaching 116 billion. *China Trade and External Economic Statistical Yearbook*, 2011, p. 594.

Chart 5 – Employment by three-strata sectors, 1978-2021



Source: *NBSC*.

Between 2001 and 2011, the agricultural sector lost 10 million workers yearly, while the manufacturing sector saw a 39% increase (an additional 63 million), reaching 225 million workers, and the tertiary sector grew by 69 million workers, making services the leading source of employment. Despite the impact of the GFC, mainly due to the collapse of "Western" demand for goods produced or assembled in China, the employment transition continued linearly as predicted by Lewis' model. However, from the mid-2000s onward, the inflow of fixed capital into China began to saturate. The physiological slowdown in demographic expansion started to strain the productive balance achieved between capital inflow and the "proletarianization" of the agricultural workforce. The increasing demand for unskilled labour began to outpace supply, with the result that wages for workers, particularly those employed in low-value-added manufacturing activities like domestic migrants, started

to rise at a faster rate than productivity (Naughton, 2018, pp. 230-231). As previously described, a growth in real wages higher than productivity should represent the Lewis turning point. Yet, the continued employment transition observed in the second decade of the 21st century in the presence of declining productivity highlights the heuristic limits of this theory[24]. Between 2011 and 2021, the contraction of the labour force in the primary sector proceeded at a rate very similar to the previous decade, losing around 9.4 million workers annually. This migration from rural areas to coastal cities ceased to fuel the secondary sector, which peaked in 2012 (232 million workers, Chart 5). Since then, the secondary sector has experienced a slight contraction in absolute terms, losing 1.6 million workers annually, but it has remained stable above 29% in percentage terms. Therefore, this third decade of profound employment redistribution almost exclusively supported a process of tertiarization in China's economy. In fact, employment in services grew by almost 9 million per year, from 271 million in 2011 to an impressive 358 million in 2021.

In sum, analyzing the distribution of employment across the three major sectors underscores the profound structural transformations in China's economy since the 1978 reforms. The availability of a vast agricultural labour force, combined with the demographic boom between the 1950s and 1970s, laid the foundation for China's comparative advantage in labour cost formation. However, this advantage began to dissipate faster than expected throughout the 21st century. The growth of the service

[24] The annual average growth rate of total factor productivity in the manufacturing sector dropped from 2.0% during the 1998-2007 period to 1.1% in the 2007-2013 period. The decline was widespread: 24 out of 28 two-digit sectors recorded lower total factor productivity growth in the 2007-2013 period compared to the 1998-2007 period. Brandt et al. 2020, pp. 1-8.

sector, while a sign of economic progress and maturation, has also led to a sharp polarization between high-end and low-end services. This structural shift toward a service-oriented economy, driven mainly by the increasing urbanization and digitalization presents a significant challenge to Xi's "Chinese Dream". The dream of national rejuvenation and "common prosperity"[25] is increasingly at odds with the reality of an economy where a significant portion of the labour force remains engaged in low-wage and low-productivity jobs, characterized by poorer and precarious working conditions. As the next section explores, the key players in this phenomenon are domestic migrant workers, whose migration from rural to urban areas has been a central factor in China's remarkable economic growth.

4. *The role of the urban-rural divide in the development of the labour market*

So far, in analyzing the transformations of the labour market, emphasis has been placed on the role played by demographics and the predominantly agricultural employment distribution in creating China's comparative advantage in labour cost formation. Equally relevant to this analysis is China's geographical and spatial dimension, whose divide between inland and coastal areas, as well as between urban and rural spaces, has

[25] The concept of *Common Prosperity* (gongtong fuyu, 共同富裕) has its roots in the Maoist era but was revived and emphasized under Xi Jinping. In 2021, it was introduced as a central ideological framework to guide the country's economic policies, aiming to reduce social and economic inequalities through wealth redistribution. Di Conzo, D. (2021) *La "prosperità condivisa": sul sentiero di sviluppo cinese* [online]. Available at: https://sbilanciamoci.info/verso-la-prosperita-condivisa-note-sul-sentiero-di-sviluppo-cinese/ (Accessed: 12 April 2025).

been a key element in the development process. The asymmetric relationship, with urban spaces acting as consumers of surplus and rural areas as producers, has been explored in several analyses of China's development model transition[26]. To understand the relevance of this spatial divide in the evolution of the labour market, the next two sections focus on the reforms' impact in narrowing or widening this asymmetric relationship and on the consequences most directly linked to employment composition: the emergence of the domestic migrant workers.

5. *The asymmetric relationship between urban and rural space*

China's division between urban and rural spaces is not just an analytical tool, but also a classification adopted by the National Bureau of Statistics of China (NBSC) to provide disaggregated demographic and socio-economic data between those holding urban or rural citizenship[27]. This formal division is legally enshrined through the establishment of the hukou system, an individual and family registration system that shaped urban development and limited population mobility by linking the provision of welfare services and rights such as healthcare and education to one's place of residence (Wang, 2010, pp. 80-81). Established in 1958, this registration system divided the population into holders of agricultural or non-agricultural hukou, effectively creating a form of "differential citizenship" between urban and rural populations.

The political-economic origin of such mobility control is at least twofold. Firstly, the implementation of the Maoist-era five-year plans clashed with the autonomous migration phenomena

[26] Arrighi, 2007, p. 61. Harvey, 2005, p.125. Zhan, 2018, p. 447.

[27] Urban population refers to all people residing in cities and towns, while rural population refers to population other than urban population. *China Statistical Yearbook, 2022*, p. 51.

that emerged in the 1950s and escalated, especially after the Great Leap Forward and the devastating famine of the early 1960s (Tomba, 2002, p. 184). Indeed, the claim to allocate every resource in detail, including labour supply and demand, required controlling population flows in a country so vast and poorly connected. Secondly, the planned economy adopted between the 1950s and 1970s had as its main objective the strengthening of heavy industry ("big push industrialization"), primarily located in urban areas, creating a significant imbalance in resource allocation (Weber, 2021, p. 153). In fact, the profitability of such industrial investments lay in two forms of price distortions (Hung, 2013, p. 205). The subsidization of agricultural prices imposed through the production quotas system allowed lowering the social reproduction costs of urban labour organized in the low-wage "iron rice bowl" regime. Similarly, the devaluation of raw material costs imported from rural areas "artificially" increased the profit margin on industrial goods produced in urban areas, amplifying the gap in terms of profitability between the primary and secondary sectors. Thus, in the three decades before the reforms, the prohibition of internal mobility crystallized the distribution of rural and urban employment in a 3:1 ratio[28], while the macroeconomic strategy underfunded the rural space, deepening a cleavage that has profoundly affected the pace, the graduality, and the geographical selectivity of reforms. The result was the affirmation of an asymmetrical relationship between urban and rural space and between coastal and inland provinces, which was mirrored in alternative and hierarchical social pacts. Urban workers enjoyed the "cradle-to-grave" benefits, including welfare connected to housing, education, and healthcare, under the "iron rice bowl" employment system. Conversely, rural workers experienced a less

[28] In 1958, urban employment accounted for 25% (53 million), a percentage almost identical to that of 1978 (24%, 95 million). Data source from NSBC.

convenient collectivist social pact since they were highly bound to their land as farmers without migration opportunities, worse consumption regimes, and less extensive forms of welfare (Andreas, 2019, p. 55). As argued, reforms have alternately narrowed or widened this asymmetrical relationship between urban and rural spaces, which, however, has remained a constant feature of China's development process to this day.

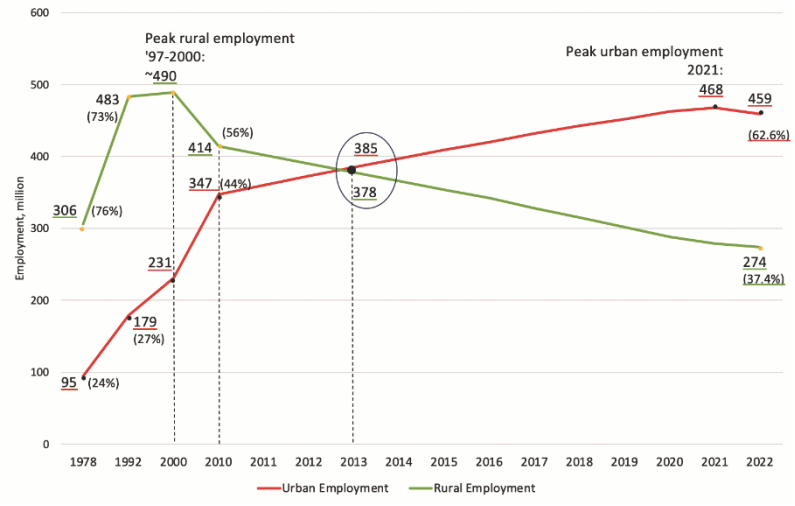
In 1978, 76% of the workforce was composed of rural workers, about 306 million, of whom over 90% were employed in agriculture (Chart 6)[29]. As previously stated, the first phase of the reforms did not trigger that process of urbanization and migration to the coastal provinces that would become disruptive starting in the mid-1990s, but mainly resulted in a sectoral rather than spatial reorganization of labour. Most of the new rural workforce was employed in the TVEs, whose workers grew from 28 million in 1978 to a peak of 135 million in 1996 (Naughton, 2018, p.310), absorbing most of the transition from agriculture to industry. This dynamic did not substantially alter the employment proportion between rural and urban areas. In 1992, the percentage of urban workers remained approximately 27% (179 million, Chart 6). Essentially, major reforms of the 1980s, such as the "household responsibility system" in agriculture and the reorganization of TVEs, narrowed the asymmetric relationship between rural and urban space decreasing incentives for internal migration. Indeed, despite the expansion of the SEZs in 1984[30] and the growing demand for labour that led to the

[29] As shown in Chart 5, in 1978, there were 283 million peasants in China, all of whom naturally held rural hukou status, and were therefore classified as rural population.

[30] In 1984, the first four Special Economic Zones (SEZs) were joined by 14 additional "open coastal cities": Dalian, Qinhuangdao, Tianjin (municipality),

relaxation of internal mobility restrictions[31], the migratory phenomenon remained marginal throughout the 1980s[32].

Chart 6 – Occupational distribution between urban and rural areas, 1978-2022



Source: *NBSC*.

Shanghai, Yantai, Qingdao, Lianyungang, Nantong, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai.

[31] Sun proposes a periodization of the hukou system in five phases, with the period between 1958 and 1983 classified as the most stringent and repressive phase for internal migration. This phase is considered to have ended in 1984 with the publication of the "Circular on the Issue of Farmers Settling in Urban Areas," which allowed for the possibility of applying for a residence certificate in small urban centers for those who could prove they had a fixed residence, a commercial activity, or an official employment. Sun, 2022, p.10.

[32] Anita Chan, in one of the first investigations into the working conditions of domestic migrant workers, quantifies the phenomenon at about 15 million. Chan, 2001, p.113.

The marginality of this process during the first decade of the reforms is consistent with what was emphasized in the previous paragraph about the ability of demographic expansion to provide the necessary labour for all forms of business arising from new entrepreneurial incentives. However, the situation began to change in the 1990s mainly due to the overlap of two processes. Firstly, TVEs and the agricultural sector, which had been the main beneficiaries of the start of the reforms, were systematically underfunded by the macroeconomic strategy after 1992 (Gabusi, 2009, pp. 49-53). Party's economic planners realized that the severe inflationary dynamics of the 1988-89 period, which contributed to the "Beijing Spring"[33], had their origins in policies favorable to developing entrepreneurship in both agriculture and industry in rural areas (Hung, 2013, p.206). Hence, in the first half of the 1990s, the Chinese government reformed the agricultural quota system again, attempting to lower the cost of agricultural goods, and disinvested in TVEs, which were progressively privatized (Li, 2016, pp.20-21). Secondly, the extension of SEZ tax incentives across the entire country[34] led to a surge in foreign investment in fixed capital, mainly located in coastal provinces, which would become a central pillar of the export-led growth model.

Thus, after just ten years of narrowing the asymmetry between rural and urban space, the new phase of the reforms initiated in 1992 reopened the divide. In fact, the saturation of

[33] "Beijing Spring" is a term commonly used to describe the wave of student-led demonstrations and pro-reform mobilizations that culminated in the Tiananmen Square protests of spring 1989.

[34] Concerning fiscal subsidies to foreign enterprises, the 1991 "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises" introduced a 25% tax rate for domestic enterprises, while foreign enterprises benefited from a preferential 15% tax rate after a two-year tax holiday and three years of half-taxation. OECD, 2008, p.20.

labour demand in rural light industry and the growing demand for manufacturing labour in coastal provinces, combined with sustained growth in the overall labour force, set the stage for an immense redistribution of labour, not only sectorally but also spatially. This redistribution of labour between rural and urban areas is easily observable in Chart 6. Between 1992 and 2000, the number of employees in rural China grew by only 1.5% (7 million), reaching a historical peak of 490 million, while urban employment grew by 29%, from 179 to 231 million workers. In the 21st century, this migration and urbanization process continued relentlessly, supporting the transition from agriculture to manufacturing and, in the 2010s, increasingly in favor of the services sector. In 2013, urban workers surpassed rural ones, representing over 62% of national employment by 2022. If the intensity and extent of this phenomenon are undoubtedly key factors in China's economic growth over the last thirty years, what is even more striking is that this movement occurred without the removal of the "differential citizenship" between urban or rural hukou, creating the opaque category of domestic migrant workers.

6. *The domestic migrant workers (nongmingong, 农民工)*

Internal migration from rural areas to urban regions has been a constant feature of modern industrialization. However, the peculiarity of the Chinese case lies in the artificial division of the population imposed by the hukou system (户口)[35]. The "differential citizenship" created by this registration system not only represented a fundamental element in the determination of a predominantly agricultural employment distribution in

[35] For further reference see Chapter 3 of this volume.

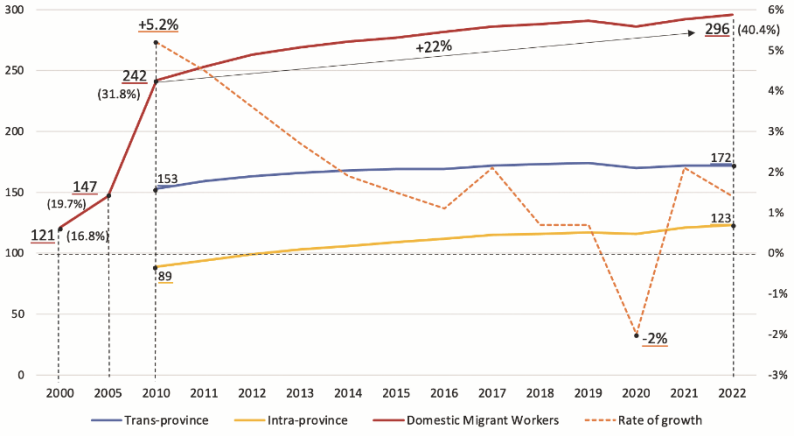
the pre-reform era, but it also contributed to the prolonged suppression of wages in urban and coastal manufacturing areas after 1978. The "cheapness" of the domestic migrant labour force has both institutional-legal and structural origins. From an institutional perspective, migrant workers have experienced an opaque and ambiguous legal status. The legal opacity of migrant workers is immediately evident in their technical definition, which includes those who «*work in non-agricultural activities for six months or more within a year in cities or rural areas outside the municipality of official residence*» (Li, 2016, p. 25). Therefore, the domestic migrant is neither a seasonal nor an urban worker, but an individual authorized to reside in the city for employment opportunities without being able to access local welfare or to settle permanently. Accordingly, these workers, especially until the 2007-2008 labour reforms[36], experienced a highly discriminatory labour relations, characterized by the endemic absence of regular labour contracts, wage arrears, and evasion of social security provisions (Kuruvilla, Lee, Gallagher, 2011). From a structural perspective, the migrant worker labour force is cheaper due to their "semi-proletarian" status (Pun and Lu, 2010). In fact, according to the classic Marxian interpretation, migrant workers were primarily peasants who were proletarianized through wage labour in urban industries. However, the ability for these migrants to return to their place of origin, where their families often still resided, served an ambivalent function. On the one hand, such labour cheapness was only

[36] In the 2007-2008, three significant labour reforms were introduced: the "Labour Contract Law", the "Employment Promotion Law", and the "Mediation and Arbitration of Labor Disputes Law". In summary, the most important elements introduced were the mandatory nature of labour contracts, the inclusion of all workers in social security programs, and a more accessible process for labour dispute resolution. For further overview see, Di Conzo, 2022, p. 86.

possible by offloading the social reproduction costs from the urban industrial space to the rural agricultural one (Andreas, 2008). On the other, the constant flow of remittances from the city to the countryside allowed migrants to offset the loss of labour in the rural context and plan their return home, thereby prospectively offering them the opportunity to escape the urban wage labour market. As mentioned earlier, this internal migration phenomenon gained progressive importance in the 1990s. In the absence of official data, Solinger's research on internal migrant workers reports that between 1993 and 1995, they numbered between 20 and 80 million (Solinger, 1999, pp.20-22). The first official surveys estimated the phenomenon at around 120 million workers in 2000[37]. As shown in Chart 7, during the first decade of the 21st century, the migration phenomenon reached astonishing dimensions. In 2000, the 121 million migrant workers accounted for over 16% of the national employment, while by 2010, both the total number (242 million) and their proportion of total employment (31.8%) had doubled.

[37] The available statistics on the so-called "floating population" begin their historical series in 2000. More detailed statistics on the demographic, sectoral, and wage composition of migrant workers are released by the Ministry of Human Resources and Social Security (MHRSS), starting from 2008 (only in Chinese). See sources Chart 7.

Chart 7 – Domestic Migrant Workers Flows, 2000-2022



Source: *Migrant Workers Annual Monitoring 2012-2021, MOHRSS*[38]. Note: from top to bottom lines can be read as following: Domestic migrant workers, Trans-province flow, Intra-province flow.

In the 2010s, this phenomenon has begun to slow down due to at least three factors. First, the available rural workforce began to partially deplete. Second, the upward pressure on wages in the coastal areas, particularly in the manufacturing sector (Di Conzo, 2022, p. 90), triggered a partial relocation of production to the inland provinces (Chan and Nadvi, 2014), leading to both a weakening of the migratory dynamic and a decrease in the distance of

[38] Ministry of Human Resources and Social Security, *Annual Monitoring and Survey Report on Migrant Workers* (年农民工监测调查), 2012-2021. Available in Chinese at the National Bureau of Statistics of China website: https://www.stats.gov.cn (accessed: 12 April 2024).

migration[39]. Finally, state investments, notably through initiatives like the 2009 anti-cyclical infrastructure package and the 2013 "Belt and Road Initiative"[40], redirected resources towards central and western provinces, reducing incentives to migrate to coastal regions[41]. Despite these factors, the trend did not stop entirely. Between 2010 and 2022, the number of migrant workers grew by 22%, reaching 296 million, or over 40% of total employment.

