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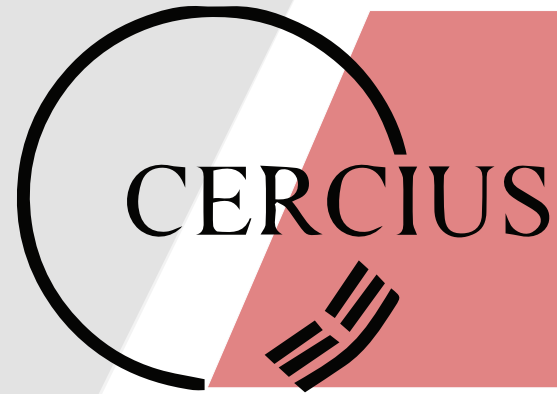
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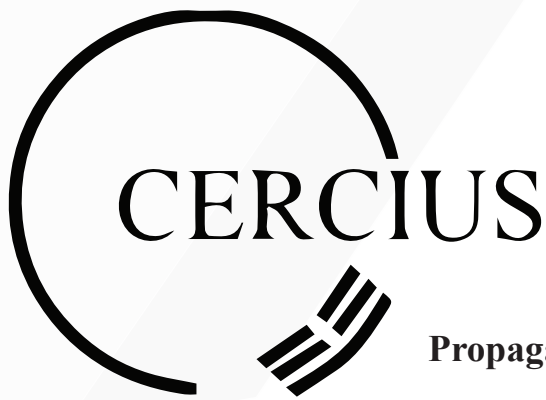
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Propaganda and “recovery” in the time of COVID-19

Editorial

As the pandemic now reaches epic proportions outside of China, the war of words rages on between the US and parts of the Chinese leadership. To be fair, and without paying too much attention to conspiracies, name calling will not change how the situation unfolded: the virus started its route in Wuhan and spread outwards, across China and now, the world; initial containment was botched – allowing for flights to leave China; China did manage to contain the situation through drastic quarantine measures while the west stood by in denial – the infamous “I am not sick” syndrome. The west has now surpassed China in terms of numbers of infected and dead – a new epicenter has emerged.

In the midst of all of this, the propaganda system, led by Wang Huning 王沪宁, thought it would be appropriate to go for a victory lap – in the face of millions of Chinese who are still quarantined. It is as if the propaganda apparatus was deliberately creating pitfalls for President Xi Jinping to fall into – or, best case scenario, at least draw all the attention onto him. Looking back, it seems like a trail of bad ideas – from the “Amazing China” which landed China in a very bad position in the trade war, to the Hong Kong protests fueled by the Hong Kong Affairs system – leading the current leadership to the edge of the precipice. In addition, the propaganda system cranked up new infuriating discourses, which lead to new voices criticizing the leadership are being heard and, as usual – like Ren Zhiqiang 任志强 – silenced. However, as the Chinese pot boils, the lid is struggling at keeping discontent from spilling out, and grievances are somehow finding their way online.

Yet, in a last-ditch-effort to “win” the war on ideas, even the Ministry of Foreign Affairs went partially rogue and started to take part in rumormongering. This attempt at turning the table on the US – with neither support nor disapproval from Beijing – is causing trouble for the Chinese leadership abroad. That said, somehow, it is creating domestic support in some corners of the Chinese cyberspace.

As things stands, and regardless of the fact that Liu He’s 刘鹤 brother-in-law is now the mayor of Shanghai – something that almost had gone unquestioned and unnoticed – managing the pandemic now seems to be, for China, a matter of ideas. However, the current route, which implies conspiracies and a bit more rogue behavior than what we are used to, seems to be almost improvised as a result of the US now being stuck in crisis management mode. Again, the leadership did not oppose this new rhetoric, causing even more heads to turn towards Xi, who instead should be preparing to kick start the domestic economy as the Party has much riding on this and the situation looks bleak at best.

With the coronavirus situation more or less stabilized in the country, China now has to begin its painful road to economic recovery. Unfortunately, economic data for January and February that was released this month had indicated a far worse condition for the Chinese economy than previously estimated. Key economic indicators, such as industrial output and exports, all saw substantial drops. Notably, local governments had issued bonds totaling CNY 1.22 trillion – nearly 70% of which was slated for infrastructure development. Unsurprisingly, in the face of a massive economic downturn, the Chinese government has returned to the playbook of Keynes.

As the coronavirus has just begun wreaking havoc across the rest of the world, outlook for a proper economic recovery in China becomes dimmer by the day. At this point, 2020 is starting to look like a “wasted” year for the People’s Republic. Previously, the world felt substantial disruptions in global trade and supply chains, and feared the economic damage that a fully locked down China would bring. Now, however, it is China’s turn to be wary – global supply chains work both ways. And that fear is only starting to play itself out.

Unlike the US, which has opted to focus on sandbagging the effects of the coronavirus via monetary policy, China has deployed a range of monetary and fiscal tools to reignite – if not simply to just keep afloat – its economy. It is too early to tell if these measures will have any material effect on the economy. However, what is certain at this point is that companies all across China are desperately treading water to stay solvent. The coronavirus outbreak initially tested the Party-State’s ability to respond and act in emergency situations, and revealed in its wake structural weaknesses. Yet, the test is far from over, the aftermath – provided there is not a second wave of infections – of the outbreak and its effects on the economy is now testing the Party-State’s ability to govern during a substantial economic downturn – something that the system has not faced in a long time.

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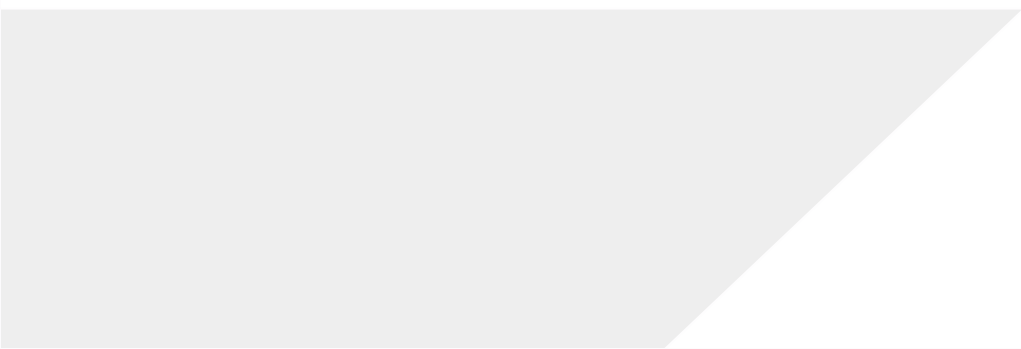
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