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IN THIS ISSUE:

The CCP's New Directives for United Front Work in Private Enterprises

By John Dotson.....pp. 1-6

Xinjiang's System of Militarized Vocational Training Comes to Tibet

By Adrian Zenz.....pp. 7-17

**India's "Tibet Card" in the Stand-Off with China:
More Provocative than Productive**

By Sudha Ramachandran.....pp. 18-23

**Understanding the Intersection of the Belt and Road Initiative
and China's Supply-Side Structural Reform**

By Jon (Yuan) Jiang.....pp. 24-29

The CCP Extends Its Policies of Forced Ethnic Assimilation to Inner Mongolia

By Willy Lam.....pp. 30-34

The CCP's New Directives for United Front Work in Private Enterprises

By John Dotson

Introduction

On September 15, the Chinese Communist Party (CCP) Central Committee Office published a document titled *Opinions Concerning Strengthening New Era United Front Work in the Private Economy* (关于加强新时代民营经济统战工作的意见, *Guanyu Jiaqiang Xinshidai Minying Jingji Tongzhan Gongzuo de Yijian*) (hereafter "Opinions") ([CCP Central Committee](#), September 15). This document, which lays out directives for CCP organs to take a closer and more direct role in supervising China's private sector enterprises, is but the latest development in the steadily increase of the roles and responsibilities of the CCP United Front Work

Department (UFWD) during the tenure of CCP General Secretary Xi Jinping ([China Brief](#), April 24, 2018; [China Brief](#), May 9, 2019).

The *Opinions* echo earlier statements by CCP leaders about the centrality of united front work ([China Brief](#), May 9, 2019) by asserting that “private economy united front work is a major effort for the entire party” (民营经济统战工作是全党的重要工作, *minying jingji tongzhan gongzuo shi quandang de zhongyao gongzuo*) (*Opinions*, section 8). The release of the document was also accompanied by a series of political meetings and a propaganda campaign in state media involving senior CCP officials from the united front policy architecture (see *accompanying image*). These developments signal clear intent by the CCP to bring China’s growing private sector industries under tighter party-state supervision.



Image: Wang Yang (汪洋) (seated center), the member of the CCP Politburo Standing Committee with responsibility for the united front policy portfolio, speaks before a meeting of the "National Private Economy United Front Work Conference" (全国民营经济统战工作会议, Quanguo Minying Jingji Tongzhan Gongzuo Huiyi) held in Beijing on September 9. You Quan (尤权) (seated right), director of the United Front Work Department, was also present for the meeting. (Source: [UFWD](#), September 16)

Bolstering the Role of the Party

A core message of the new set of directives is the need to tighten supervision over private enterprises in order to ensure the CCP’s ruling status. The document emphasizes that the private sector is a key part of China’s overall economy, and “an important strength that, from start to finish, our party must unify and depend upon for long-term governance.” Therefore, party members are advised that “strengthening...united front work is an important means of achieving the party’s leadership over the private economy” (加强... 统战工作是实现党对民营经济领导的重要方式, *jiaqiang... tongzhan gongzuo shi shixian dang dui minying jingji lingdao de zhongyao fangshi*) (*Opinions*, section 1, article 1).

The directives contain undertones that hint at a fundamental clash of interests within the CCP: on the one hand, the need to leverage the potential dynamism of private enterprises for technology advancement and economic growth; while on the other, preventing these same companies from threatening the interests of state-controlled enterprises (SOEs). The document states that the party must “bring into play the positive functions of private industry for technological innovation and positive transformation” (*Opinions*, sec. 5, art. 15). However, it also asserts that “[we] must from beginning to end persist in and perfect our country's fundamental economic system, [and] unshakably solidify and develop the public economic sector” (*Opinions*, sec. 1, art. 2).

Some of the propaganda themes surrounding the drive for renewed private economy united front work hint at the CCP's perennial anxiety regarding organizations beyond its control. One such slogan extols party members and the public to “more effectively promote the healthy development (健康发展, *jiankang fazhan*) of the private economy” (see *accompanying image*). “Healthy” and “unhealthy” trends are frequently invoked in state propaganda as codewords for loyalty or disloyalty to the CCP—and in this context, “healthy development” is therefore characterized by loyalty to the party and its central leadership.