After having displayed the quantitative relevance of the domestic migrant workers in the labour market, a qualitative analysis of the evolution of their employment allows to delve deeper into China's progressive shift toward a service-oriented economy. Since the mid-1990s to the burst of the Global Financial Crisis (GFC) in 2007-08, the manufacturing expansion capacity underpinning the export-led growth model required a massive transfer of rural agricultural labour to the coastal cities. Since then, this picture started to change.

While manufacturing employment peaked in the early 2010s, urbanization and digitalization drove significant growth in service jobs, particularly in low-value-added sectors (Wang, Chan and Yang, 2021, p. 814). At the same time, the infrastructural stimulus package introduced by the Hu Jintao administration to mitigate the GFC notably boosted labour demand in the

[39] As shown in Chart 7, between 2010 and 2022, the number of workers who migrated within their own province (intra-province) increased more significantly than those who crossed provincial borders (trans-province).

[40] For further reference see the last Chapter of this volume.

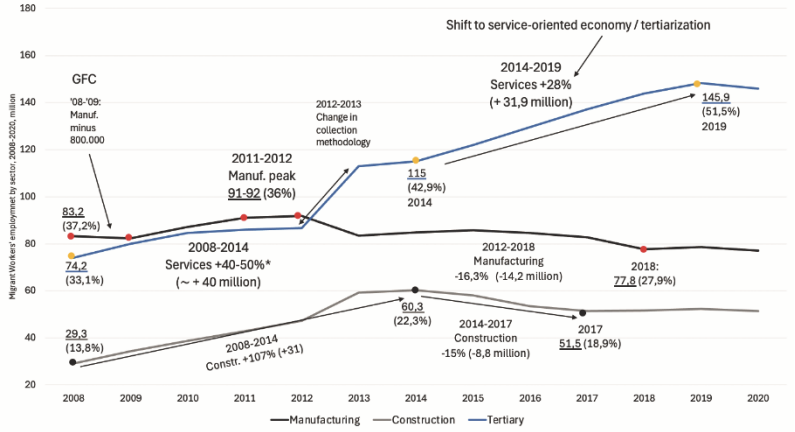
[41] The 580 billion anti-cyclical stimulus package implemented by the Chinese government in 2009 was almost entirely channelled into infrastructure projects to absorb the cyclical unemployment and overcapacity caused by the global financial crisis. Among the many ambitions of the "Belt and Road Initiative", there is certainly an attempt to create infrastructure links, particularly related to energy transport, between China's inland provinces and countries in Central and South Asia.

construction sector. Data on the sectoral composition of migrant employment mirrored this pattern. As shown by Chart 8, migrant workers in manufacturing peaked in 2011-2012, reaching 91-92 million (2011-2012). From 2012 to 2018, this figure contracted by 16.3%, a loss of 14.2 million, bringing the total to 77.8 million. Meanwhile, from 2008 to 2014, there was significant growth in migrant employment in the construction and service sectors. The number of migrant construction workers doubled from 29.3 million to 60.3 million. After peaking in 2014, the construction workers declined by 15%, a drop of 8.8 million, in the next three years. This decrease can be attributed to both the fading effects of the 2009 infrastructure stimulus package and the initial shocks to China's real estate market in 2014-2015[42]. At the same time, the migrant workers in services grew from 74 million to 114 million, a 54% increase. It's worth noting that the significant rise in service sector employment between 2012 and 2013 was partly due to a change in the data collection methodology by the Ministry of Human Resources and Social Security (MHRSS). According to the Chuang Collective, the initial migrant workers' annual report issued in 2012, which included data from 2008, had underestimated the number of migrant workers in services by about 5% to 10% (Chuang, 2023). Yet, even if we add 10% to the 2008 figure, the growth from 2008 to 2014 still exceeds 40%. Afterward, the migrant workers employed in services continued to grow. By the second half of the 2010s, service sector employment had increased by an additional

[42] Although it did not attract the media attention that followed the collapse of the real estate giant Evergrande, China's real estate sector had already entered a crisis as early as 2014–2015. From September 2014 to July 2015, newly built house prices fell between 1.3% and 6%. This index is calculated as the average new home prices in China's 70 major cities. Trading Economics, *China Housing Index*, [online]. Available at: https://tradingeconomics.com/china/housing-index (accessed: 12 June 2024).

28%, reaching 145.9 million in 2019, nearly doubling the number of migrant workers employed in manufacturing.

Chart 8 – Migrant Workers' employment by sectors, 2008-2020



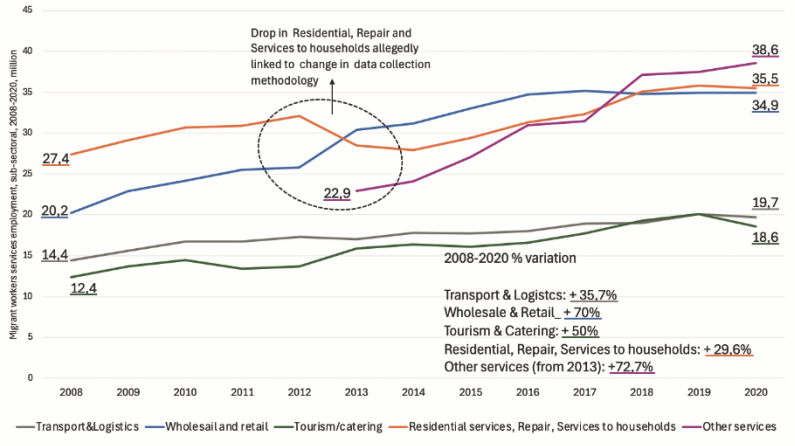
Source: *Migrant Workers Annual Monitoring 2012-2021, MOHRSS*[43].

Examining sub-sectoral trends in migrant employment in services allows for a more nuanced understanding of how migrant workers have been progressively channelled into low-end urban

[43] Starting from 2013–2014, the *Annual Migrant Workers Monitoring Survey* changed data classification methodology, which is clearly visible in the chart. Consequently, it can be inferred that the years between 2008 and 2012 underestimate by approximately 5–10% the share of workers employed in services. The migrant workers' annual monitoring provides data on services employment disaggregated between "transport and logistics", "wholesale and retail", "tourism and catering" activities, and general "residential services" (repair, services to households). As of 2013, when there was a change in the data collection methodology, the item "other services," which had previously been underestimated and included in the general residential services, was separately reported.

tertiary activities. As shown in Chart 9, the distribution of migrant employment across service subsectors reveals both the scale and diversification of their insertion into urban economies. Between 2008 and 2020, employment in wholesale and retail increased by 70%, reflecting the rapid expansion of consumer markets in Chinese cities and the intensification of demand for low-cost labour to sustain large retail chains and logistics platforms. The significant rise in "other services" (+72.7%) – a residual category comprising various auxiliary activities, further demonstrates the extent to which migrant workers have become essential to the functioning of urban service economies.

Chart 9 – Migrant workers services employment, sub-sectoral, 2008-2020



Source: *Migrant Workers Annual Monitoring 2012-2021, MOHRSS.* Note: at the right end (2020) from top to bottom lines can be read as follow: Other services; Residential, Repair, Services to households; Wholesale & Retail; Transport & Logistics; Tourism & Catering.

Particularly relevant for the analysis of domestic and care work is the trajectory of the "*residential services, repair and services to*

household" sector. Although the data show an apparent drop in 2014, this discontinuity is attributed to a change in data collection methodology rather than to a genuine contraction in employment. In fact, the sector resumed a steady upward trend after 2015, ultimately accounting for 35.5 million migrant workers in 2020. This reflects the ongoing demand for domestic services and care work in urban households, a demand driven by rising incomes, demographic ageing, and the feminization of the urban workforce, which reduces the availability of family-based care.

The comparatively lower, though still substantial, increases in transport and logistics (+35.7%) and tourism and catering (+50%) further confirm the entrenchment of migrants in occupations characterized by informal employment relations and fluctuating incomes. Overall, the data highlight the role of migrant workers as a flexible labour reserve underpinning the expansion of low-end services, including domestic and personal care activities. The progressive concentration of migrants in these sectors also underscores the structural dependency of urban households and businesses on the cheap and disposable workforce that rural-to-urban migration has supplied.

In sum, the shifting employment patterns of domestic migrant workers in China vividly reflect the ongoing structural transformation towards a service-oriented economy. As the country progressively moved away from its manufacturing-based export-led growth model, there was a marked increase in employment within the service and construction sectors. While the rapid tertiarization of the labour market, driven by urbanization and digitalization, has fueled demand for services, the overwhelming growth in low-value-added jobs presents significant challenges. Migrant workers, who were once primarily concentrated in manufacturing, now find themselves predominantly employed in these lower-tier services. As the

service sector expands, much of the new employment is in transport, logistics, wholesale retail, and general residential services, which are characterized by low wages, low productivity, and poor working conditions. Notably, as the next section explores, these low-end service jobs are largely dominated by private capital.

This expansion of low-end service jobs, while indicative of a broader economic shift, raises concerns about the implications for the "Chinese Dream" as a vision of national rejuvenation and "common prosperity". The growth of low-value-added service threatens to perpetuate wage disparities and worsen living conditions for a significant portion of the population, especially domestic migrant workers, undermining the broader aspirations of social stability and prosperity.

7. *The Labour Market According to the Type of Enterprise Ownership*

The final aspect to complete a general overview of China's labour market transformations during the reform era is the relationship between employment evolution and the profound changes in the composition of the enterprise ownership regime.

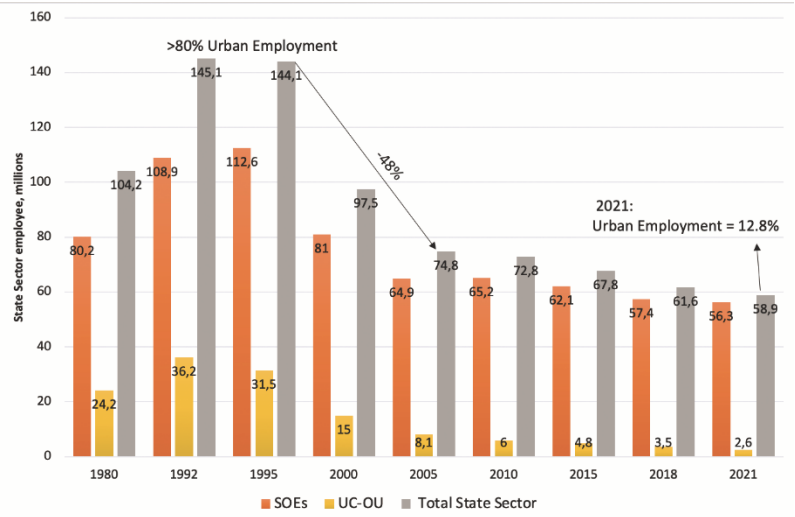
Until 1978, the ownership regime of the Chinese economy was based on a single type: the collective-state ownership of SOEs and urban collective-owned units (UCOUs) in the urban space, and TVEs and agricultural communes in the rural space. As mentioned earlier, the launch of the "Reform and Opening Up" program progressively triggered a multiplication of business opportunities, which also led to a diversification and coexistence of different ownership regimes. This diversification occurred gradually and spatially selectively. During the 1980s, foreign capital was channelled exclusively into JVs within the coastal SEZs, rural areas experienced a hybridization of

property rights through the reorganization of the TVEs and the introduction of the "responsibility system" in agriculture. At the same time, urban spaces were still predominantly dominated by state ownership. Similarly to the sectoral and spatial transitions highlighted earlier, the period between 1992 and 1995 marked a turning point in the diversification of ownership regimes, and it is used as the starting point for observing the evolution of employment distribution among state, mixed or foreign-owned, and private sectors.

8. *The State Sector*

The erosion of the state ownership monopoly occurred at different paces between urban and rural contexts. While by 1992, half of the rural industrial workers were already employed in privatized TVEs (Naughton, 2018, p.320), urban production of both goods and services continued to be impervious to foreign capital or private entrepreneurial initiative until at least the mid-1990s. Between 1992 and 1995, SOEs and UCOUs employed about 145 million workers, representing more than 80% of total urban employment (see Chart 10).

Chart 10 – State employment, 1980-2021



Source: *NBSC*. Note: categories are displayed from left to right in each year, following the order listed in the legend.

In cities, the composition of enterprise ownership began to change rapidly only from 1996, when authorities launched a massive downsizing of the state sector, summarized by the slogan "focus on the big, let go of the small" (zhuada fangxiao 抓大放小). The restructuring of SOEs carried out during the leadership of Jiang Zemin and Zhu Rongji in preparation for WTO accession in 2001 was vast and profound. This policy aimed to consistently reduce state subsidies to SOEs, selecting sectors deemed strategic to remain under the control of the state planning, while others could be ceded to the private sector. The outcome was that large sectors such as heavy industry or the energy sector remained monopolized by the state, while sectors dominated by small and medium-sized enterprises in

light industry were fully liberalized, even in urban areas (Brandt and Rawski, 2011, p. 20). The result was the closure, merger, or privatization of thousands of SOEs, the impact of which on employment is clearly observable in Chart 10. The restructuring was particularly harsh between 1996 and 2005, when the SOEs and UCOUs lost 48% of their employees, about 70 million. Subsequently, the contraction slowed down, but public enterprises still lost one million workers per year, until 2021, when the state sector represented only 12.8% of urban employment. However, these data may understate the continued influence of the state, which still profoundly shapes the business market through its pervasive presence in the "mixed ownership" category. This hybrid business environment represents a unique blend of public and private capital, both domestic and foreign, in which the state holds a significant equity stake (Lardy, 2014, p. 174).

9. *The mixed ownership regime and foreign enterprises*

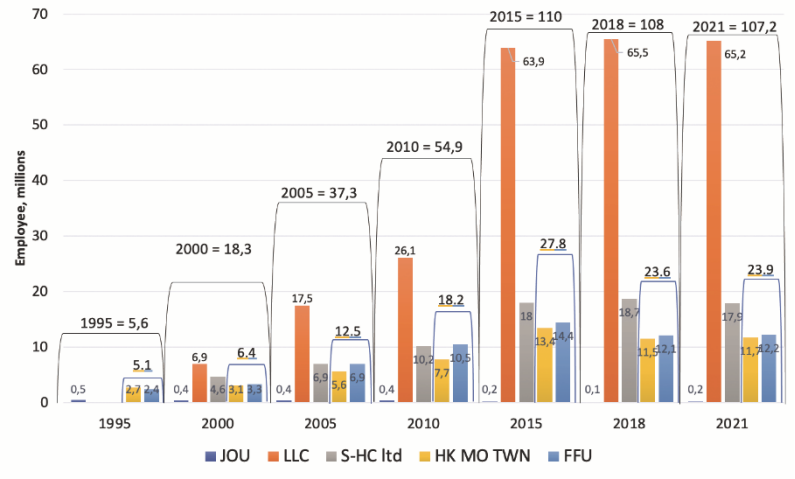
Unlike the division between rural and urban employment, the "mixed ownership" category is not the official classification used by the NBSC to provide employment data. In fact, the Chinese national statistical agency provides data on enterprises by dividing ownership types into two categories: "non-private" and "private". However, this dichotomous division does not fully capture the complexity and stratification of the current employer environment. The "non-private" category includes the state sector and hybrid ownership types as established in the 1994 "Company Law". Fortunately, the NBSC provides disaggregated data on the five types of hybrid ownership, allowing

an independent division between the state sector (SOEs and UCOUs) and mixed or foreign capital enterprises[44].

Chart 10 shows that until 1995, the role of employers in mixed or foreign-owned enterprises was still marginal, with employment in companies arising from investments from Hong Kong, Macao, Taiwan, or entirely foreign capital amounting to just 5.6 million workers (blue and yellow columns). By 2000, the number of employees in mixed ownership enterprises had tripled (18.3 million). Still, this increase was not due to the growth of these foreign enterprises, but rather to the emergence of new types of enterprises: Limited Liability Companies (LLC, orange column) and Shares-holding Companies Limited (S-HC, grey column). These do not represent either an influx of foreign capital or the formation of Chinese private capital but are the result of the "corporatization conversion" carried out on SOEs (Xu, 2007). In fact, these two new types of enterprises are born from the restructuring of SOEs between 1996 and 1998: LLCs represent the privatization of small and medium-sized SOEs, while S-HCs arose from the conversion of large SOEs that were listed on the newly created stock markets of Shanghai and Shenzhen (Cai, 2008, p.163).

[44] The data on these five types of hybrid ownership are shown in Chart 11. Legend: 1) Joint ownership unit, 2) Limited liability company, 3) Shareholding company, 4) Enterprises funded by capital from Hong Kong (HK), Macao (MO), and Taiwan (TTWN), 5) Enterprises with fully foreign capital (FFU).

Chart 11 – Mixed ownership and foreign enterprises employment, 1995-2021



Source: *NSBC*. Note: categories are displayed from left to right in each year, following the order listed in the legend.

In 2005, LLCs and S-HCs already employed twice as many workers as foreign enterprises (24.4 million vs. 12.5 million), and continued to grow, surpassing 80 million employees from 2015 onwards. Essentially, the increase in employment in S-HCs and LLCs between 1995 and 2021 perfectly offset the reduction in the number of employees in the SOEs (approximately 85 million). This reciprocal relationship between state-owned and mixed ownership enterprises demonstrates how Chinese authorities applied market incentives by partially privatizing production, but more importantly, by modifying labour relations and governance, preserving considerable ubiquity in the economic system (Naughton, 2018, p.335). As for foreign enterprises, the evolution of their employment is consistent and

linear with the rise of the export-led growth model. China's accession to the WTO more than doubled the inflow of foreign direct investment (FDI) in the following decade[45], and this phenomenon is clearly observable through the trends in employment in foreign-funded enterprises (FFUs). These enterprises peaked in 2015 with almost 28 million workers, representing a 122% increase in employment. Since then, the gradual relocation of low-value-added manufacturing has led to a contraction in employment, stabilizing between 23 and 24 million workers from 2018 to 2021 (Arnold and Huber, 2022, p.259).

10. *Private Enterprises*

From a strictly legal and formal standpoint, the private sector in China emerged with the constitutional amendment of Article 11 in 1988, which established the possibility of founding private enterprises as complementary subjects to the socialist economy[46]. However, as previously noted, private economic initiative, especially in urban areas, remained relatively marginal until the mid-1990s, when self-employed workers and

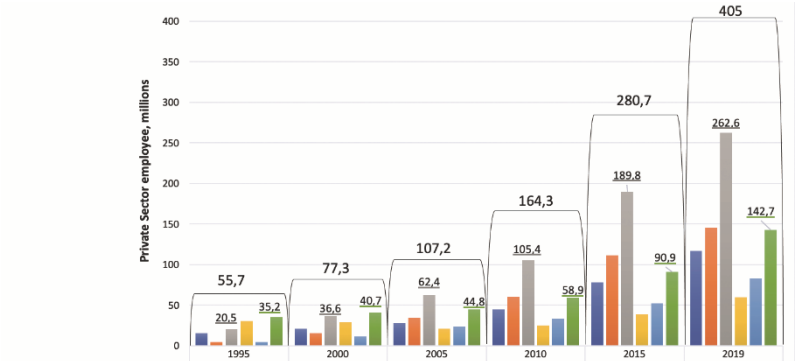
[45] Foreign direct investments in China amounted to 52 billion in 2002 and had grown to 116 billion by 2011. World Bank, *World Development Indicators*, *Foreign Direct Investment inflows* [online]. Available at: https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=CN. (Accessed: 2 September 2024).

[46] «The state permits the private sector of the economy to exist and develop within the limits prescribed by law. The private sector of the economy is a complement to the socialist public economy. The state protects the lawful rights and interests of the private sector of the economy, and exercises guidance, supervision and control over the private sector of the economy». National People's Congress, *Amendment to the Constitution of the People's Republic of China*, 1988, available at: https://www.gov.mo/en/content/laws/constitutional-documents/constitution-of-prc-amendment-1988/ (Accessed: 15 June 2024).

employees in private enterprises, both in urban and rural China, totalled approximately 56 million, representing just 8.2% of national employment (see chart 12)[47]. From 2005 onwards, the urban private sector surpassed the rural sector, and the number of self-employed individuals and employees exceeded 100 million. However, a true surge would occur in the subsequent 15 years. Between 2005 and 2010, the private sector expanded by 53%, growing from 107 million to 164 million employees. In the second decade of the century, there was a veritable explosion of private enterprises. By 2011, private employees outnumbered state workers (Valli, 2015, p.71), and by 2015, the private sector had become the dominant source of non-agricultural employment in the country. In the following four years, the number of self-employed individuals or employees in the private sector grew at a staggering rate of 31 million per year, eventually accounting for over 70% of employment in the secondary and tertiary sectors. Consequently, from an employment perspective, the private sector became the main driving force of China's economy in the 2010s. Since 2015, while public and mixed ownership sectors have maintained relatively stable employment rates, private enterprises have absorbed the majority of employment and led the process of development in the tertiary sector and urbanisation described in previous sections.

[47] According to the author, the data provided by the NBSC exclude from rural wage employment the workers of privatized TVEs, which in the mid-1990s numbered around 60 million according to data reported by Naughton. Consequently, the total number and the relative percentage of employees in private enterprises would be double what is reported in the text.

Chart 12 – Private and self-employment, rural-urban detail, 1995-2019



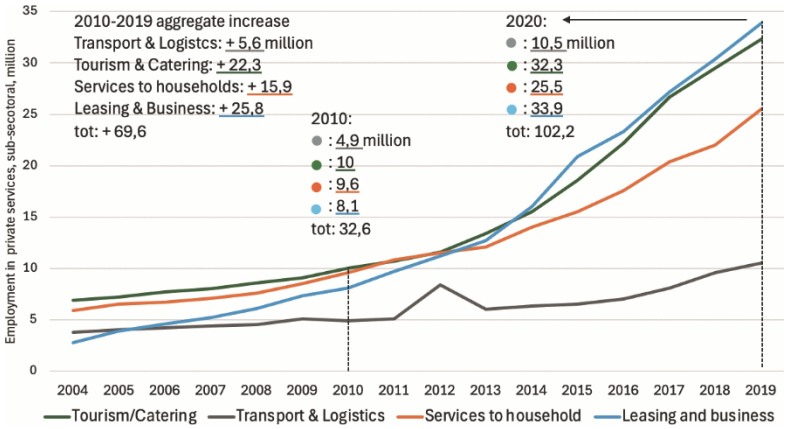
	1995	2000	2005	2010	2015	2019
Urban Self-employed	15,6	21,3	27,8	44,7	78	116,9
Urban employed in Private Enterprises	4,9	15,3	34,6	60,7	111,8	145,7
Urban Total Private Sector	20,5	36,6	62,4	105,4	189,8	262,6
Rural Self-employed	30,5	29,3	21,2	25,4	38,8	60
Rural Employed in Private Enterprises	4,7	11,4	23,6	33,5	52,1	82,7
Rural total private sector	35,2	40,7	44,8	58,9	90,9	142,7

Source: *NBSC*. Note: categories are displayed from left to right within each year, following the order listed in the legend from top to bottom.

The dynamics illustrated in Chart 13 provide further insight into the scale and composition of private sector employment growth in the service economy over the past decade. Between 2010 and 2019, total employment in private services increased from 32.6 million to over 102 million workers, marking an aggregate rise of approximately 70 million jobs. This expansion has been heavily concentrated in activities typically characterised by low value added and a high incidence of informal or precarious employment relationships. In particular, the sectors of tourism and catering, leasing and business services, and household services displayed the most pronounced growth trajectories. Employment in tourism and catering almost tripled, rising from 10 million workers in 2010 to 32.3 million in 2020. Leasing and business services followed a comparable path,

increasing from 8.1 to nearly 34 million employees over the same period. This steep rise reflects both the proliferation of small and medium private enterprises and the rapid development of service outsourcing in urban areas. The services to households' segment, which includes a significant proportion of domestic work, grew by 15.9 million workers over the decade, reaching 25.5 million by 2020.

Chart 13 – Services employment in private enterprises and self-employed



Source: *NBSC*. Note: at the right end (2020) from top to bottom lines can be read as follow: Transport & Logistics; Tourism & Catering; Services to households; Leasing and Business.

Although the transport and logistics sector showed comparatively lower growth (+5.6 million), it still accounts for over 10 million workers in 2020, confirming its role as a crucial component of the urban economy and the platform economy's logistical infrastructure. The overall picture highlights the transformation of the Chinese private sector into a major provider

of employment in services, often under conditions of low protection and high turnover.

In sum, while the growth of the private sector has spurred economic development, it has also entrenched a system where migrant workers remain concentrated in precarious, low-productivity low-wage jobs that offer little opportunity for upward mobility. These dynamic underscores the broader structural inequalities within China's labour market, especially as it relates to the aspirations of the "Chinese Dream" and the pursuit of "common prosperity".

11. *Conclusions*

The evolution of China's labour market, driven by profound demographic changes, shifts in employment structures, and the gradual diversification of the enterprise ownership regime, presents a complex interplay between economic growth and the fulfilment of Xi's "Chinese Dream". As this chapter outlines, China has made significant strides in its transformation from a primarily agricultural economy to an industrial and service powerhouse. However, the labour market's current realities pose challenges to realizing the vision of national rejuvenation.

China's comparative advantage, once rooted in its large, low-cost labour force, has gradually diminished throughout the 21st century. Aside from the hard labour unrest promoted by Chinese workers, this chapter has examined how this is mainly due to the country's ageing population and the slowdown of rural-to-urban migration. Demographic winter, along with sectoral shifts in the labour market, has caused rising wage pressures. At the same time, a younger population faces the burden of supporting an increasingly large, retired population. This situation challenges the realisation of the "Chinese Dream",

which aims for a prosperous society where everyone can pursue upward mobility and help achieve the nation's greatness. The urban-rural divide, influenced by the hukou system, has played a key role in shaping China's labour market. The division between city and countryside has created significant asymmetry in economic opportunities, making domestic migrant workers essential in manufacturing, service and construction industries. Over time, migration from rural areas to cities has driven these shifts. However, as rural-to-urban migration slows, new labour market challenges arise. Migrant workers, who were once mainly employed in manufacturing, now tend to work in low-productivity service jobs dominated by private capital.

Overall, while transitioning to a service-driven economy is crucial for China's growth, the resulting labour market issues threaten Xi Jinping's vision of national rejuvenation. To realise the "Chinese Dream" and achieve "common prosperity", China must address rising inequality within its labour market and ensure that economic benefits are fairly shared across society.

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DOI: 10.69117/POLIDEMOS.17.26.005

The Impact of China's Hukou System on Social Inequality: A Focus on Healthcare and Pension Provision

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Abstract: This paper analyzes the enduring inequality embedded in China's hukou system, which classifies citizens by rural and urban status and determines access to welfare, healthcare, and pension benefits. Originating as a mechanism to control internal migration and urban growth, hukou has evolved into an institutional barrier that restricts social mobility and reinforces economic disparities. Focusing on healthcare and pension provision, the study explores how policy design and local implementation continue to disadvantage rural migrants despite reform initiatives. By comparing regional variations and examining recent policy adjustments, it argues that most reforms remain fragmented and insufficient to dismantle structural inequalities. The paper concludes that only a nationally coordinated and fully decoupled reform from hukou status can transform the system into a foundation for genuine social equality in China.

Keywords: hukou system; rural migrants; healthcare inequality; pension access; social mobility.

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1. *The Essence and Purpose of the Hukou system*

Introduced in the early 1950s, the hukou (户口) system was meant to control where people could live and work, helping China manage rural-to-urban migration during its early socialist years. Initially framed as an administrative response to post-revolutionary resource constraints, the system sought to prevent uncontrolled rural-to-urban migration by categorizing individuals as either rural (*nongye hukou*, 农业户口) or urban (*chengzhen hukou*, 城镇户口) residents. At the time, much of this migration flowed from poorer inland rural regions to rapidly developing coastal cities, driven by the promise of better employment, higher wages, and improved living standards. This pattern reflected widening regional economic disparities and the state's prioritization of industrial growth in coastal provinces. This wasn't just about where someone lived – it decided whether they could go to school, see a doctor, or find a decent job.

Originally intended to control internal migration and protect urban infrastructure, the hukou system became a central tool of China's planned economy. By restricting rural-to-urban movement, the government managed labor distribution and limited pressure on city resources. However, this system also institutionalized inequality by linking social benefits – such as healthcare and education – to hukou classification, rather than to individual needs or citizenship.The legacy of this structure endures to the present day. Urban hukou holders typically enjoy access to comprehensive welfare provisions (Cui and Cohen, 2015; Hung, 2022) – understood in the Chinese context as state-provided or employer-linked benefits, rather than the universalist, rights-based welfare systems developed in much of Europe – including better healthcare, social insurance, public

education, and subsidized housing, while rural hukou holders are largely excluded, even when residing and working in cities.

Over time, the hukou system stopped being just a registry and became a deep source of inequality – affecting everything from people's jobs and homes to how they're seen in society.

Although internal migration has become more fluid over the past few decades, particularly since the reform era of the late 20th century – initiated under the leadership of Deng Xiaoping as part of China's shift toward a market-oriented economy, aiming to stimulate economic growth, attract foreign investment, and increase labor mobility (Melander and Pelikanova, 2013) – the hukou system remains tightly bound to access rights.

Migrants who live in urban areas without urban hukou status are often left in legal and social limbo: they contribute to the urban economy – for instance, rural migrant workers have accounted for over one-third of China's GDP growth in recent decades and dominate employment in manufacturing, construction, and service industries – yet lack entitlement to urban welfare systems (National Bureau of Statistics, 2023; Cui and Cohen, 2015). On paper, everyone's a citizen. But your hukou label still decides what rights you get and what doors stay shut.

Moreover, hukou transfers – from rural to urban status – are stringently regulated, especially in major metropolises like Beijing, Shanghai, or Shenzhen. These transfers are often subject to point-based evaluation systems that privilege educational attainment, high income, or technical expertise, effectively excluding most rural migrants. In contrast, smaller cities have adopted more relaxed policies to encourage urbanization, though these efforts are uneven and frequently under-resourced.

In its contemporary form, the hukou system operates as a dual-track citizenship regime. It not only reinforces spatial and economic divides but also sustains symbolic boundaries between those deemed "insiders" and "outsiders" in urban

society. Even as China's economy has grown more flexible and mobile, the hukou system has remained a rigid vestige of command-era governance, simultaneously regulating access to resources and reproducing patterns of social exclusion.

Beyond its administrative function, the hukou system has long served as a foundational mechanism in China's model of governance, linking population control with resource allocation and social order. It has played a vital role in managing labor, structuring access to social goods, and maintaining a dual-track development system across urban and rural regions.

In the early years of the People's Republic, the hukou system was a critical tool for managing the distribution of labor under the centrally planned economy. By restricting rural-to-urban migration, the state could ensure that industrial labor needs were met in cities while maintaining a large agricultural workforce in the countryside. This facilitated the state's strategy of urban industrialization supported by rural surplus labor, with the hukou acting as a "spatial fix" to regulate who could access urban jobs, services, and housing.

Socially, the system created two distinct classes of citizenship: those with urban hukou, who enjoyed comprehensive access to education, employment protections, medical services, and pensions, and those with rural hukou, who remained largely excluded from these entitlements. Over time, this divide deepened, particularly as cities grew wealthier and rural areas lagged behind in public service provision. The hukou system thus became a pillar of institutionalized inequality, reproducing a stratified social structure under the guise of orderly development.

This institutional framework also shaped people's life trajectories. A rural hukou limited access not only to urban welfare but also to quality schooling, government jobs, and secure employment. For migrant workers, even long-term residence in a city rarely translates into full citizenship. Their contributions

to urban economies were indispensable, yet their rights remained peripheral. As such, the hukou system did not simply manage movement; it reinforced economic dependency and defined belonging in deeply unequal ways.

While the state has justified this arrangement as essential for national development and social stability, its social costs have become increasingly evident. The disparities between urban and rural populations manifest not only in income and access to services but also in expectations, aspirations, and perceptions of the social contract's legitimacy. The hukou system's dual role – as both a planning instrument and a gatekeeper of privilege – has consequently become a mechanism of administrative control and symbolic division.

The hukou system has undergone significant transformations since its inception, yet its core mechanisms have remained largely intact, continuing to influence China's social and economic fabric. While reform efforts have sought to address some of its most glaring inefficiencies, the system still perpetuates social stratification and impedes the mobility of millions.

The post-reform era, beginning in the late 20th century, witnessed a gradual loosening of restrictions, particularly in urban areas – for example, the State Council's National New-type Urbanization Plan (2014–2020) encouraged the relaxation of hukou restrictions in small and medium-sized cities, and several municipalities introduced points-based hukou conversion systems to attract skilled workers (State Council, 2014; Lee, 2024). This shift was driven by the government's recognition of the need for a more flexible labor market to accommodate rapid urbanization and economic growth. However, the fundamental structure of the hukou system, which divides the population into urban and rural categories, has not been fundamentally altered. Despite reforms, rural migrants still face considerable barriers when attempting to access urban benefits, such as

social welfare, healthcare, and education, which are typically tied to one's hukou status. This entrenched divide has reinforced the gap between rural and urban residents, exacerbating inequality and stifling social mobility.

In recent years, there has been a growing awareness within Chinese leadership about the social and economic costs of maintaining a rigid hukou system. Several policy initiatives have been introduced, aiming to facilitate greater movement between rural and urban areas and reduce the penalties for migrants. One such initiative includes efforts to simplify the process of urban hukou conversion, particularly for migrants working in large cities – for instance, in 2019 the Ministry of Public Security issued new guidelines allowing relaxed hukou requirements in cities with populations under 3 million, while provincial governments such as Guangdong and Sichuan adopted measures to streamline registration for skilled migrant workers. However, these reforms are often slow and piecemeal, and the core inequalities between urban and rural populations remain deeply ingrained.

Moreover, the hukou system also visualizes broader social issues, acting as a clear marker of inequality. It entrenches class distinctions by making the rural population, particularly migrant workers, second-class citizens in urban settings. For example, as of 2023, rural migrant workers made up more than 60% of China's construction labor force and over half of manufacturing employees, yet their average monthly income remained about 25% lower than that of urban hukou holders in comparable positions (National Bureau of Statistics, 2023). These individuals, despite contributing to the economic prosperity of cities, often do so without the same rights or protections as their urban counterparts. For many rural migrants, these inequalities aren't abstract – they surface in everyday struggles to enroll children in school, afford medical bills, or

find secure housing in urban neighborhoods (Hung, 2022; Yu et al., 2025). The persistence of this system highlights the challenges of achieving social justice and equality in the context of China's rapid modernization and urban growth.

The dual economy that the hukou system fosters is a stark reflection of China's broader social structure, where the urban population enjoys far greater benefits in terms of income, healthcare, and education. Meanwhile, rural migrants remain economically marginalized, often working in low-wage, informal sectors with limited social protections – such as construction day labor or unregulated domestic work – and earning significantly less than urban residents with similar skill levels (He et al., 2019; Cui and Cohen, 2015). This disparity has been further exacerbated by the lack of comprehensive reform, as the hukou system remains deeply intertwined with other policies that reinforce this divide.

As the Chinese economy continues to evolve, so too does the pressure to address the persistent inequalities tied to the hukou system. Recent surveys indicate that over 65% of rural migrants believe hukou reform is essential for improving their living standards, and several policy papers from the State Council have acknowledged the system's role in limiting social mobility (Lee, 2024; Yu et al., 2025). While there have been incremental changes, the fundamental question remains: Can true reform occur without dismantling the system entirely, or will it continue to shape social outcomes for decades to come?

2. *Contemporary Challenges Facing the Hukou System*

One of the most pressing challenges of the contemporary hukou system lies in its enduring role in reinforcing structural social stratification between urban and rural populations. As

China has transitioned toward a market-oriented economy, this urban–rural divide has widened rather than narrowed. While the hukou system once functioned as a tool of population control, it now acts as a barrier to opportunity, restricting the mobility and welfare access of rural residents. Urban hukou holders continue to enjoy preferential access to quality education, comprehensive healthcare, and higher-paying formal employment. In contrast, rural hukou holders remain disproportionately concentrated in low-wage, informal sectors, with limited legal protections or avenues for upward mobility. It leaves many rural migrants stuck – working in cities but shut out of the benefits their labor helps support.

Despite policy shifts, the hukou system still plays a key role in deepening divides between rural and urban populations. Because access to schooling, medical care, and housing is tied to registration status rather than actual residence, rural migrants remain disadvantaged even after moving to cities. Urban hukou holders benefit from superior infrastructure, robust welfare provisions, and a wider range of economic opportunities. In contrast, rural hukou holders, even when physically present in urban areas, remain systemically disadvantaged, excluded from many of the rights and benefits enjoyed by their urban counterparts.

Educational inequality is one of the most visible outcomes of the hukou system. Children with urban hukou attend well-funded public schools and face fewer barriers to university admission and professional advancement. In contrast, rural hukou holders – especially migrant children – often attend overcrowded, under-resourced schools or face exclusion from urban education entirely. These disparities significantly limit social mobility and entrench generational poverty. These advantages position them favorably for entry into elite institutions and, subsequently, high-paying jobs. By contrast, rural children often study in under-resourced schools and face considerable

structural obstacles in pursuing higher education. Even when rural families migrate to cities, their children may be barred from enrolling in urban public schools or face higher tuition costs. These disparities severely constrain social mobility and contribute to the reproduction of class-based inequalities across generations.