Recruiting Private Economic Actors into the Party

Per the *Opinions*, a key component of united front work must be to “bring the broad [numbers] of private economic persons more closely united into the party's orbit” (*Opinions*, sec. 1, art. 1). As one of the surest means of establishing further control over the private sector, the directives call for the active recruitment of “private economic persons” (民营经济人, *minyong jingji ren*) into the ranks of the CCP—an effective doubling-down on an element of the “Three Represents” concept originally set forth under Jiang Zemin. [1]

To facilitate such recruitment, local UFWD and other concerned departments are to compile “representative person databases and talent banks” (代表人士数据库和人才库, *daibiao renshi shujuku he rencaiku*) of promising individuals—especially in high-tech industries—in order to “cultivate a team of private economic persons who are resolute in walking with the party, and wholeheartedly committed to development” (*Opinions*, sec. 4, art. 11). If the company in question does not have its own party organization, then the organization departments of CCP committees at county level and above are authorized to conduct this liaison and cultivation work (*Opinions*, sec. 4, art. 12).

The document also calls upon lower-echelon party bodies to initiate pilot programs, under which selected individuals from private industry would be assigned positions in a variety of united front bureaucratic organizations. This could include appointment as chairpersons of provincial-level branches of the All-China Federation of Industry and Commerce; taking up seats at various levels of the Chinese People's Political Consultative Conference (CPPCC) system; and more vaguely, appointment as “special inspectors and special ombudsmen” (特约检察员, 特约监察员 / *teyue jiancha yuan, teyue jiancha yuan*) (*Opinions*, sec. 4, art. 13).



Image: A promotional graphic produced by the CCP United Front Work Department announces that “Xi Jinping presents important instructions for New Era private enterprise united front work.” The three directives listed here are: (1) “Persist in the ‘Two Unwaverings’” (两个毫不动摇, Liangge Haobu Dongyao) (i.e., consolidate and develop the public sector economy, while encouraging and guiding private enterprises); (2) “Bring private economic actors and organizations into the party’s orbit;” and (3) “More effectively promote the healthy development of the private economy.” (Source: [UFWD](#), September 16)

Ideological Indoctrination for Private Sector Actors

The need for more rigorous ideological “education”—within both the party itself, as well as Chinese society as a whole—has been a major theme of CCP propaganda over the past year ([China Brief](#), December 10, 2019; [China Brief](#), December 31, 2019). Much of the *Opinions* text is taken up by repeated assertions of the need for rigorous ideological indoctrination, in order to “lead private economic persons to unceasingly enhance a sense of political identification with the Chinese Communist Party and Socialism with Chinese Characteristics” (*Opinions*, sec. 3, art. 7). Such ideological training should increase “patriotism” and the party’s “political leadership and thought leadership” among economic actors (*Opinions*, sec. 3), and place such persons “on the political path to maintain a high level of unity with the party center” (*Opinions*, sec. 3, art. 7).

The specific means by which this is to be accomplished are not entirely clear, although the document indicates that “United Front Departments of party committees at various levels should establish a system of responsibility for ideological thought work in the private enterprise realm” (*Opinions*, sec. 3, art. 6). CCP party schools at all echelons are to be responsible for formulating content for this training (*Opinions*, section 4, art. 12). For their part, enterprise managers are exhorted to “strengthen self-study, self-education, [and] self-improvement” (*Opinions*, section 3, art. 7)—potentially suggesting intent to draw such persons into the CCP’s use of mandatory self-study apps such as *Xuexi Qiangguo* ([China Brief](#), December 31, 2019).