The rural–urban divide is also evident in the labor market. Urban hukou holders are more likely to secure formal employment with higher wages, stable contracts, and legal protections. By contrast, rural migrants are disproportionately concentrated in low-wage, labor-intensive sectors such as construction, manufacturing, and domestic work, often without formal contracts or adequate social insurance. Gender further compounds these inequalities: empirical evidence shows that female migrants in urban labour markets earn significantly less than their male counterparts – even after adjusting for demographic and educational factors – largely due to discriminatory practices. More broadly, female migrants face dual disadvantages, as their marginalization stems from both their hukou status and structural gender inequities rooted in patriarchal norms. Even when employed in cities, rural migrants' hukou status excludes them from key benefits, including healthcare, housing subsidies, and pensions. This institutionalized disadvantage traps many in precarious jobs with limited prospects for advancement, not because of a lack of skills or ambition, but because the system structurally withholds the protections afforded to urban workers.

In the labor market, rural hukou holders are often confined to informal sector work with limited opportunities for advancement. They are frequently employed in low-wage, labor-intensive jobs in sectors such as construction, manufacturing, and service industries. These jobs offer little security, and the wages are often insufficient to support a higher standard of living.

Without the ability to transition into better-paying, formal sector jobs, rural migrants face a limited ability to move up the social ladder.

In addition, the hukou system exacerbates regional disparities. Rural areas, particularly those in the western and central regions, are underdeveloped and lack the infrastructure and services found in coastal cities. Migrants from these rural areas often move to cities in search of better opportunities but are blocked from accessing the benefits and services available to urban residents due to their hukou status. This exclusion further entrenches inequality, preventing rural residents from fully participating in the social and economic life of urban areas. The hukou system is a significant barrier to social mobility in China. One of the key factors contributing to this barrier is the unequal distribution of resources between urban and rural areas. Rural hukou holders face several challenges that urban residents do not, including limited access to education, healthcare, and employment opportunities. These barriers restrict the ability of rural migrants to improve their socio-economic status and limit their prospects for upward mobility.

Furthermore, rural migrants' access to healthcare and social security is restricted. Even as China has made strides in expanding access to healthcare, migrants are still excluded from many urban public health services, which are often reserved for urban hukou holders. This lack of access to healthcare makes it difficult for rural migrants to maintain good health and contribute productively to the economy. The limited access to social security programs, such as pensions and unemployment benefits, further undermines their ability to build wealth and improve their quality of life.

The hukou system creates visible and tangible social divides between urban and rural populations. The divide goes beyond income, shaping access to rights, opportunities, and social

recognition. Rural migrants are often regarded as "second-class citizens," living in the same cities as urban hukou holders but with fewer legal entitlements and diminished social status. This should not be confused with "class" in the Marxist–Leninist sense, which refers primarily to a group's relationship to the means of production and its role in the economic structure. In the hukou context, the division is better understood as an institutionalized status hierarchy, in which citizenship rights are allocated unequally by administrative category rather than by ownership or control of productive assets. This hierarchy is particularly evident in the differential treatment of urban and rural residents in areas such as education, healthcare, housing, and employment.

Rural migrants in cities often occupy a marginal social position, perceived as 'outsiders' despite their economic contributions. Their exclusion extends beyond formal benefits – they are stigmatized, discriminated against, and often confined to informal housing in segregated neighborhoods. This physical and social separation reinforces class-based hierarchies and perpetuates the view that rural hukou holders are less deserving of full citizenship.

The visibility of this inequality contributes to the stigmatization of rural hukou holders. They are often seen as lower-class citizens, undeserving of the rights and privileges that come with urban residency. The stigma surrounding rural hukou holders is evident in public discourse, where they are frequently depicted as unskilled laborers or rural "migrants" who do not belong in urban areas. This perception of rural migrants as inferior creates a cycle of exclusion that prevents them from integrating into urban society.

In television dramas and advertising, urban living is often glamorized – modern apartments, clean subways, upwardly mobile professionals. Meanwhile, rural migrants are cast in

supporting or comedic roles (for instance, the TV series Ma Dashuai contrasts rural awkwardness with urban modernity), reinforcing the idea that some citizens belong more than others. These cultural representations help normalize institutional inequality and marginalize rural residents' claims to full citizenship.

The hukou system's most insidious impact is its role in maintaining social segregation. By segregating the population into rural and urban categories, the system prevents rural migrants from fully integrating into urban life. While China has made significant improvements in urban infrastructure and public services, rural migrants are often excluded from these advancements, resulting in unequal access to social and economic opportunities. In many large cities like Beijing and Guangzhou, rural migrants are concentrated in peri-urban "urban villages" (城中村, chengzhongcun) – for example, Shipai Village in Guangzhou and Baishizhou in Shenzhen – areas characterized by overcrowded housing, poor infrastructure, and minimal access to public services.

The barriers to social integration created by the hukou system are particularly evident in the labor market, where rural migrants are often confined to low-wage, informal sector jobs. These jobs lack formal contracts, social protections, and opportunities for advancement. As a result, rural migrants remain marginalized in the urban economy – not due to lack of skill or effort, but because the hukou system structurally denies them the rights and protections available to urban residents.

In terms of social services, rural migrants often face difficulties in accessing healthcare, education, and social security benefits. Even though China has made efforts to expand access to these services, many rural migrants are still excluded from urban public service systems, which are often reserved for urban hukou holders. This exclusion prevents rural migrants from achieving the same standard of living as urban residents,

exacerbating inequality and hindering social mobility.Thus, the hukou system continues to act as a barrier to social integration and equity, reinforcing divisions between urban and rural populations and preventing the full participation of rural migrants in Chinese society.

3. *Case Study: Healthcare and Pension System under Hukou Structure*

Hukou status still decides who gets decent healthcare and retirement support in China – and who doesn't. By defining citizens as either rural or urban residents, hukou status determines an individual's access to various state-provided benefits, especially in healthcare and pensions. Because social benefits are tied to hukou status, urban residents get far better healthcare and pensions – while rural citizens are often left out, even if they live and work in the same cities.

In urban areas, the welfare infrastructure – ranging from social insurance schemes to public hospitals – is significantly more developed. Conversely, rural residents must rely on underfunded local services or travel long distances to access care. Since funding and service allocation are administered at the local level and often tied to one's place of hukou registration, mobility without a change in hukou often results in a 'welfare freeze.' Because benefits are tied to a person's hometown, migrants often fall through the cracks – left without care or support when they need it most., particularly the over 300 million internal migrants living outside their hukou locality.

Few gaps are as wide as healthcare: urban hukou holders get modern hospitals and full coverage, while rural residents often struggle to access even basic treatment. Urban residents generally enjoy access to better medical infrastructure, highly trained personnel, and advanced treatment facilities. In contrast, rural

residents often face significant logistical and financial barriers to accessing even basic medical care. The concentration of medical resources in large urban centers leaves rural hospitals with under qualified staff and limited equipment.

Even medical insurance is split by hukou. Urban workers get one system, rural residents another – with big differences in funding and coverage. Although the NRCMS was a major step toward expanding rural coverage, it remains inferior in both benefits and funding compared to urban schemes. As a result, rural hukou holders receive less comprehensive coverage and must often pay out of pocket for many services, leading to catastrophic health expenditures.

The inequity also affects rural migrants living in cities. Even when physically present in urban areas, many migrants remain enrolled in the rural insurance system due to hukou constraints. This leads to difficulties in reimbursement and service access, creating a two-tiered system within the same geographic location. It's not uncommon for migrant workers to avoid seeking medical care altogether, fearing high costs and bureaucratic complexities. This has serious implications for public health, especially considering the scale of internal migration in China.

The pension system in China is similarly fragmented and reflects the hierarchical nature of the hukou structure. Urban workers are covered under the Urban Employee Basic Pension Scheme, which offers relatively generous benefits. In contrast, rural residents participate in the New Rural Pension Scheme (NRPS), which provides minimal payouts that are often insufficient to meet basic living expenses after retirement.

For elderly rural residents, especially those living alone, retirement often means surviving on tiny monthly payments that barely cover food, let alone medical costs. Additionally, the design of the pension system reinforces economic stratification. Urban pensions are financed through both employer and

employee contributions and are managed by local governments with considerable fiscal capacity. Meanwhile, rural pensions are mostly funded by central subsidies and voluntary contributions, often resulting in meager returns. The average rural pension is sometimes less than one-fifth of its urban counterpart.

For rural migrants who spend most of their working life in urban areas but remain registered as rural residents, the situation is particularly precarious. Unless they are employed formally in urban sectors and enrolled in urban pension systems, many of these workers return to their hometowns with minimal pension coverage, despite having contributed to urban economies for decades. This disconnect between residency, contribution, and benefit constitutes a systemic flaw that undermines social justice.

Migrant workers, often referred to as the 'floating population', are perhaps the most adversely affected group under the current hukou-linked welfare system. Their lack of urban hukou not only restricts access to healthcare and pensions but also exposes them to precarious employment conditions and a lack of legal protection.

Healthcare access remains one of the hukou system's most unequal domains. Urban hukou holders benefit from modern hospitals, well-funded insurance, and advanced care. In contrast, rural residents and migrants often face financial and geographic barriers, relying on underfunded local services or traveling back to their hometowns for reimbursement. Though systems like the NRCMS have improved rural access, benefits remain far below urban standards, leaving migrants underinsured and at risk during health crises.

Regarding pensions, most migrant workers are employed in informal or temporary positions that do not provide pension contributions. Even when they do contribute, the lack of portability across regions and systems means that workers may

never receive full benefits. The accumulation of partial or interrupted pension records further reduces retirement security.

Many aging rural migrants face retirement without adequate pension coverage or personal savings, despite decades of urban labor. Excluded from formal support systems, they often rely on family remittances or return to subsistence farming. This systemic neglect not only undermines their dignity and security but also poses long-term risks for China's social stability and the viability of its national welfare architecture.

4. *Future Prospects on Reform Possibilities*

The hukou system has long been a subject of public debate in China, particularly as its role in perpetuating social inequality has become more visible in everyday life. While it once served as a mechanism of economic control and population management, it is now increasingly perceived as a source of division and injustice. Public opinion has shifted substantially in recent decades, especially among younger and urban populations who favor greater fairness and mobility in social access. Many see the hukou system as outdated and misaligned with the values of a modern, market-oriented society.

The hukou system's most insidious impact is its role in maintaining social segregation. By segregating the population into rural and urban categories, the system prevents rural migrants from fully integrating into urban life. While China has made significant improvements in urban infrastructure and public services, rural migrants are often excluded from these advancements, resulting in unequal access to social and economic opportunities. In many large cities like Beijing and Guangzhou, rural migrants are concentrated in peri-urban "urban villages" (*chengzhongcun*, 城中村) – for example, Shipai Village in

Guangzhou and Baishizhou in Shenzhen – areas characterized by overcrowded housing, poor infrastructure, and minimal access to public services.The barriers to social integration created by the hukou system are particularly evident in the labor market, where rural migrants are often confined to low-wage, informal sector jobs. These jobs lack formal contracts, social protections, and opportunities for advancement. As a result, rural migrants remain marginalized in the urban economy – not due to lack of skill or effort, but because the hukou system structurally denies them the rights and protections available to urban residents.

Recognizing the widespread dissatisfaction with the current system, various levels of government in China have begun experimenting with localized hukou reforms. For instance, some small and mid-sized cities have loosened registration restrictions to attract talent and boost consumption. Cities like Chengdu and Wuhan have tested policies that let migrant workers use some local services without changing their hukou. These programs are a step forward, but they still fall short of real equality.

One of the most discussed proposals is the universalization of social welfare benefits, decoupling them from hukou classification. This would involve a comprehensive restructuring of China's fiscal transfer and service provision systems to ensure equitable access for all residents, regardless of their place of registration. National reforms could raise the floor for everyone – especially if rural schools, clinics, and pension programs finally get the funding and attention they've lacked for decades.

Another potential avenue for reform involves recognizing and correcting the structural causes of inequality embedded in the hukou system. This means not just improving access but also investing in the development of rural infrastructure and public services. Equalizing educational quality, health services, and employment opportunities between rural and urban areas

could gradually reduce the need for rural-to-urban migration and ease pressures on cities.

Some cities have experimented with more inclusive hukou policies, but without broader coordination, these efforts are limited in scope. Resistance from wealthier urban governments is common – many worry that offering services to migrants could stretch already tight local budgets or dilute resources for existing residents. This reluctance underscores the tension between local autonomy and national equity in hukou reform efforts. These dilemmas underscore the complexity of designing reforms that are both equitable and practical.

Ultimately, the success of hukou reform depends on the political will and capacity of the Chinese central government. The current leadership has acknowledged the system's drawbacks and, in official rhetoric, emphasized the importance of social fairness and balanced regional development. Major policy documents, such as the National New-type Urbanization Plan (2014–2020), have called for gradual hukou reforms and better integration of migrant populations into urban welfare systems.

However, balancing administrative efficiency with social equity presents a major governance challenge. The hukou system has long been intertwined with local government financing, employment quotas, and public service provision. Reforming it thus requires not only institutional redesign but also renegotiation of fiscal responsibilities among central and local authorities. Without a redistribution of financial resources and service obligations, cities may be reluctant to fully open up access.

Moreover, political considerations remain significant. Rapid reform could destabilize social structures or strain local budgets, potentially leading to resistance from vested interests. Policymakers must tread carefully, ensuring that reforms are phased, sustainable, and mindful of both economic realities and public expectations. In this sense, hukou reform is not just

a technical adjustment – it is a profound transformation of the implicit agreement between the state and its citizens over rights, responsibilities, and access to resources. A realistic path forward may involve a tiered approach, combining national policy guidance with localized innovation. Cities could be grouped based on their absorptive capacity, with different reform models tested and gradually scaled up. In fact, this is the direction recent policy has taken – for example, the State Council's 2014–2020 National New-type Urbanization Plan encouraged small and medium-sized cities to relax hukou restrictions, while larger cities such as Shanghai and Beijing have experimented with points-based systems prioritizing skilled workers (State Council, 2014; Lee, 2024). Such a strategy allows policymakers to monitor outcomes and make data-driven adjustments, minimizing risk while maintaining momentum.

The hukou system, a critical component of China's social structure, has long served as a mechanism for controlling internal migration, managing urbanization, and facilitating the allocation of resources. However, as China's economy has transitioned into a more market-oriented model, the limitations of this system in addressing modern social needs – such as equitable access to healthcare, pensions, quality education, and fair labor protections – have become increasingly apparent (Cui and Cohen, 2015; Hung, 2022)..Hukou isn't just outdated – it actively blocks millions from basic rights. The divide it creates still defines who gets to belong and who stays on the margins. Much of this inequality comes down to one issue: access. Without an urban hukou, rural migrants are often blocked from healthcare, pensions, and other basic services. The analysis of these issues has revealed both the deep entrenchment of the system in China's economic and social fabric, as well as the urgent need for reform to address the inequities it generates.

5. *Conclusion*

The hukou system remains one of the most significant structural barriers in China's social fabric, reinforcing deep urban–rural divides, particularly in access to social welfare. Urban residents benefit from comprehensive healthcare, pensions, and public services, while rural hukou holders – many of them migrants – are systematically marginalized in almost every aspect of public life. The healthcare and pension systems exemplify this dual structure: urbanites enjoy full coverage and benefits, whereas rural migrants face exclusion or receive only substandard provisions. For instance, many rural migrant workers without urban hukou cannot register for public health insurance in cities, despite contributing to the urban economy, and are similarly denied access to full pension benefits, leaving them economically insecure in old age.

These disparities are not accidental. The hukou system was deliberately designed to separate people and regulate migration flows, and many of its original rules continue to block equal access today. Its long-term consequences have been to entrench a rigid social stratification that goes beyond economic divides, severely restricting the social mobility of rural residents and migrant workers. Access to quality education, healthcare, and employment opportunities in urban centers remains tied to hukou status, effectively trapping millions in a cycle of poverty and marginalization. The inability of rural workers to gain equal access to urban services has widened the gap between the urban elite and rural poor, with serious implications for China's social cohesion and economic stability. This divide is further amplified by the media and public discourse, which often stigmatize rural migrants and portray them in subordinate roles, reinforcing their exclusion and deepening alienation.

Reform is both possible and necessary, as demonstrated by localized experiments in cities such as Chengdu, Wuhan, and Beijing. These pilot programs, which have relaxed hukou registration restrictions to attract skilled workers and improve urban infrastructure, show that policy adjustments can be implemented effectively. A promising path forward lies in decoupling social benefits from hukou registration, creating a unified welfare system that guarantees equal access to healthcare, pensions, and other public services for all citizens. However, such reforms would require substantial investment, a redistribution of fiscal responsibilities across levels of government, and strong political commitment to prevent the deepening of disparities.

The future of hukou reform will depend on the state's ability to balance the interests of local governments, urban residents, and rural migrants, while addressing the financial and political challenges inherent in dismantling such a deeply entrenched system. A phased, localized approach – tailored to cities' absorptive capacities – may offer a viable model, allowing for reforms to be tested, refined, and scaled nationwide.

Ultimately, the hukou system is no longer merely a population registry; it is a fault line dividing society. Unless genuine reform takes place, rural migrants will continue to build cities they are not allowed to fully belong to. As China advances its urbanization and development goals, hukou reform is not just a policy choice but a societal necessity. Without it, millions risk being left behind, undermining both the country's social cohesion and its long-term economic foundations. A fairer future will require dismantling the structural barriers hukou has sustained and ensuring that every citizen, regardless of origin, is given the opportunity to participate fully in the life of the nation.

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DOI: 10.69117/POLIDEMOS.17.26.006

The Chinese Constitutional Order and the Openness to Western Legal Models: a Difficult Compromise

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Abstract: This essay investigates the evolution of the Chinese constitutional and civil law system in the context of its complex relationship with Western legal traditions. The study adopts an external, non-partisan perspective to identify the singularities of the Chinese legal experience, without falling into the simplifications often produced by comparative methods biased toward Western liberal-democratic assumptions.

The research begins with a historical reconstruction of China's constitutional development, tracing its trajectory from the 1954 Constitution, through the radical negation of formal legality during the Cultural Revolution, to the relative institutional stabilization inaugurated by the 1982 Constitution. Subsequent constitutional amendments, particularly the 1993, 1999, 2004, and 2018 reforms, are examined to highlight the country's economic growth in the framework of "socialism with Chinese characteristics."

The second part of the study turns to the codification of private law, focusing on the 2020 Chinese Civil Code, which represents a landmark in the country's legal modernization. The analysis reveals that private property, although formally elevated to a position of equality with state and collective property, remains embedded in a normative framework that subordinates individual entitlements to collective welfare and state-directed economic policy.