The Role of Industry Associations in Private Sector United Front Work

The *Opinions* document also lays out general (albeit vague) guidance regarding the mechanisms by which these goals are to be accomplished. Two organizational bureaucracies, operating at multiple echelons, are assigned prominent roles: the CCP UFWD itself; and the All-China Federation of Industry and Commerce (中华全国工商业联合会, *Zhonghua Quanguo Gongshangye Lianhehui*) (ACFIC), a UFWD-subordinate umbrella organization for state-controlled industry associations. The document states that:

Party committees at various levels should rely upon united front work leading small groups, establishing and perfecting... coordination mechanisms, conducting regular study deployments [and] comprehensive planning to advance private enterprise united front work. They should fully bring into play party committee [UFWDs]... [and] the bridging and assistance functions of [ACFIC]. (Opinions, section 8, art. 26)

ACFIC and its “subordinate industry associations” are to provide the basis of “major organizational support for private economy united front work” (*Opinions*, sec. 7). In addition to advocating increased roles for ACFIC and its subordinate bodies (*Opinions*, sec. 5, art. 18), the document indicates that party officials should “encourage and guide” private enterprises to join these organizations (*Opinions*, sec. 7, art. 24). Cadres are also directed to focus greater effort on strengthening the party organizations within these industry associations, and to “establish systems for party and government leading cadres to interface with industry associations” on a more regular basis (*Opinions*, sec. 7, art. 24; sec. 6, art. 21)



*Image: Attendees at a "private enterprise representatives training class" (民营经济代表人士进修班, *minying jingji daibiao renshi jinxiuban*) held at a campus of Zhejiang University in August 2020. The event was jointly sponsored by the provincial-level branch of the CCP UFWD, and the UFWD-managed All-China Federation of Industry and Commerce. (Image source: [Zhejiang UFWD](#), August 31)*

Conclusion

The central theme of governance under Xi Jinping has been the effort to extend the CCP's totalitarian reach ever-further into all facets of Chinese society. It is therefore no surprise that private enterprises would also be subject to Xi's commonly-repeated dictum that "the party leads all." However, there are other, long-term reasons that the CCP leadership would wish to establish tighter supervision—and even active control—over China's growing private sector. The CCP leadership clearly sees that it needs to harness the potential dynamism and innovative capabilities of private industry, especially in emerging high-tech sectors; but it also wishes to avoid direct economic competition between private firms and SOEs that might risk social unrest and threaten entrenched interest groups within the party. The leadership's obsession with the anti-communist revolutions of 1989, and the "color revolutions" that have followed in subsequent decades, have also imprinted a lesson regarding the dangers of failing to engage and coopt emerging social groups.

More immediate concerns may also be providing further impetus to the drive for increased authority over the private sector. A general economic downturn—exacerbated by the COVID-19 pandemic, the trade war with the United States, and severe flooding throughout the summer—is likely prompting increased concern by senior CCP officials to gain greater control over all levers of the economy. These steps also align with the turn towards greater economic autarky as reflected in the "dual circulation" (双循环, *shuangxunhuan*) concept unveiled earlier this summer ([China Brief](#), August 14, 2020).

However, increased party control over private enterprises could risk inhibiting the very innovative dynamism that state officials wish to harness. It also risks further fueling foreign suspicions that Chinese companies—to include nominally private ones—are stalking horses for state ambitions. The campaign for enhanced "private economy united front work" will likely be successful in reinforcing state authority over private companies, but it will be unlikely to resolve these underlying contradictions and challenges.

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Notes

[1] The "Three Represents" (三个代表, *Sange Daibiao*), an official CCP ideological formulation first promulgated in 2000, included the idea that the CCP must embrace "the development trend of China's advanced productive forces" ([China Daily](#), July 10, 2007). This was, in part, coded language for allowing private businesspeople into the party. The idea was controversial at the time, but the CCP has since made major efforts over the past two decades to coopt and recruit business leaders.

Xinjiang's System of Militarized Vocational Training Comes to Tibet

By Adrian Zenz

Introduction and Summary

In 2019 and 2020, the Tibet Autonomous Region (TAR) introduced new policies to promote the systematic, centralized, and large-scale training and transfer of “rural surplus laborers” to other parts of the TAR, as well as to other provinces of the People’s Republic of China (PRC). In the first 7 months of 2020, the region had trained over half a million rural surplus laborers through this policy. This scheme encompasses Tibetans of all ages, covers the entire region, and is distinct from the coercive vocational training of secondary students and young adults reported by exile Tibetans ([RFA](#), October 29, 2019).