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Finally, the essay addresses the judicial architecture of the People's Republic of China, exploring the persistent subordination of the judiciary to Party oversight and the limited autonomy of individual judges, despite textual references to independence in the 1982 Constitution and the Judges Law. Mechanisms of hierarchical supervision and the practice of ex post "legal review" by higher courts or Party organs illustrate the primacy of political considerations over the stability and finality of judgments, revealing a functional conception of legality that privileges flexibility over predictability.

Keywords: Chinese Constitutional Law; Civil Code; Market Socialism; Judicial Independence; Comparative Legal Systems

Introduction: The Roots of Chinese Law Between Confucianism and Positive Law

Setting aside the long-standing Chinese legal tradition (Porcelli, 2020; Zhang, 2014), this essay will focus exclusively on the exceptional features of the Chinese legal system in comparison to Western legal one. The perspective adopted is that of an external observer; the aim, instead, is to highlight the profound differences that exist with the concept of law commonly accepted in the Western legal tradition, even though globalization has significantly influenced the Asian world and has eroded part of its traditional socio-cultural structures (Smith, 1968; van Caenegem, 2002).

The present research will highlight both the singularities and the points of convergence between the Western and Chinese legal traditions, without, however, relinquishing the ideological neutrality that any serious scientific inquiry demands. Quoting the words of the philosopher François Jullien, our intention is to open a path «*toward otherness*» (Jullien, 2012), rejecting a strictly comparative approach which, as is well known, often

entails biases that are difficult to overcome when analyzing a legal family distinct from the Western democratic tradition.

As a preliminary observation, it is worth noting that traditional Chinese law developed within a dynamic tension between two major schools of thought: the Legalist school, which – according to Western categories – may be likened to legal positivism (Bobbio, 1979)[2], insofar as it reduced the legal experience to norms enacted by an authority seisined with *imperium*; and the Confucian school, which, by contrast, emphasized the centrality of ethical rules, assigning to positive law a merely supplementary role (Porcelli, 2016; Ruskola, 2002). Imperial China did not recognize the figure of the professional jurist. Judges were public officials who were not necessarily trained in legal matters.

And yet, if law is conceived as the art of the concrete, or, in the Ulpian's words, the «*vera philosophia*[3]», those familiar with the Analects of Confucius will readily discern a certain affinity with the so-called theory of the rectification of names (Cavalieri, 2019): the effort to assign words their correct political meaning by identifying their social function. From this perspective seems that Confucianism had already planted the seeds of the most advanced legal experiences: abstraction, interpretation, classification, and application.

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[2] According to legal positivism, a norm is law if – and only if – it has been validly posited by a recognized social source; the moral value of that norm is analytically separate from, and never a condition of, its legal validity.

[3] *Corpus Iuris Civilis*, Ulp. Inst. D. 1.1.1.: «[*I*]*uri operam daturum prius nosse oportet, unde nomen iuris descendat. est autem a iustitia appellatum: nam, ut eleganter Celsus definit, ius est ars boni et aequi. Cuius merito quis nos sacerdotes appellet: iustitiam namque colimus et boni et aequi notitiam profitemur, aequum ab iniquo separantes, licitum ab illicito discernentes, bonos non solum metu poenarum, verum etiam praemiorum quoque exhortatione efficere cupientes, veram nisi fallor philosophiam, non simulatam affectantes*».

Having laid out these premises, the work is structured as follows: the first section addresses the Chinese constitutional system, the issue of the imperfect separation between public and private law, and, finally, the gradual weakening of the socialist imprint and the resulting shift toward a market economy. The second section focuses on the general part of the new Chinese Civil Code (2020), inspired by Western legal experiences, and on the reconfiguration of property law. The purpose of this analysis is to determine in what way "socialism" still informs "market socialism", considering the prominent position now given to private property in the new Civil Code. Lastly, the third section examines the issue of judicial independence and the functioning of the People's Procuratorates.

1. *The Socialist Constitutional Order and the Chinese Experience*

Understanding the current Chinese legal system requires at least a cursory examination of the complex constitutional history that unfolded between 1954 and 1982. China belongs to the family of socialist legal systems. It implies that the four Constitutions of the People's Republic of China have conformed to certain defining features of that legal tradition, as the rejection of a clear-cut distinction between public and private law (Mazza, 2006).

The model of Constitution advocated by socialist political thought differs profoundly from that embraced by the constitutional doctrine typical of pluralistic democratic countries of the Western legal tradition. The latter is inspired by the doctrine of constitutionalism, which emerged from the liberal revolutions of the eighteenth and nineteenth centuries (De Vergottini, 2013). This doctrine evolved and took shape over the following century, particularly with the transition from the

classical liberal state to the modern social and constitutional state. In these systems, the Constitution is a binding legal instrument, formally superior to all other sources of law. It constrains political power, imposes conditions on its exercise, regulates the relationship between rulers and the ruled, outlines the structure of institutions, and defines both the form of the state and the system of government.

Such limitations are typically expressed through a set of institutional and individual guarantees, including: a) the separation of powers among the legislative, executive, and judicial branches, each entrusted to distinct and independent bodies; b) mechanisms of representative democracy designed to ensure that those who govern with the consent of the governed, through institutional arrangements that vary according to the specific form of government; c) the affirmation of equality and individual autonomy, initially in a formal sense, and later also in a substantive one, recognizing citizens as bearers of potentially conflicting interests; d) the recognition and protection of individual rights *vis-à-vis* public authority, aimed at limiting state interference in private liberties and ensuring citizen participation in democratic processes; e) the subjection of all institutional action to law, understood as the expression of democratic legitimacy and the foundation of institutional authority (*i.e.*: *Rule of Law*); f) the direct enforceability of constitutional provisions, particularly those concerning fundamental rights, which are no longer seen as merely programmatic but as concrete legal standards; g) the establishment of mechanisms to guarantee compliance with the Constitution, most notably through judicial review carried out by specialized courts or designated bodies (Raz, 1977; Dworkin, 1986; Bin, 2011). By contrast, the defining features of socialist legal systems, including to some extent the Chinese model, differ markedly from those of liberal-democratic Constitutions and tend to align around a

set of shared principles (Carrozza, 2014; Volpi, 2016). The most notable are a) the rejection of the liberal concept of separation of powers. In socialist theory, state power is conceived as unified and indivisible, residing entirely within the parliamentary organ that represents popular sovereignty. This body may delegate the practical exercise of state functions to other institutions, but without formally relinquishing its authority; b) the recognition of an institutional role for a single or dominant party, regarded as the leading force in both political and social spheres, and as the driving agent of the transition toward socialism; c) elections that are formally correct but lack genuine democratic competitiveness, accompanied by structural principles such as the dictatorship of the proletariat, democratic centralism (Gerbino, 1996), and dual subordination (Crespi Reghizzi, 1988), all of which reinforce the political and institutional primacy of the ruling party; d) a functionalist conception of rights, where the recognition and protection of individual rights are subordinated to the long-term goals of the socialist state. In this view, the satisfaction of state interests may legitimately override classical civil and political liberties, which are seen as being inevitably shaped by economic power relations.

In socialist countries, inspired, albeit with various local adaptations, by Marxist-Leninist doctrines, the Constitution has traditionally held a different significance from that assigned to it within Western constitutionalism. In a system that seeks to achieve a revolutionary goal by dismantling the existing sociopolitical order and replacing it with one founded on the dominance of the exploited class, the Constitution is not viewed as an end in itself, but rather as an instrument to the final purpose (Cavalieri, 2019).

The constitutional charter thus takes on the characteristics of a «report Constitution» (Costituzione-bilancio) (Carrozza, 2014), whose primary purpose, particularly through long and

elaborate preambles, is to summarize an overcome phase of the revolutionary process by reviewing achievements and outlining political, economic, and social goals. Since the economic and social realities underlying the legal system are *in fieri*, the Constitution must be regularly adjusted through amendments or entirely new texts. This explains the cyclical replacement of constitutions every few decades in countries such as the USSR and the People's Republic of China.

As a result, the Constitution carries a primarily political rather than legal weight, and a programmatic rather than justiciable function. It follows the evolution of socioeconomic conditions, and It can hardly be understood without the prevailing political line and the official ideology of the ruling party (Cavalieri, 2019). Moreover, its interpretation and enforcement against potential violations are entrusted to political bodies, most notably, as will be discussed later, the national legislature Assembly itself, since there is no neutral and specialized constitutional court.

These features are also present in the Chinese legal system, which has been broadly aligned (albeit with certain distinctive traits shaped by the country's specific historical and political legacy) with the socialist model originally developed in the Soviet Union. Each of China's Constitutions, however, has marked a distinct stage in the evolution of the path pursued under the political leadership of the Chinese Communist Party (CCP).

The development of the Chinese Constitutional Order from 1954 to 1982

A brief overview of China's constitutional history will clarify the dimension of the problem of democracy in China. On October 1, 1949, the People's Republic of China (PRC) was established. Of particular note is the constitutional-level programmatic

document known as the "Common Program", dated September 29, 1949 (Cavalieri, 2019), which set out the foundational principles of the new socialist state. In the implementation of this framework, several organic laws were enacted concerning administrative organization and land redistribution. Most notably, the state ordered the confiscation of all property belonging to landowners and laid down the *criteria* for redistributing the seized land to peasants.

However, the first act that could be properly described as a Constitution was not adopted until 1954, during the first session of the Chinese national legislature, the National People's Congress (NPC). That Constitution incorporated many of the core principles of the Soviet constitutional model, foremost among them the leading role of the CCP. The constitutional entrenchment of the CCP's leadership appears not only incompatible with the principle of political pluralism, but also with the foundational idea of a necessary separation between law and politics. The Constitution of 1954, through a set of binding provisions that would also be inherited by its successors, explicitly subordinated the rule of law to the political will of the Party. This helps to explain the absence of any political or judicial body tasked with conducting constitutional review of legislation (Russo, 2018).

In the Chinese system, a constitutional court modeled in accordance with the Kelsenian paradigm would be a superfluous addition (Kelsen, 1929)[4]. The constitutionality of a legislative act

[4] Hans Kelsen conceived the Constitutional Court as a "negative legislator," empowered exclusively to annul statutes that conflict with the Constitution but not to create new law. This centralized model of constitutional review ensures the supremacy of the Constitution while maintaining the legislature's primacy in law-making. Moving to China, in the case *Qi Yuling v. Chen Xiaoqi*, decided in 2001, the Supreme People's Court attempted to surreptitiously introduce a

is, in effect, presumed by definition (Morris, 2012): approval by NPC simultaneously signifies the endorsement of the CCP, making any claim of unconstitutionality effectively meaningless. Furthermore, the CCP gradually established pervasive control over the recruitment and functioning of the public administration, ensuring that key leadership roles were assigned to individuals aligned with the Party, including the judicial branch[5].

With regard to the institutional structure of the state, the first Constitution, permeated by the Maoist ideology (Lin Li-Jihong and Mo-Guoqiang Zhai, 2019), rejected the "bourgeois" principle of the separation of powers, instead embracing the opposing Soviet principle of the unity of state power (Cavalieri, 2019). As a result, all state authority was entrusted to the people's representative assemblies, which held legislative powers and directed both executive and judicial bodies. These assemblies were organized across three territorial levels: regional, provincial, and municipal. However, despite the appearance of an opening toward the principle of local autonomy, this structure was clearly shaped by pragmatic considerations. In fact, the decentralization of the assembly system was – and still is – designed to enable more pervasive and effective oversight by the Chinese Communist Party, in keeping with the well-known maxim of Roman law: *divide et impera*.

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system of constitutional review by directly applying a constitutional provision related to a fundamental right. Although scholars referred to it as China's new "Marbury case" – an allusion to the historic U.S. Supreme Court ruling that established judicial review in Marbury v. Madison – the *Qi Yuling* decision remained a one-off. Evidently, the political and cultural environment was not yet ready to embrace conceptual paradigms characteristic of pluralist constitutions, and it was ultimately decided to suppress a precedent that could threaten the discretionary power of public authorities.

[5] For the analysis of this topic see *infra*.

A brief mention should be made of the section in the first Constitution devoted to citizens' fundamental rights. In line with Soviet constitutionalism, the political, personal, and socio-economic rights formally granted to citizens were denied to so-called reactionaries, counterrevolutionaries, and capitalists, who were afforded no legal guarantees. Meanwhile, members of the Communist Party were subject to the rules of democratic centralism and internal Party discipline. As a result, in both cases, the constitutional provisions on fundamental rights remained largely unenforced and symbolic.

Among the key innovations introduced by the first socialist Constitution were those concerning the structure of the economy. The so-called "economic Constitution" drew a basic distinction between goods that could and could not be privately owned, separating them into consumer goods and means of production, respectively. The task of drafting national economic plans was entrusted to the Party: in 1952, the State Planning Commission was established, and in 1955 the first Five-Year Plan (1953–1957) was approved by the NPC.

However, China began to diverge from the Soviet model. In 1958, reacting to what he perceived as an increasingly plutocratic Soviet system, Mao Zedong launched a radical campaign of ideological mobilization and economic collectivization known as the "*Great Leap Forward*".

Institutionally, this involved the decentralization of economic and administrative functions from central and local state organs to the newly established people's communes. During this period of intense radicalism and ideological fervor, the legal system was effectively sidelined. A model of social control based on mass line politics and class struggle took hold, reflecting the fundamental divergence between the Soviet formalist conception of socialist legality and the Maoist approach, which merged ethics, politics, and law into a single framework. The

consequence was extreme legal uncertainty and significant economic stagnation, which only worsened during the Great Proletarian Cultural Revolution (1966–1968). Institutional functions were progressively devalued; constitutional organs were dissolved and replaced with *ad hoc* committees, in a climate of escalating violence and disorder that led to the deportation – and, in many cases, the deaths – of thousands labeled as "counterrevolutionaries". The fragile constitutional framework of the PRC was replaced by the mass line, which, through mobilization campaigns, effectively supplanted the legal order (Cavalieri, 2019). The rule of law was replaced by ideological proclamations disseminated by official media and other instruments of Maoist orthodoxy. The entire decade from 1966 to 1975 is still remembered in China as the "Ten Years of Chaos", during which the National People's Congress did not convene even once.

The radicalism and violence of the Cultural Revolution began to subside in the early 1970s. In 1975, two new Constitutions were adopted (Cavalieri, 2019). Both were concise and primarily programmatic in nature, yet today they are regarded as foundational to the rise of revolutionary leader Deng Xiaoping and the profound transformation of Chinese society that came to be known as the economic reform era.

The Evolution of the Chinese Constitutional Legal Order after Maoism. The Constitution of 1982

With the end of the revolutionary period, a new Constitution was adopted in 1982. It is based on four fundamental – or so-called "cardinal" – principles, as stated in the Preamble: a) the primacy of the Communist Party; b) the centrality of political guidelines intended to guide the Party's actions; c) the people's democratic dictatorship; d) adherence to the socialist path.

These principles significantly set the Chinese legal system apart from democratic and pluralistic systems (Spagnoli, 2019). Genuine "political competition" among different political forces is not possible – even though the system is nominally multiparty[6] – because one party, the Chinese Communist Party, is explicitly assigned a unique leading role. This role is defined by the ideological path established by the Party's most prominent theorists and is directed toward a final goal envisioned as attainable only over time, through a series of transitional stages.

For as long as it exists, the socialist state of China adopts the organizational structures and operational methods deemed most suitable to its objectives. Among these, as previously noted, is the rejection of the concept of separation of powers, with all state authority formally vested in the people's assemblies – both at the national and local levels – which are effectively monopolized by the ruling Party. These congresses, in turn, for practical reasons, delegate portions of their authority to other administrative and judicial bodies: the State Council and local governments, as well as the People's Courts and People's Procuratorates, all of which are organized within a strict hierarchical system from the top down.

Nevertheless, these bodies cannot be considered genuinely autonomous from political power, because there are numerous constitutional provisions that establish various forms of oversight, supervision, and subordination to the National People's Congress (and, by analogy, to people's congresses at the provincial, regional, and municipal levels), also considering the dominant and pervasive role of the Chinese Communist Party, which, despite not being explicitly mentioned in the 1982 Constitution, remains central to the functioning of the entire system.

[6] See Section 1-*Politics* of this volume.

As for the form of government outlined in the 1982 Constitution, it largely follows previous practice, though it differs to some extent from the classical Soviet model (Mazza, 2006). China has a unicameral National People's Congress (NPC), elected indirectly by local people's congresses and the armed forces. It is a large body that convenes only occasionally. Within it, a smaller Standing Committee functions as a permanent parliamentary body, exercising legislative authority during the long intervals between plenary sessions. In practice, it serves as the primary legislative organ.

The State Council – China's national government – stands at the head of the administrative apparatus and is responsible for executing the decisions of the legislative bodies, to which it is formally accountable. In the framework of the 1982 Constitution, the President of the Republic, elected by the NPC, was intended to perform exclusively ceremonial functions.

Beyond institutional arrangements, the 1982 Constitution, while shedding much of the ideological rhetoric of its predecessors, continues to assign the state a central role in the economy. It significantly expands the catalogue and importance of protected rights, formally recognizing many classic liberal freedoms – such as freedom of thought, assembly, and religion. Nonetheless, social rights remain central and are explicitly oriented toward the construction of a new socio-economic order.

From a territorial perspective, the People's Republic of China is a unitary state composed of twenty-three provinces, four centrally administered municipalities (Beijing, Shanghai, Tianjin, and Chongqing), five autonomous regions – home to concentrated ethnic and linguistic minorities (Tibet, Xinjiang, Inner Mongolia, Ningxia and Guangxi-Zhuang) – and two Special Administrative Regions (Hong Kong and Macao).

In the framework of the 1982 Constitution, the autonomous regions enjoy broad legislative and administrative powers. In

practice, however, such autonomy is severely curtailed by tight central political control, especially in the cases of Tibet and Xinjiang. Paradoxically, ordinary provinces often enjoy greater *de facto* autonomy than the regions that are nominally autonomous (Cavalieri, 2019). With regard to fundamental rights and freedoms, Article 51 of Chinese Constitution of 1982 provides that their exercise is subject to respect for state, collective, and social interests. In the Chinese legal system, citizens' rights are therefore not conceived as absolute, but rather as subordinate to the overarching public interest. This means that such rights may be restricted whenever their exercise conflicts with political or social priorities determined by state authorities under the leadership of the Communist Party (Barak, 2006).

The Constitution's emphasis on the primacy of collective interests and the fundamental role of the Party is most evident in the area of political rights, particularly voting rights and freedom of association. China's electoral system reflects its identity as a socialist state: popular will is expressed only through the election of deputies to local people's congresses. While recent electoral reforms have aimed to foster closer ties between candidates and constituents, the system remains that of a one-party state, with no real electoral competition and strict control exercised by the Chinese Communist Party. About the freedom of association, the formation of independent political parties or trade unions is prohibited. The only legally recognized parties are the eight so-called "democratic parties", which are overseen and controlled by a dedicated office of the CCP Central Committee and lack any genuine political autonomy.