The labor transfer policy mandates that pastoralists and farmers are to be subjected to centralized “military-style” (军旅式, *junlüshi*) vocational training, which aims to reform “backward thinking” and includes training in “work discipline,” law, and the Chinese language. Examples from the TAR’s Chamdo region indicate that the militarized training regimen is supervised by People’s Armed Police drill sergeants, and training photos published by state media show Tibetan trainees dressed in military fatigues (see *accompanying images*).

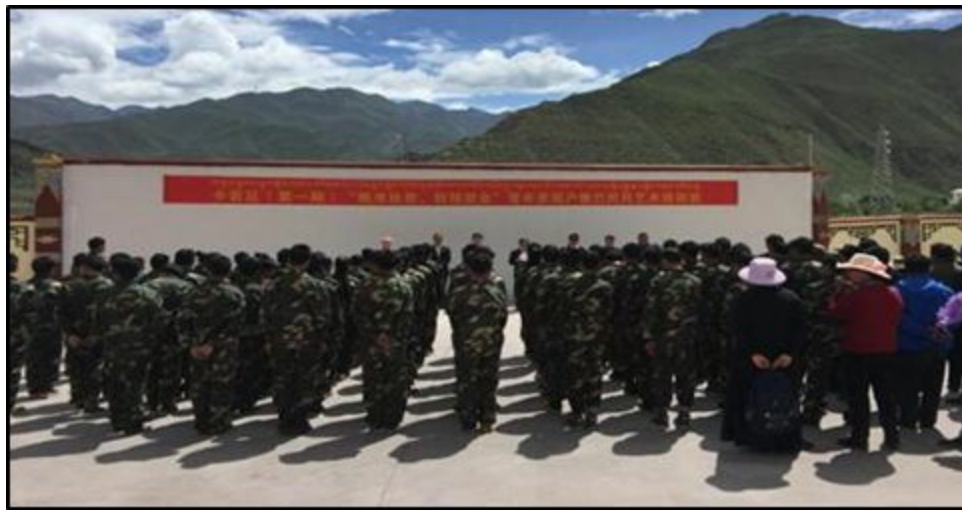


Image 1: Military-style training of “rural surplus laborers” in the Chamdo region of Tibet, June 2016.

(Image source: [Tibet’s Chamdo](#), June 30, 2016).

Poverty alleviation reports bluntly say that the state must “stop raising up lazy people.” Documents state that the “strict military-style management” of the vocational training process “strengthens [the Tibetans’] weak work discipline” and reforms their “backward thinking.” Tibetans are to be transformed from “[being] unwilling to move” to becoming willing to participate, a process that requires “diluting the negative influence of religion.”

This is aided by a worrisome new scheme that “encourages” Tibetans to hand over their land and herds to government-run cooperatives, turning them into wage laborers.

An order-oriented, batch-style matching and training mechanism trains laborers based on company needs. Training, matching and delivery of workers to their work destination takes place in a centralized fashion. Recruitments rely, among other things, on village-based work teams, an intrusive social control mechanism pioneered in the TAR by Chen Quanguo (陈全国), and later used in Xinjiang to identify Uyghurs who should be sent to internment camps ([China Brief](#), September 21, 2017). Key policy documents state that cadres who fail to achieve the mandated quotas are subject to “strict rewards and punishments” (严格奖惩措施, *yange jiangcheng cuoshi*). The goal of the scheme is to achieve Xi Jinping’s signature goal of eradicating absolute poverty by increasing rural disposable incomes. This means that Tibetan nomads and farmers must change their livelihoods so that they earn a measurable cash income, and can therefore be declared “poverty-free.”

This draconian scheme shows a disturbing number of close similarities to the system of coercive vocational training and labor transfer established in Xinjiang. The fact that Tibet and Xinjiang share many of the same social control and securitization mechanisms—in each case introduced under administrations directed by Chen Quanguo—renders the adaptation of one region’s scheme to the other particularly straightforward.