The original text of the Constitution, introduced at a time when China faced growing demands for economic openness and renewal, was soon subjected to a series of significant reforms – a process that has continued over time (Minzer, 2015). Prior to the major revision of 2018, amendments were adopted

in 1988, 1993, 1999, and 2004, each addressing specific areas without fundamentally altering the underlying political and institutional framework.

The first two reforms focused primarily on economic matters, aiming to reconcile the maintenance of a nominally socialist system – dominated by the Chinese Communist Party – with the introduction of private-sector elements inspired by capitalist models.

The 1999 amendment, in addition to giving constitutional status to Deng Xiaoping's thought, recognized the private economy as «an important component of the socialist market economy». It also revised Article 5, paragraph 1 of the Constitution to declare that «[*T*]*he People's Republic of China practices the rule of law and builds a socialist state under the rule of law*». The 2004 reforms continued the trend of liberalization, both economically and in terms of rights and freedoms. They formally recognized and guaranteed citizens' private property, and explicitly introduced a commitment by the state to «*respect and protect human rights*» (Article 33). However, there remains considerable skepticism that this latter provision amounts to little more than a symbolic alignment with international human rights standards, without producing substantial practical effects.

Analyzed the main constitutional and amendment cycles in China prior to the 2018 reform, it becomes clear that none of these revisions have altered the distinctive role and meaning the Constitution holds within the Chinese socialist legal system. While the Constitution has been employed as an instrument to provide a stable and rational framework for the relationship between rulers and citizens – and to structure the institutional architecture of political power, namely the form of the state and government – the Chinese authorities have not embraced the historical principles and values from which the modern Constitution originally emerged. In other words, they have

adopted constitutions without embracing constitutionalism (Zhang, 2010).

What emerges is a conception of the Constitution that is deeply pragmatic and utilitarian. Far from being regarded as the supreme source of law – capable of constraining political power and guiding social and economic development – it is, in practice, the reverse: law must adapt to the evolving needs of society, continuously reshaped according to the decisions of political power. The Constitution thus is reduced to the level of subordinate legal sources, and treated as flexible and politically malleable, undermining the significance of the formal guarantees and procedures laid out for its amendment.

On the one hand, some scholars have even theorized the notion of «positive violation» of the Constitution, justified – at least in certain contexts – by political necessity (Antonelli, 2004). On the other hand, a review of concrete amendment cases reveals that they have consistently originated with the Chinese Communist Party, with state institutions merely following its directives, often in a strictly formalistic manner. This dynamic persists, despite Article 5 of the Constitution openly proclaiming its legal supremacy, placing it at the top of the normative hierarchy, requiring that all laws and regulations conform to it, and protecting it through the requirement of a qualified majority for amendments. Article 62(2) further entrusts the NPC with overseeing the implementation of the Constitution, suggesting at least an embryonic form of constitutional review (Mazza, 2006).

In conclusion, all these elements point to a Chinese constitutional reality in which the Constitution is subordinate to political decision-making, and it could be overcome by them (Peerenboom, 2002).

The 2018 Amendment to the Constitution in the "Xi era"

On March 11, 2018, the NPC approved a constitutional amendment to the Constitution of the People's Republic of China. The proposal, formally submitted by the NPC Standing Committee at the initiative of the Central Committee of CCP, was passed during a plenary session of the NPC by an overwhelming majority: 2,958 votes in favor, 2 against, 3 abstentions, along with 16 absences and 1 invalid vote. Even by the plebiscitary standards typical of Chinese parliamentary majorities, the near unanimity of the vote underscored the image of a submissive legislature, wholly subordinate to the will of the Party.

The primary purpose of the reform was to consolidate power in the hands of President Xi Jinping, portrayed as a modern *pater patriae* leading the Party and the nation. In addition, the constitutional amendment introduced significant changes to the form of government of the PRC, most notably by establishing a new constitutional body: the National Supervisory Commission (Cavalieri, 2018). The strengthening of the Party's leading role and President Xi Jinping's leadership was achieved in part through a *restyling* of the Preamble. The 2018 reform amended the seventh paragraph of the Preamble by completing the historical overview of the ideological foundations of Chinese communism. Following references to "Marxism-Leninism" and "Mao Zedong Thought", "Deng Xiaoping Theory", and the "Important Thought of the Three Represents[7]", the text now includes "the Scientific Outlook on

[7] The latter, formulated by Jiang Zemin, General Secretary of the Communist Party from 1989 to 2002 and President of the Republic from 1993 to 2003, is based on the principle that the CCP must always represent, first, the requirements for the development of the most advanced productive forces, second, the orientation of advanced culture, and third, the fundamental interests of

Development of Hu Jintao" and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era". By placing the former President alongside the most prominent leaders in the Party's history, this addition – especially when considered together with the removal of presidential term limits – appears to lay the groundwork for a potential personality cult.

In line with this symbolic and substantive elevation of Xi's status, the new Article 2, paragraph 1 of the Constitution was also amended to include an explicit reference to the Chinese Communist Party's guiding role. This change marks a clear break from the original 1982 text. That Constitution had distinguished itself from the two previous versions of the 1970s precisely because it did not grant constitutional status to the Party or its organs. Instead, it merely acknowledged the Party's leadership in the Preamble – outside the legally binding body of the Constitution (Spagnoli, 2019). By assigning the CCP constitutional and legal legitimacy, the amendment further entrenches the Chinese one-party system and presents a significant barrier to any move toward genuine political pluralism.

The most significant innovation introduced by the 2018 reform was the establishment of the Supervisory Commissions. To understand the rationale behind the creation of this new constitutional body, one must consider that one of the most prominent – and popular – policies of President Xi Jinping's administration has been the relentless fight against corruption and abuses of power by public officials and Party members. The key instrument employed by the President in this campaign has been the Party's internal disciplinary organs (Minzer, 2015), which have often operated in parallel to – or even in place of – the ordinary judicial system.

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the vast majority of the people. For further information about this the first section of this volume.

These dynamic underscores the limited and conditional nature of the rule of law in the Chinese political-legal context. The constitutional entrenchment of a parallel disciplinary system – distinct from the general judiciary – was formalized through the addition of five new articles to the Constitution (Articles 123–127), which also required the renumbering of subsequent provisions.

Article 123 establishes that supervisory commissions at various territorial levels constitute the state supervision organs. Article 124 introduces a National Supervisory Commission along with local-level commissions, and defines their basic structure. Each commission is headed by a President, whose term coincides with that of the people's congress at the corresponding level of government, and who is elected – and may be removed – by that same congress. Article 124 also introduces a statutory reservation, stipulating that the organization, functions, and powers of the supervisory commissions must be defined by law. This provision was implemented through the adoption of a fundamental statute in 2018, which provided the legal framework governing the operation of the new supervisory system (Cavalieri, 2018).

The 125 Article establishes the National Supervisory Commission (NSC) of the People's Republic of China as the apex of the supervisory system, tasked with directing the work of lower-level commissions and overseeing their leadership activities. The NSC, which is elected and supervised by NPC, has been granted extensive powers of oversight, inspection, investigation, and sanction over all public officials. Among those explicitly subject to its authority are members of the CCP, deputies of all levels of people's congresses, members of central and local governments, judges and people's procurators, state-owned enterprise managers, teachers, and various other categories of individuals.

In cases involving serious torts or criminal offenses committed in the performance of official duties, the Commission may directly issue orders for pre-trial detention (up to six months), searches, and seizures, within a process that is formally administrative but substantively criminal in nature, given the punitive severity of the sanctions imposed.

While many of the powers and functions now attributed to the NSC had already existed in Chinese law – for example, the so-called "administrative detention" was not new – the reform significantly expanded these powers, concentrating them in a single institution. Although formally accountable to the NPC, the NSC is in practice expected to operate with substantial independence, reporting primarily to the President and, by extension, to the Party. The NSC and its local branches are to be established through the merger and reorganization of existing state bodies, including the Ministry of Supervision, the anti-corruption division of the Supreme People's Procuratorate, and various specialized agencies within public security. Importantly, they will share resources and coordinate activities with Party organs – particularly with the Central Commission for Discipline Inspection of the CCP. This reform effectively extends the Party's internal disciplinary system to the entire public administration, while at the same time institutionalizing it as an integral part of the state apparatus.

Article 126 outlines the accountability of the NSC to the NPC and its Standing Committee. In parallel, local supervisory commissions are made responsible both to the state organs that created them – namely, the people's congresses at various levels and their respective standing committees – and to higher-level supervisory bodies within the supervisory hierarchy.

Article 127 seeks to grant the NSC a degree of (relative) independence by binding them solely to the law and explicitly prohibiting interference in their activities by any

administrative body, public organization, or individual. At least in principle, the provision also envisages forms of cooperation and mutual oversight with judicial authorities, procuratorates, and public security organs in cases involving the illegal or criminal abuse of public office (paragraph 2).

The institutionalization of the Supervisory Commission within China's legal system represents a major development, crowning Xi Jinping's anti-corruption agenda. Yet, it remains to be seen whether the Commission's sweeping powers are compatible with the principle of judicial independence, which is proclaimed – but never fully realized – by the Chinese Constitution. Indeed, this reform appears to have further distanced China from the liberal-democratic model, instead reviving an older Chinese tradition – that of the imperial censors (Cavalieri, 2018) – reinterpreted in the early 20th century through Sun Yat-sen's theory of "pentademism[8]". According to this theory, beyond the traditional tripartite division of powers, two additional powers should be recognized: the examination power (responsible for the selection of public officials), and the control power (*jianchayuan*), tasked with monitoring the public administration.

In conclusion to this overview of the 1982 Constitution and its subsequent reforms, it may be observed that the shift toward «market socialism» raises, from a juridical point of view, doubts about the genuinely socialist nature of the People's Republic of China.

[8] About the theory of pentademism, see *supra* Section 1 of this volume.

2. *The New Chinese Civil Code and the Market Socialism's Objectives*

In recent years, the emergence of a modern commercial legal framework – strongly influenced by capitalist models – alongside the promulgation of the new Civil Code, which is explicitly inspired by Western legal traditions (traditions that place private property at the core of legal experience), has contributed to a diminishing of the so called "Chinese 's legal exceptionalism" (Ho, 2014).

Given these historical, political, and legal premises, it becomes clear that China's gradual opening to the market has also been accompanied by the necessary legal instruments. Within this framework, the adoption of the new Chinese Civil Code finds its justification and meaning.

In the following, we will focus on the General Part of the new Chinese Civil Code and the reconfigured framework of property rights, because these represent the areas of greatest innovation that most closely aligned with Western legal models. From these developments, we can draw inferences about the meaning of the expression «market socialism».

The General Part of the Civil Code

The General Part of the new Chinese Civil Code is clearly modeled on the structure of the German Civil Code the *Bürgerliches Gesetzbuch* (Y. Zhai and S. Porcelli, 2018; Porcelli, 2019; Cardilli, 2021). However, there are significant differences from the German experience, which can only be fully understood by considering China's millennia-old legal tradition. First and foremost, at the macro-structural level, the Chinese Code rejects the German division between civil and commercial codes. Instead, the

General Part consolidates the general categories and core institutions of both systems into a single unified framework.

On this basis, the General Part is divided into ten chapters, some of which are further subdivided into sections, for a total of 206 articles. Chapter I sets out the fundamental provisions. Chapter II, dedicated to persons, is divided into four sections covering legal capacity and capacity to act, guardianship, declarations of absence and death, and households engaged in industrial and commercial activity or holding rural land-use rights for agricultural exploitation. Chapter III regulates legal persons, and is further divided into four sections on general provisions, for-profit legal persons, non-profit legal persons, and special legal persons. Chapter IV addresses unincorporated organizations. Chapter V covers entitlements. Chapter VI focuses on juridical acts, and includes four sections on general provisions, manifestation of intent, the legal effects of juridical acts, and conditions and time limits. Chapter VII is dedicated to representation, with three sections dealing with general rules, agency by mandate, and termination of representation. Chapter VIII deals with civil liability. Chapter IX addresses the relationship between entitlements and the passage of time. Chapter X governs the computation of time for the purposes of producing legal effects (Thi Ngoc Mai, 2022). Although the influence of the German BGB is clear, the new Chinese Civil Code also still draws, in part, on the Soviet legal tradition (Cardilli, 2020).

Notably, the initial chapter dedicated to fundamental provisions is directly inspired by the Soviet Civil Code (Porcelli, 2019). It is therefore not surprising that among the core principles is the so-called "green principle" (*luse yuanze*). The notion that environmental protection functions as a limit on private autonomy and on the exploitation of natural resources has by now become part of the international legal *acquis*. Its explicit codification within a foundational provision reflects the close relationship between

21st-century Chinese civil law and recent Western legal theories on sustainability and environmental responsibility.

About the Chapters dealing with legal persons, we can observe various adaptations to the specific features of Chinese society. For example, the inclusion of provisions on family units (*hu*) within the chapter on persons reflects a continuity with the traditional Chinese view of the family not only as a unit of daily life, but also as a unit of production (Porcelli, 2019).

Particularly noteworthy is Chapter V, dedicated to entitlements (*mínshì quánlì*), which are primarily enumerated, though in some cases also explicitly defined. The legislator's intent is to give particular emphasis to the protection of individual rights, marking a definitive departure from the historical phase previously described as "legal nihilism" (Wing-Hung Lo, 1997). Moreover, Chapter V serves as the link between the General Part and the other books of the Code, setting out the framework for the individual entitlements that are further elaborated in the substantive sections of the codification. In addition, the articles contained in Chapter V appear to serve two further purposes: first, to enhance the accessibility and transparency of the logical structures that underpin private law; and second, within certain limits, to perform a paideutic function, contributing to legal education and the internalization of legal norms.

The Chinese legislator has opted for the codification of personality rights (Verri, 2025). Within this framework, Article 111 addresses the growing relevance of technological advancement and the increasing ability to collect and use personal information. The article, which also aligns with provisions found in the Cybersecurity Law, states that personal information of natural persons is protected by law. If an individual or organization seeks to obtain such information, they must do so lawfully, ensure its security, and refrain from illegally collecting, using, processing, or transferring others' personal data. Moreover,

they are prohibited from unlawfully selling, disclosing, or disseminating such information. This provision clearly establishes a right that is distinct from the traditional right to privacy, and one that may serve as a legal basis for regulating the commercial exploitation of personal data.

In conclusion, the inclusion of a General Part in the new Chinese Civil Code can be welcomed as a positive development. Although it addresses general issues only in a relatively rudimentary manner, it nonetheless fills a longstanding gap in a legal system where case law remains underdeveloped. The Chinese legal system's pragmatic orientation is particularly evident in this part of the Code, most notably in provisions that seek to align private autonomy with global policy goals, such as the aforementioned "green principle," as well as in the targeted regulation of personality rights in the context of emerging technologies.

Property Rights in Chinese Civil Code

As previously noted, the new Civil Code has given legal form to the People's Republic of China's transition from a socialist planned economy to a market economy. Since 1993, China has described itself – through a phrase as emphatic as it is ambiguous – as a country based on «market socialism».

This term, despite its terminological vagueness, expresses at the constitutional level China's decision to open up to the market, while maintaining more than merely nominal adherence to the socialist character of the state (Li, 1996; Zhang, 2008; Chen, 2010; Quinglan, 2009; Stein, 2016; Mantese, 2023).

In 1993, the socialist market economy replaced the previous system of economic planning provided for in Article 15 of the Chinese Constitution, which, in its original version, had stated: «The State practices a planned economy based on socialist

public ownership». The revised 1993 version of Article 15 was reformulated as follows: «The State practices a socialist market economy. It shall improve economic legislation and strengthen macroeconomic regulation». At that time, the Chinese economy remained predominantly under public ownership. The non-public sector of the economy – divided into individual (*geti jingji*) and private (*siying jingji*) economic activities – was, according to the constitutional text itself, assigned a limited role as a «useful and necessary complement to the socialist public economy» (Article 11 of the Constitution)[9].

These developments were acknowledged by the NPC, which on March 15, 1999, approved a further set of constitutional amendments aimed at refining the concept of market socialism. Among the most significant changes was the new status granted to the non-public sector, which was no longer described as a mere complement but redefined as an «important component of the Chinese economy[10]».

In 2004, constitutional reform efforts resumed. The focus was Article 13, concerning citizens' private property (*gongmin*

[9] Moreover, the Chinese economic boom that began in the 1990s remains a mystery, especially considering the extreme uncertainty surrounding the protection of private property and investment at the time. It has been suggested by David D. Li (1996, p.15) that the absence of a stable regime for private property may have actually encouraged investment by lowering transaction costs, by eliminating the need for costly investigations (and thus any broadly defined due diligence expenses) into the legal status of the asset being negotiated. This occurred within a context of substantial risk-taking – or, alternatively, trust – in the inviolability of private property and the protection of savings.

[10] Article 11 was thus amended as follows: «Within the limits prescribed by law, individual and private non-public economic activities are an important component of the socialist market economy. The State protects the legitimate rights and interests of individual and private economic actors. The State exercises guidance, supervision, and control over individual and private economic activities».

siyou caichan), which was revised to read: «The lawful private property of citizens is inviolable. The State may, for reasons of public interest, expropriate or requisition private property, but must provide compensation in accordance with the law».

Concluding this overview on constitutional reform, in 2007, the Chinese legislature enacted the first law in the history of the PRC specifically regulating property rights: the Law on Real Estates (Crespi Reghizzi, 2006; Timoteo, 2016).

This law was the result of a long and complex drafting process. It codified and clarified the constitutional developments concerning property rights. This intent was already evident in the programmatic statement at the outset: Article 3 affirms that the State is based on an economic system in which public ownership (*gongyouzhi*) remains dominant, while other forms of ownership coexist and are developing. It further states that, while consolidating the socialist public economy, the State also supports the development of the non-public economy and practices socialist market economy (*shehui zhuyi shichang jingji*).

In line with this approach, Book V of the 2007 Law on Real Rights regulates, in order: state ownership (*guojia suoyou*) (Articles 45–57), collective ownership (*jiti suoyou*) (Articles 58–63), and private ownership (*siren suoyou*) (Articles 64–69). However, despite being treated in this order, the legislative text does not establish any formal hierarchy among the three forms of ownership.

Although in traditional socialist systems public ownership holds a privileged status, China's opening to the market economy has led implicitly to a constitutionalization of the «equal protection clause». Granting inferior status to private property would have deterred investment, thereby undermining the realization of "market socialism."