Historical Context

As early as 2005, the TAR had a small-scale rural surplus labor training and employment initiative for pastoralists and farmers in Lhasa ([Sina](#), May 13, 2005). The 11th Five-Year Plan (2006-2010) then specified that this type of training and labor transfer was to be conducted throughout the TAR ([PRC Government](#), February 8, 2006). From 2012, the Chamdo region initiated a “military-style training for surplus labor force transfer for pastoral and agricultural regions” (农牧区富余劳动力转移就业军旅式培训, *nongmuqu fuyu laodongli zhuanyi jiuye junlüshi peixun*) ([Tibet’s Chamdo](#), October 8, 2014). Chamdo’s scheme was formally established in the region’s 13th Five-Year Plan (2016-2020), with the goal of training 65,000 laborers (including urban unemployed persons) during that time ([Chamdo Government](#), December 29, 2015).

By 2016, Chamdo had established 45 related vocational training bases ([TAR Government](#), November 17, 2016). Starting in 2016, the TAR’s Shannan region likewise implemented vocational training with “semi-military-style management” (半军事化管理, *ban junshihua guanli*) ([Tibet Shannan Net](#), April 5, 2017). Several different sources indicate that Chamdo’s military-style training management was conducted by People’s Armed Police drill sergeants.[1]

Policies of the 2019-2020 Militarized Vocational Training and Labor Transfer Action Plan

In March 2019, the TAR issued the *2019-2020 Farmer and Pastoralist Training and Labor Transfer Action Plan* (西藏自治区2019-2020年农牧民培训和转移就业行动方案, *Xizang Zizhiqu 2019-2020 Nian*

Nongmumin Peixun he Zhuanyi Jiuye Xingdong Fang'an) which mandates the “vigorous promotion of military-style...[vocational] training,” adopting the model pioneered in Chamdo and mandating it throughout the region. [2] The vocational training process must include “work discipline, Chinese language and work ethics,” aiming to “enhance laborers’ sense of discipline to comply with national laws and regulations and work unit rules and regulations.”

Surplus labor training is to follow the “order-oriented” (订单定向式, *dingdan dingxiangshi*) or “need-driven” (以需定培, *yi xu dingpei*) method, [3] whereby the job is arranged first, and the training is based on the pre-arranged job placement. In 2020, at least 40 percent of job placements were to follow this method, with this share mandated to exceed 60 percent by the year 2024 (see [2], also below). Companies that employ a minimum number of laborers can obtain financial rewards of up to 500,000 *renminbi* (\$73,900 U.S. dollars). Local labor brokers receive 300 (\$44) or 500 (\$74) *renminbi* per arranged labor transfer, depending whether it is within the TAR or without. [4] Detailed quotas not only mandate how many surplus laborers each county must train, but also how many are to be trained in each vocational specialty ([Ngari Government](#), July 31, 2019).

The similarities to Xinjiang’s coercive training scheme are abundant: both schemes have the same target group (“rural surplus laborers”—农牧区富余劳动者, *nongmuqu fuyu laodongzhe*); a high-powered focus on mobilizing a “reticent” minority group to change their traditional livelihood mode; employ military drill and military-style training management to produce discipline and obedience; emphasize the need to “transform” laborers’ thinking and identity, and to reform their “backwardness;” teach law and Chinese; aim to weaken the perceived negative influence of religion; prescribe detailed quotas; and put great pressure on officials to achieve program goals. [5]



Images: Examples of “military-style” vocational training for ethnic Tibetans in the Chamdo region. / Figure 2 (left): Tibetans dressed in military fatigues practice painting. (Image source: [Tibet’s Chamdo](#), June 30, 2016). / Figure 3 (right): Tibetan women in military fatigues are trained how to be restaurant waitresses.(Image source: [Sina](#), July 27, 2020)