Alongside the constitutional amendments abovementioned, which have accompanied China's economic transition,

the first constitutional revision involving property was that of Article 10. Originally, this provision enshrined a core socialist principle, namely that private ownership of land is not permitted. However, in 1988, a new paragraph was added stating: «The right to use land may be transferred in accordance with the law». At the time, the concept of land use rights (s*hiyongquan*) was not entirely unfamiliar to the Chinese legal system. Early traces of the institution appear in 1950s-era regulations, which governed the State's allocation of land use rights to state-owned enterprises and entities for specific economic purposes. Yet, the 1988 amendment introduced a new and transformative notion of land use rights, specifically designed to support China's economic transition. As often occurred in the first decade of reform, the model had already been tested in experimental zones, especially Shenzhen, a key pilot area for the socialist market economy (Randolph Jr. and Lou Jianbo, 2000).

This new concept facilitated an unprecedented integration of private property mechanisms within a framework of state ownership of land. Land use rights became the legal basis for both the decollectivization of agricultural land – by granting usage rights to farming households – and the urban privatization process that accompanied China's broader economic reforms.

The distinctive features of the new land use right regime were made clear from the earliest regulatory instruments establishing its legal framework, notably the Provisional Measures on the Allocation and Granting of Land Use Rights for Urban State-Owned Land and the 1994 Urban Real Estate Administration Law. These measures explicitly distinguished between the old land use right, typical of the planned economy – granted free of charge, for specific public purposes, with no time limit, and non-transferable – and the new land use right, granted by the State for consideration, for a fixed term, for broadly defined purposes, and freely transferable. These two types of rights were

classified, respectively, as allocated land use rights (*huabo shiyongquan*) and granted land use rights (*churang shiyongquan*). The latter clearly served the goals of privatization and the opening up to foreign investment in urban areas. In order to quickly increase the proportion of market-transferable land use rights, the old allocated rights were restricted to specific public interest objectives, such as large infrastructure projects or the construction of public facilities, whereas the new granted rights were directed toward commercial and industrial development.

From the outset, the new system introduced a clear differentiation between urban and rural land. The granted land use rights described above applied only to urban land, which is exclusively state-owned. In contrast, rural land, generally collectively owned, was governed by a system of contractual land use rights, allocated to families, individual farmers, or groups of rural workers through agricultural land contract agreements with local collective organizations (Zweig, Hartford, Feinerman and Jianxi, 1989).

This dual regime of land use rights gave rise – especially during the 1990s – to a form of discrimination against rural areas and farmers, whose rights were often undermined in land conversion processes, as rural land was reclassified as urban (more suitable for real estate speculation, which was incentivized by the possibility of granting transferable land use rights). These conversions typically occurred through state expropriation of land held by collective organizations. A common example involved peri-urban rural zones, where local governments competed to establish development zones, often offering low-cost land use rights on newly converted land (Xiaobo, 2007).

This phenomenon created a highly favorable environment for private and foreign investment in the real estate sector, and significantly contributed to the acceleration of China's

urbanization process, which has been a defining feature of the country's development over the past decades.

The so-called developers – real estate entrepreneurs holding granted land use rights – and the newly converted urban zones have served, respectively, as the key actors and the stages of China's industrial and urban development. Against this backdrop, and within a climate of progressive deregulation, a flourishing market for land use rights has emerged, with transactions taking place primarily through auctions and private negotiations (Wesiak, 2005).

The central role of private property, right of use over others' assets, and the commercial exploitation of public land is made especially clear in Book II of the new Civil Code. It is no coincidence that the lawmaker chose to position this subject matter immediately after the General Part, giving it structural prominence. Although the general model of the Code draws heavily on the German BGB – which places the law of obligations immediately after the General Part – the Chinese legislature opted to dedicate Book II to property law, emphasizing its foundational role in a system oriented toward market socialism (Cardilli, 2021).

A systematic analysis of Book II reveals that the Chinese regulation of property rights does not succumb to the centripetal force of private ownership. Rather, private property is positioned alongside state and collective ownership as one of several equally recognized forms of *dominium* within the legal system.

Nonetheless, it is undeniable that the equal ranking of these three forms of ownership marks a devaluation of the original socialist doctrine. In this regard, it is often noted that China's socio-economic transition has been fundamentally driven by a reconsideration of the role of private property within the framework of a socialist market economy (Bertinelli, 1990; Serafino, 2006).

In other words, while the economic development of the 1990s was made possible even in the absence of a clear legal framework guaranteeing the inviolability of property rights and investments, in the following decades the Chinese legislature opted for a model of incentive allocation more aligned with Western legal traditions.

The protection afforded by property rules, beginning with the 2007 Property Law, became the main incentive for investment in a country undergoing rapid and expansive development. Even if only implicitly, the Chinese legislator has embraced the idea – incompatible with a dogmatically socialist economic system – that legal protection of private property encourages investment, stimulates production, and maximizes individual interest.

One may naturally wonder where socialist elements in that system are. In our view, the answer may be framed as follows: the opening to the market and the equal legal status granted to private, public, and collective ownership are ultimately functional to the maximization of collective welfare, as encapsulated in the idea that «property transformation itself is national prosperity» (Quinglan Long, 2009).

This implies that such formal equality among ownership types may be considered, if not inherently unstable, at least conditionally sustained, depending on the degree to which it serves the public interest. Indeed, a combined interpretation of Articles 6, 9(2), and 10(4) of the Chinese Constitution suggests that the protection of private property is linked to the rational use of the benefits it generates or their employment in pursuit of public interest goals. From this perspective, it does not seem unreasonable to foresee a jurisprudential opening toward constitutional review of legislation – including, potentially, the provisions of Book II of the Civil Code concerning real estates– as a way to prevent a market-oriented drift that

could lead to the unqualified dominance of private ownership in a system that, at least formally, still identifies itself as socialist.

Some Informations about Real Estates in Chinese Civil Code

The new regulation of real estates in the Chinese Civil Code also reveals significant divergences from the Western, Roman-law tradition. In the Chinese system, every real estate (*ius in re aliena*) is primarily characterized by the faculties of use (*uti*) or enjoyment (*frui*), rendering the creation of a distinct figure such as usufruct largely superfluous.

Usufruct, in this context, serves as a minimal common denominator of all real rights over another's property. This reflects a broader Chinese tendency to conceptualize real estates of use and enjoyment as aggregates of individual faculties that converge into standardized legal categories. These, in turn, represent distinct ownership prerogatives transferred by the owner to the holders of *iura in re aliena*. By contrast, in Western legal systems, real estates of use and enjoyment – often criticized by scholars in *Law & Economics* for their economic inefficiency (Merrill and Smith, 2000) – are frequently interpreted in a restrictive manner. As a result, in business practice, new personal rights of enjoyment have emerged, often functionally equivalent to real estates, but lacking their legal status.

In China, however, the trend is reversed. The widespread use of real estates over another's property serves to formally structure a wide array of legal relationships, both in urban and rural settings. Consequently, the principle of *numerus clausus* does not operate primarily to protect the absoluteness and completeness of private ownership, but rather serves to safeguard the centrality of public and collective ownership.

3. *The Judiciary Power in China*

According to Article 123 of the Chinese Constitution, the judicial organs of the PRC are the People's Courts and People's Procuratorates (Mazza, 2024).

The courts are organized in a pyramidal structure, as outlined in the Constitution: they are not on the same hierarchical level as the legislative organs. On the contrary, pursuant to the principle of popular supremacy, the National People's Congress (NPC) and the local People's Congresses have the power to supervise their operations. Under the principle of dual subordination, higher-level judicial organs are required to supervise lower-level ones and correct any mistakes they make.

The People's Courts are distributed across four levels (Mugelli, 2012). At the top is the Supreme People's Court (SPC), located in Beijing. Beneath it are the High People's Courts (*gaoji renmin fayuan*), which act as appellate courts for the Intermediate People's Courts (*zhongji renmin fayuan*). At the bottom of the hierarchy are the Basic People's Courts (*jiceng renmin fayuan*). At the same administrative level as the Basic Courts are the People's Tribunals (*renmin fating*), established primarily to bring judicial services closer to citizens in remote rural areas, thereby avoiding the difficulties of travel across the vast country.

The Supreme People's Court (SPC) rules on appeals filed against judgments issued by High People's Courts and Special People's Courts. Pursuant to Article 32 of the Law on the Organization of People's Courts (LOCP), it also acts as a court of first and final instance for civil and criminal cases of particular national importance.

The independence of the judiciary is threatened by the mechanism requiring the SPC President's approval for decisions in major and complex cases. In addition to its adjudicatory role,

the SPC exercises two further key functions, as set out in Articles 30 and 33 of the LOCP: a supervisory function and a legislative interpretation function. The supervisory function (Art. 30) involves evaluating, monitoring, and overseeing the work of the ordinary and special courts at all lower levels.

The legislative interpretation function (Art. 33) is exercised in three cases: when a case is pending before the SPC and the relevant legislation requires more detailed interpretation; at the request of a High People's Court; following the adoption of a new legislative provision by the NPC or its Standing Committee, where clarification is needed.

In most instances, these interpretations are issued as opinions by the SPC judges following new legislative enactments (Dicks, 2000). Although not formally binding, they are *de facto* persuasive, to the point that lower courts rarely deviate from them. There also exists a system of special jurisdiction, which includes maritime, military, forestry, and railway courts. The hierarchical structure of the judiciary serves to support the institution of removal: higher-level courts may take over cases that, according to the jurisdictional criteria, would normally fall under the competence of lower-level courts. However, the criteria for such transfers are far from transparent, and in practice, avocation often occurs informally or through the exercise of supervisory powers.

The Independence of the Judicial Power in China

During the Cultural Revolution, the CCP control over the judiciary was so pervasive that judges were required to assess the potential collective impact of each case in advance. If the judge identified a broader collective interest, they were expected to draw upon Marxist-Leninist doctrine to resolve the dispute. As a result, trials became true political lessons and opportunities

to apply Party discipline (Mugelli, 2012). Moreover, any citizen over the age of 23 could be appointed as a judge, which meant that the judiciary during the revolutionary period was often composed of individuals with no formal legal training. The judges were simply «decision officers» (*shenpanyuan*).

The judge was viewed as a public servant under the direct control of the CCP. Only in 1995 the judge was formally recognized by a dedicated statute: the Judges Law of the PRC, passed by the Standing Committee of the NPC and later amended in 2001. This law aimed to increase judges' professionalism and strengthen the status and independence of the courts (Article 1214). It was within this new legal framework that the judge began to be referred to as a «law officer» (*faguan*), and no longer merely as a «decision officer».

Even the system for the recruitment of judges seems influenced by Party control: the access to the judiciary power does not occur through public competitive examinations. The President of the Court is elected by the People's Congress at the corresponding level, while the other judges – including section presidents, vice-presidents, and members of the judicial committees – are appointed by the Standing Committee of the People's Congress at the same level. This system raises doubts about the independence and professionalism of Chinese judges, despite the fact that the Chinese Constitution explicitly guarantees such principles.

This ambiguity becomes fully apparent through an analysis of the Judges' Code of Ethics, which, pursuant to Article 16, requires judges not to accept dinner invitations or gifts from parties or individuals otherwise involved in the proceedings. It also requires the courts to implement and safeguard their independence, stating that judicial proceedings must be free from external interference (Mugelli, 2012; Li, 2003).

However, this provision is not easy to enforce, since Articles 8 and 12 stipulate that the judiciary must "consciously accept legal and social supervision." As a result, the principle of judicial independence in China must be interpreted differently from how it is understood in Western legal systems. In this regard, it is particularly interesting that Article 126 of the Chinese Constitution attributes independence not to individual judges, but to the People's Courts as institutions. The literal interpretation of this wording leads to the following conclusion: the Constitution protects the courts from external interference, but does not necessarily protect judges from internal pressures, especially those stemming from Party discipline. While such a conclusion may be unacceptable to those accustomed to thinking within the Western legal tradition, this interpretive approach is the only realistic one in a one-party state, where the recent constitutional recognition of the CCP's guiding role mandates the application of the principle of hierarchy in the administration of justice. Consequently, the strict vertical control that higher courts exercise over lower courts – even beyond the ordinary appeals process – functions, on the one hand, as a form of political orthodoxy control, and on the other, as a means of preventing influences incompatible with the prevailing political doctrine.

This approach is confirmed by the provisions of Articles 198–213 of the Chinese Civil Procedure Law, which state that the Supreme People's Court, as the highest judicial authority, has the power to supervise the actions of lower courts. This supervisory mechanism over individual rulings is not equivalent to an appeal, which may be lodged only by the parties within fifteen days of receiving the judgment. In contrast, supervision may be initiated not only by the parties, but also by the president of a court, the Supreme People's Court itself, judicial committees, or the People's Procuratorate (Mugelli, 2012),

without any time limit. The fact that public institutions, which lack any direct interest in having the decision overturned, are granted standing to initiate supervision, suggests that this mechanism exists purely in the interest of the law. It functions as a remedy aimed at restoring legality when a judicial ruling is deemed erroneous.

Some observers see in this review procedure a need for flexibility that is prioritized over the stability of judicial decisions (Peerenboom, 2012). The remedy would therefore serve to align certain rulings with the policies of the Chinese Communist Party (CCP), at the expense of judicial impartiality and independence. In conclusion, a form of Western-style judicial independence does not appear possible within the Chinese legal system, as long as strong mechanisms of review exist in which law is subordinated to politics.

One may still wonder why certain paths of alignment – at least on the legislative level – are possible, as in the case of the promulgation of the new Chinese Civil Code (the most Western-style product of the National People's Congress), while others remain, as of today, firmly out of reach, such as the affirmation of the independence of individual judges.

4. *Conclusions: The Importance of Comparative Legal Studies to Understand a Globalized World*

The analysis of the Chinese constitutional and civil law system underscores the importance of adopting a culturally and historically sensitive approach to legal comparison. Western jurists often approach the study of non-Western legal systems with conceptual categories rooted in liberal constitutionalism, the separation of powers, and the autonomy of private law. Such assumptions, while heuristically useful, risk obscuring the functional

logic of systems like the Chinese one, where law is conceived less as a constraint on political authority and more as an instrument of governance, social control, and economic development.

The essay addresses two different themes: on one hand, the incremental convergence of Chinese private law – exemplified by the Civil Code and the formal protection of private property – with global legal standards; on the other, the persistent divergence of public law and judicial organization from Western models of constitutionalism and the rule of law. This hybrid configuration reflects China's broader socio-political strategy: embracing legal modernization to facilitate market integration and international credibility, while maintaining a political-legal framework that ensures the primacy of the Party and the subordination of individual rights to collective goals.

From a broader epistemological standpoint, this study reveals the necessity for Western legal scholarship to extend its cultural and analytical horizon. Understanding the Chinese legal system is not a matter of mere academic curiosity; it is an essential prerequisite for comprehending a global society and economy that are increasingly interconnected. Legal interactions in trade, investment, intellectual property, environmental regulation, and digital governance all demand a nuanced appreciation of how Chinese law functions, both in its normative texts and in its political practice.

Moreover, the comparative jurist of the twenty-first century cannot limit their analysis to Atlantic and European paradigms. Engaging seriously with Eastern legal experiences – Chinese in particular – means acknowledging that legal pluralism is a structural feature of the global order. It also invites reflection on the fluidity of concepts such as constitutionalism, judicial independence, and the rule of law when transposed across civilizational and ideological boundaries.

By situating Chinese law within this expanded horizon, the Western jurist gains not only a better understanding of China, but also a deeper awareness of the contingency of their own legal categories. The future of comparative law, and indeed of effective global legal dialogue, depends on the willingness to bridge these epistemic distances.

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DOI: 10.69117/POLIDEMOS.17.26.007

Debt Traps or Foreign Investments? Framing the BRI Debate throughout the Montenegro "Highway to Nowhere" Case Study

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Abstract: A 165 kilometers motorway cutting vertically the Montenegrin State. That's the size of the most important infrastructure project in the history of the country, financed under the umbrella of the Chinese Belt and Road Initiative, being one of the prominent examples of the rising engagement of Beijing in the Western Balkan (or in general Eastern Europe) region. Taking the Montenegrin case study, this paper tries to frame the general polarized debate around the Chinese BRI projects, pictured as a threatening "debt trap" by the majority of the western public opinion or as a precious development and financial instrument by the Chinese counterpart. This study thus aims to develop a set of reflections on the perception of the Belt and Road Initiative (BRI) as an economic and geopolitical instrument of the Chinese government, highlighting the main positions that have emerged in the international debate in recent years. For this reason, the case study of the Montenegrin highway project between the cities of Bar and Boljare, often referred to as the "highway to nowhere," serves as a compelling example of how this debate has unfolded, as Montenegro represents a politically strategic context for both Europe and China, becoming the focal point for the clash of their narratives.

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Keywords: Belt and Road Initiative, China, Montenegro, EU, Bar-Boljare highway project, International Debate

Introduction

Imagining oneself along the caravan routes of some two thousand years ago, meeting flows of people from different parts of the globe and negotiating over unfamiliar goods from the most remote corners of both the Western and Eastern worlds. This remote image allows us to understand why the so-called "Silk Road" has acquired such a mystically renowned status in global history. These intercontinental routes kept the world connected for centuries. It is by drawing upon this immense evocative power that contemporary China, characterized by vast financial capital (Xu, et al. 2021) and an enormous labor force (Fei, 2025), has sought to reorient its role on the global chessboard, giving rise to the New Silk Road: as known as the Belt and Road Initiative (BRI).

It is properly around the BRI, which will be discussed in more detail in the following section, that this chapter revolves. Indeed, the objective of this analysis is to investigate, primarily using a case study, the nature and aims of the Belt and Road Initiative by unpacking the debate that has arisen around one of the most prominent and contested political and economic initiatives of recent decades. To this end, the next section offers a brief introduction to the BRI and, more specifically, to China's interest in promoting investments in Central and Eastern Europe. The focus on this particular region is justified by the case study examined in the subsequent section: the Bar-Boljare highway project in Montenegro, conceived and developed through BRI funding. The description of what transpired in Montenegro enables a broader analysis of the nature and

objectives of the BRI and serves as a point of entry for understanding why the latter has become one of the most hotly debated initiatives on the global political stage in recent years. Accordingly, the final section of the chapter aims to explore and situate the vibrant international debate that has unfolded over the past decade concerning the Belt and Road Initiative, offering reflections from a perspective less commonly employed than the often-repeated "west versus the rest" dichotomy that has frequently shaped the discourse (Malik, 2022).

What useful insights can be drawn from the decade-long debate on the BRI? Can the Montenegrin case study shed light on how Beijing envisions and implements the initiative? In this peculiar case, are we facing debt traps, foreign development financing, or a more plausible middle ground? These are the questions that this chapter ambitiously would aspire to address.

1. *The Belt and Road Initiative in the CEE countries*

Over the past fifteen years, the level of Foreign Direct Investment (FDI) from China into Central and Eastern European (CEE) countries has increased significantly (Grgić, 2017). China's economic and political interests in the region are now evident, and the most effective instrument for promoting cooperation and investment has proven to be the Belt and Road Initiative (BRI) (Voinescu and Moisoiu, 2019). Initially promoted by Xi Jinping in 2013, the initiative officially launched its leadership group in February 2015, marking the beginning of its operational phase. The invocation of the historic Ancient Silk Road underscores the strategic significance attributed to this initiative by the Chinese government (Liu, 2016). The BRI aims to secure both economic and (probably) geopolitical advantages through a network of investments and infrastructure

projects across multiple global regions and, among them, Central and Eastern Europe holds a particularly strategic role in the implementation of the BRI for several reasons. Indeed, the entire Belt and Road Initiative develops around some long land corridors, connecting China to various parts of Asia and Europe, and a new maritime road, aiming to reach even the harbours of Spain. In this sense, CEE countries are the European first gates for two of the biggest corridors of the BRI, namely the China Central-West Asia corridor, passing from Iran, Turkey until the Western Balkans, and the Eurasian Landbridge, connecting (more on the north) Russia, Northeast Europe, and Central Europe (Chan, 2018). Consequently, Europe remains a highly attractive target for Chinese influence, and the potential to become a major geopolitical actor in the region justifies the allocation of substantial resources to the initiative. Secondly, the CEE region presents an opportunity for engagement with countries that, despite having high infrastructure investment needs, cannot be economically classified as poor countries, hence, capable to generate more revenues from the investments (Jaćimović, Deichmann, and Tianping,2023). Accordingly, two principal routes have emerged for the BRI's extension from Asia to Europe. The first, often referred to as the northern route, passes through Central Asia and Russia to reach Central and Eastern Europe. The second, more relevant in the context of Montenegro, is the southern maritime route, which extends from southern China to parts of Greece.

From a broader perspective, the general benefits of a foreign policy framework such as the BRI are readily apparent. However, a more nuanced analysis of its causes and consequences is essential to understanding why this strategy is so pivotal for China. A dual-approach analysis, focusing on both its external and internal dimensions, can offer valuable insight.

From an external standpoint, the BRI reflects China's ambition to assert a more proactive global presence, moving beyond Deng Xiaoping's dictum to "hide your strength and bide your time." (Godbole, 2015). With its substantial economic capacity and political adaptability, China has positioned itself as an attractive lender for countries, especially those on the European periphery, that may face difficulties in meeting the Europeans or the international stringent conditionalities. In such cases, Chinese banks can provide rapid and sizable funding, usually allocated to massive projects. The result is large-scale investment, primarily in infrastructure, along with an increased Chinese economic presence, territorial influence, and in some instances, a strategic dependency on China as a creditor (Hurley, Morris, and Portelance, 2018). Precisely the latter point is usually the one put at the core of the discussion around the BRI, dividing the field between who underlines the geopolitical and strategical approach of China and who considers the BRI no more than a powerful economic asset.

Nonetheless, reducing the BRI to a solely external or geopolitical strategy offers an incomplete picture. Its internal economic dimension is equally critical (Cai, 2017). The BRI generates substantial domestic benefits, serving as a vital component of China's economic agenda. For example, more underdeveloped regions in western China, such as Xinjiang and Gansu, stand to benefit from enhanced connectivity and increased investment opportunities over the long term. Moreover, the implementation of BRI projects facilitates technological upgrading and innovation among Chinese industries. However, these advantages are closely linked to the conditions typically imposed by Chinese investors, who often stipulate that the majority of the labour force and a significant share of the materials used must originate from China. Additionally, outward investment under the BRI helps to alleviate domestic

overcapacity and excess supply. By stimulating exports, the BRI mitigates some of the economic overheating that followed China's substantial post-crisis stimulus spending.

For all these reasons, the CEE countries constitute a strategically important target for the BRI. As a peripheral region where the EU's influence is more limited, CEE is viewed as fertile ground for the implementation of Xi Jinping's foreign policy, looking to increase the presence of China in the European continent in light with the objectives of the famous "Going Global" strategy (Friedberg, 2018). Montenegro, in particular, offers a compelling case study, especially through its controversial infrastructure project, often referred to ironically as the "highway to nowhere."

2. *The Montenegrin Motorway*

With a projected total length of 165 kilometers, connecting southern Serbia to the port of Bar, the highway project in Montenegro stands as one of the most significant infrastructure investments in the country's history. In February 2014, the Montenegrin government signed an official contract worth €809 million, entrusting the planning and execution of the works to the China Communications Construction Company (CCCC), a majority state-owned company with an expertise on engineering and infrastructure constructions (China Communications Construction Company, 2025). Given Montenegro's gross domestic product of approximately €4 billion, such a large-scale investment was only feasible through a substantial loan provided by the Export-Import Bank of China (CHEXIM), which agreed to finance approximately 85% of the cost of the first 41 kilometers (Kovačević, 2021). This raises an important question. Considering the huge implications that it could create, how did the

Montenegrin government come to accept a foreign loan from China amounting to nearly one-fourth of its GDP?

To understand this decision, it is necessary to revisit the broader context of the highway project, which has both political and economic implications. The idea of constructing such a motorway is not recent. Since the 2006 independence referendum from Serbia, the highway has been envisioned as the first major infrastructural commitment of the newly sovereign state, deemed essential for its future development and territorial cohesion. An initial agreement was pursued with a Croatian construction firm, but the project failed to progress due to the company's operational shortcomings (Voinescu and Moisoiu, 2019). Nonetheless, successive Montenegrin governments continued to promote the highway as a national priority. Several feasibility studies, particularly those conducted following Montenegro's request for support from the European Investment Bank (EIB), indicated that the motorway would not be economically viable. Despite these discouraging assessments, the project retained its central place in the political discourse, symbolizing aspirations for a more prosperous Montenegrin future (Grgić, 2017). Ultimately, China's substantial and actionable offer presented the most viable means to realize the long-standing (political) ambition. From China's perspective, the highway aligns well with the objectives of the Belt and Road Initiative (BRI), offering both economic and geopolitical leverage in the CEE region. The terms of Chinese support also underscore the degree to which Beijing would stand to benefit from such investments. As previously noted, the majority of the workforce involved in the construction is employed by the China Communications Construction Company; most of the materials used in the project are imported from China and exempt from customs duties; and, notably, any legal disputes arising from the project fall by contract (Article 8.2) under the

jurisdiction of a Chinese court (Preferential Buyer Credit Loan Agreement On Bar-Boljare Highway Section, 2014).

3. *Political and Economic Impact of the Project*

To begin with, it is worth noting that, in recent years, multiple feasibility studies have identified serious concerns regarding the viability of the Montenegrin motorway project. A consistent conclusion among these studies has been that the expected traffic volume on the highway would be insufficient to generate the revenue necessary to repay the investment. In other words, the project was deemed economically unsustainable considering Montenegro's traffic data. Indeed, an insightful article by Barkin and Vasovic (2018), the authors cite the rough estimates of Ivan Kekovic, an engineer involved in the project, who argued that approximately 23,000 vehicles would need to use the highway daily for it to be profitable. By contrast, one of the country's busiest roads records only around 6,000 vehicles per day on average.

Despite these findings, the project persisted and soon drew the attention and concern of the European Union and other international organisations. One of the most pressing issues raised was the potential impact of the EXIM Bank loan on Montenegro's fiscal stability. Some projections warned that the loan would significantly increase the country's public debt over time. Indeed, setting aside the economic effects of the COVID-19 pandemic, Montenegro's public debt as a percentage of GDP rose sharply, from approximately 55% to 75%. While it is true that the overall economic conditions in the country also contributed to this rise in debt, the macroeconomic data suggest that, beginning in 2014, the year the highway contract was

signed, Montenegro experienced steady economic growth (Trading Economics. State Indicators: Montenegro).

Nevertheless, the fiscal implications of the highway contract are clearly visible. Nearly one-quarter of Montenegro's public debt is attributable to the EXIM Bank loan. When accounting for interest, the total value of the Chinese investment is projected to approach €1 billion. This situation raises important considerations for the future of both the infrastructure project and Montenegro's political economy. First, the COVID-19 pandemic further strained public finances in a country heavily dependent on tourism revenues. Second, the motorway has increasingly come to be seen as economically unviable, with an estimated cost of €20 million per kilometre (Kovačević, 2021). Third, the looming threat of potential insolvency concerning the Chinese loan could have significant political repercussions, not only for Montenegro but also for its relations with the European Union.

These political concerns extend beyond the economic domain. As previously mentioned, a Chinese arbitration court holds jurisdiction over any legal disputes related to the project. As such, a default on the loan could result in a legal ruling unfavourable to Montenegro, even possibly leading to a loss of sovereignty over the motorway itself. For all of those reasons, this case study could help in trying to produce reflections oriented to address the main questions expressed at the beginning of this chapter.

One part of the answer lies in drawing parallels with other BRI-related projects around the world. The case of the port of Hambantota in Sri Lanka offers a telling example of how China has managed situations of default within the context of the BRI. There, the EXIM Bank granted a substantial loan to the Sri Lankan government to develop the port and surrounding area. When Colombo was unable to meet its repayment

obligations, amounting to over $1 billion, the resolution involved granting a 99-year lease for 80% of the port to China Merchants Port Holdings, in exchange for a payment useful for reducing the amount of foreign debt of the country (Byrnes, 2020). In practical terms, the Sri Lankan government relinquished a significant degree of sovereignty over one of its key ports to avoid a broader financial crisis, in which not only the Chinese loans were present, but they were a consistent part of the picture. In any case, China secured a critical strategic asset in the Indian Ocean, significantly enhancing its geopolitical influence in South Asia and advancing the maritime dimension of its Belt and Road Initiative. Of course, important differences exist between the Sri Lankan and Montenegrin cases, particularly with regard to economic structure, political context, and geostrategic importance. Nevertheless, the potential loss of sovereignty over the Montenegrin highway must be regarded as a plausible, even if remote, risk. Should such a scenario materialise, Montenegro would face not only its existing economic challenges but also an entrenched Chinese presence and a deteriorated relationship with the European Union, an outcome the EU would find deeply concerning, as it signals Beijing's growing influence at the gates of Europe.

4. *Framing the Debate around the BRI*

Both the general Chinese interest in investing in Central Europe (Voinescu and Moisoiu, 2019) and the specific case study of Montenegro provide an opportunity to reflect on the ongoing debate surrounding the nature of the Belt and Road Initiative (BRI). This debate has become emblematic of the international political environment of the past decade, in which ideological and political tensions between East and West have

continued to intensify. Within this context, the BRI emerges as one of the most salient political and economic initiatives, generating contrasting and often polarized opinions, studies, and analyses both within and outside the academic sphere (Hall and Krolikowski, 2022).

On one side of the debate are those who assert that the BRI is both an economic and, mostly, a geopolitical project, viewing Chinese investments as a clear attempt to expand Beijing's presence and influence in strategic global regions. On the other side, we find opposing positions, chief among them the Chinese government's own interpretation (Dunford and Liu, 2019), which portray the BRI as motivated solely by economic considerations, downplaying or entirely rejecting any political dimensions of the initiative

Among the primary arguments advanced by those who view the BRI as a deliberate foreign policy strategy is the concept of the "debt trap." Within BRI discourse, the debt trap thesis suggests that, particularly during the early years of the initiative's implementation, Beijing extended large loans for BRI-related projects in developing countries, fully aware that such loans might prove difficult for recipient governments to repay (Hurley, Morris, and Portelance, 2018) (Grgić 2017) (Cai, 2017) (Góralczyk, 2017). This would in turn allow China to expand its influence over the economies of the recipient states, potentially leading to concessions such as limited transfers of territorial sovereignty as a means of repaying debts to Chinese financial institutions. To support this thesis, scholars and analysts often cite well-known cases in which BRI projects created significant economic burdens for the recipient countries, cases such as Sri Lanka, already discussed in the previous section, as well as Pakistan, Malaysia and Zambia. By highlighting such examples, the aim is often to emphasize the geopolitical and political-influence dimensions of the BRI, portraying it as a strategic

instrument through which China seeks to achieve a global economic and political presence and influence. This interpretation has sparked widespread criticism of the BRI over the past decade, prompting numerous studies focused on the political consequences of China's New Silk Road. Unsurprisingly, much of this criticism has originated from Western public opinion, which has often portrayed the BRI as a vast geopolitical strategy disguised as infrastructure investment (Reuters, 2020, Times 2023, The Guardian 2025, The Economic Times 2023).

Conversely, the opposing perspective seeks to demystify the geopolitical narrative and challenge the debt trap theory. This viewpoint has gained traction in recent years as more tangible outcomes of the BRI have begun to surface, and it is supported by segments of both the public and academic communities, in addition to the Chinese government itself. (Kou and Peng, 2024) (Moramudali and Panduwawala, 2024) (Jones and Hameiri, 2020) (Peng and Cheng, 2024). Proponents of this position argue that the BRI is essentially an economic and developmental initiative, aimed at increasing foreign investment and alleviating domestic labour market pressures in China. In support of this thesis, advocates point to the wide dispersion and diversity of BRI projects around the globe, arguing that this variety undermines the notion of a coherent and tightly orchestrated geopolitical strategy. Indeed, from this perspective, the absence of a political or strategic component is viewed as the initiative's strength: the BRI seeks to promote economic and infrastructure development without imposing political conditions. It is precisely this detachment from political interference that, according to supporters, accounts for the global appeal of Chinese projects.

The debate outlined above reveals the considerable analytical complexity surrounding the BRI, which defies easy synthesis within the scope of a single study. While it may be impossible

to resolve this debate definitively, if such a resolution is even possible, it remains essential to develop two key lines of reflection that shed light on aspects often overlooked.

The first concerns a concept articulated particularly well by John C. Byrnes (2020) in his contribution titled *Is this Belt One Size Fits All? China's Belt and Road Initiative*, which it is considered crucial for adding a necessary layer of complexity to the debate. That is, the idea that the BRI cannot be simplistically understood as a "one size fits all" policy. Although the Chinese government consistently presents the BRI as a unified and coherent framework, this characterization does not reflect reality. Therefore, any accurate and context-sensitive analysis must recognize that the BRI manifests differently depending on the specific project, geographic region, and government involved. It is thus overly simplistic to define the BRI either as a grand, meticulously orchestrated Chinese geopolitical strategy or as a purely economic development program. If there is no single, monolithic BRI, then there can be no singular analysis of Beijing's objectives, which vary significantly depending on the project in question (Hall and Krolikowski, 2022). This observation suggests that in certain cases or regions, the economic dimension of the BRI may prevail, while in others, this may not be the case. It is difficult to imagine that the Chinese government could approach infrastructure investments in geopolitically strategic maritime ports, such as those in Pakistan or Sri Lanka, in the same way it does investments in less influential countries, such as the Karuma hydroelectric plant in Uganda.

The second point often neglected in BRI-related debates concerns the agency of the recipient countries. Highlighting this dimension is essential to temper both sides of the debate and to emphasize the importance of including partner countries as active variables in any assessment of the BRI's nature (Jones and Hameiri, 2020). Recognizing the agency of

recipient states challenges the debt trap thesis, which frequently implies, explicitly or implicitly, that the countries receiving Chinese investments lack negotiating power. In other words, suggesting that China unilaterally dictates the economic and political terms of BRI projects ignores or erases the possibility that recipient countries play a meaningful role in these negotiations. However, this does not align with what has actually occurred in recent years. Recipient countries have often been the ones to initiate and encourage Chinese investments, sometimes because of genuine infrastructure and economic needs, and at other times for more opportunistic political or electoral reasons (Byrnes, 2020). Consequently, even in controversial cases in which Chinese influence appears particularly strategic and intrusive, such as the Hambantota port in Sri Lanka, excluding the role of local governments from the analysis would result in a partial and overly reductive interpretation. That said, the reflections outlined above should not be interpreted as a denial of the substantial political and economic influence that Beijing has been able to exert through the BRI. Acknowledging the real agency of recipient states does not obscure the fact that, in some cases, the Chinese government has intentionally promoted economically unviable or politically opportunistic projects, particularly in contexts marked by authoritarianism, institutional fragility, and economic instability (Hall and Krolikowski, 2022). Indeed, the Montenegrin highway project discussed in this chapter serves as a particularly clear example of such dynamics, where a likely unfeasible highway was strong supported by the Chinese counterpart, taking advantage of the domestic political environment and the populist spirit of the project.

5. *Conclusion*

Starting from the questions posed at the beginning of this paper, it is possible to draw some brief final reflections. What clearly emerges from the text and from the case study considered is that it is not possible to develop the debate on the BRI by choosing between the dichotomous positions widespread in general public opinion. The synthesis of the debate proposed by this text is to succeed in contextualizing the Chinese initiative by adding as many variables as possible to the analysis, distancing oneself from simplistic prejudices or focusing only on certain aspects of the debate. Indeed, it is precisely the complexity of the Montenegrin case study that makes it possible to show how an assessment of the objectives and nature of the BRI can be articulated. On the one hand, it appears clear that the case of the "highway to nowhere" cannot be defined solely as a precise Chinese geopolitical design aimed at increasing its influence in Central and Eastern Europe at the expense of that of Brussels. The economic considerations within the project should not be relegated to the background. The use of materials produced and imported from China, the large investments by Chinese banks, and the substantial employment of Chinese labour, form the basis of the economic rationale behind the project, in a manner similar to many other BRI projects around the world. On the other hand, however, the political dimension should not be naively removed from the equation. Developing such a large-scale project, especially one that generates significant debt, in one of the countries that is a candidate for EU membership, while promoting itself as a potential substitute for European development and cohesion funds, reveals a clear intention on the part of Beijing to increase its influence and relevance in the region. Consequently, the evident presence of both political and economic aspects shows how the

Montenegrin case represents a good opportunity to further develop the debate surrounding the BRI, setting aside propagandistic analyses that often arise around the issue. In general terms, it is reasonable to believe that the debate concerning the Belt and Road Initiative will change in nature in the coming years. This is because the BRI itself has recently begun a significant reshaping. Indeed, for multiple reasons that cannot be addressed within the scope of these pages, the flow of Chinese investments aimed at infrastructure projects has visibly declined in recent years and has begun to take on new forms and objectives (Carmody and Wainwright, 2022). Nonetheless, the enormous decade-long projects conceived under the BRI umbrella continue to attract significant interest from global public opinion, fuelling a political and cultural debate that has not yet lost its appeal, leaving room for further studies and reflections.

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finito di stampare
nel mese di gennaio 2026
presso la LITOGRAFIA SOLARI
Peschiera Borromeo (MI)
su materiali e tecnologie ecocompatibili

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UNDERSTANDING CHINESE POLITICS
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(EDITED BY)

EDUCatt - Ente per il Diritto allo Studio Universitario
dell'Università Cattolica
Largo Gemelli 1, 20123 Milano - tel. 02.7234.22.35 - fax 02.80.53.215
e-mail: editoriale.dsu@educatt.it (produzione);
librario.dsu@educatt.it (distribuzione)
web: libri.educatt.online
ISBN: 979-12-5535-517-5

euro 20,00