Labor Transfers to Other Provinces in 2020

In 2020, the TAR introduced a related region-wide labor transfer policy that established mechanisms and target quotas for the transfer of trained rural surplus laborers both within (55,000) and without (5,000) the TAR ([TAR Human Resources Department](#), July 17). The terminology is akin to that used in relation to Xinjiang's labor transfers, employing phrases such as: "supra-regional employment transfer" (跨区域转移就业, *kuaquyu zhuanyi jiuye*) and "labor export" (劳务输出, *laowu shuchu*). Both the *2019-2020 Training and Labor Transfer Action Plan* and the TAR's 13th Five-Year Plan (2016-2020) only mention transfers outside the TAR in passing, without outlining a detailed related policy or the use of terminology akin to that found in related documents from Xinjiang. [6]

In the first 7 months of 2020, the TAR trained 543,000 rural surplus laborers, accomplishing 90.5% of its annual goal by July. Of these, 49,900 were transferred to other parts of the TAR, and 3,109 to other parts of China ([TAR Government](#), August 12). Each region is assigned a transfer quota. By the end of 2020, this transfer scheme must cover the entire TAR.

Specific examples of such labor transfers identified by the author to other regions within the TAR include job placements in road construction, cleaning, mining, cooking and driving. [7] Transfers to labor placements outside the TAR include employment at the COFCO Group, China's largest state-owned food-processing company ([Hebei News](#), September 18, 2020).

The central terminology employed for the labor transfer process is identical with language used in Xinjiang: "unified matching, unified organizing, unified management, unified sending off" (统一对接、统一组织、统一管理、统一输送 / *tongyi duijie, tongyi zuzhi, tongyi guanli, tongyi shusong*). [8] Workers are transferred to their destination in a centralized, "group-style" (组团式, *zutuanshi*), "point-to-point" (点对点, *dianduidian*) fashion. The policy document sets group sizes at 30 persons, divided into subgroups of 10, both to be headed by (sub-)group leaders ([TAR Human Resources Department](#), July 17). In one instance, this transport method was described as "nanny-style point-to-point service" ("点对点"保姆式服务 / *dianduidian "baomu shi" fuwu*) ([Chinatibet.net](#), June 21). As in Xinjiang, these labor transfers to other provinces are arranged and supported through the Mutual Pairing Assistance [or "assist Tibet" (援藏, *Yuan Zang*)] mechanism, albeit not exclusively. [9] The transferred laborers' "left-behind" children, wives and elderly family members are to receive the state's "loving care." [10]

Again, the similarities to Xinjiang's inter-provincial transfer scheme are significant: unified processing, batch-style transfers, strong government involvement, financial incentives for middlemen and for participating companies, and state-mandated quotas. However, for the TAR's labor transfer scheme, there is so far no evidence of accompanying cadres or security personnel, of cadres stationed in factories, or of workers being kept in closed, securitized environments at their final work destination. It is possible that the transfer of Tibetan laborers is not as securitized as that of Uyghur workers. There is also currently no evidence of TAR

labor training and transfer schemes being linked to extrajudicial internment. The full range of TAR vocational training and job assignment mechanisms can take various forms and has a range of focus groups; not all of them involve centralized transfers or the military-style training and transfer of nomads and farmers.

The Coercive Nature of the Labor Training and Transfer System

Even so, there are clear elements of coercion during recruitment, training and job matching, as well as a centralized and strongly state-administered and supervised transfer process. While some documents assert that the scheme is predicated on voluntary participation, the overall evidence indicates the systemic presence of numerous coercive elements.

As in Xinjiang, TAR government documents make it clear that poverty alleviation is a “battlefield,” with such work to be organized under a military-like “command” structure (脱贫攻坚指挥部, *tuopin gongjian zhihuibu*) ([TAR Government](#), October 29, 2019; [Xinhua](#), October 7, 2018). In mid-2019, the battle against poverty in the TAR was said to have “entered the decisive phase,” given the goal to eradicate absolute poverty by the end of 2020 ([Tibet.cn](#), June 11, 2019). Since poverty is measured by income levels, and labor transfer is the primary means to increase incomes—and hence to “lift” people out of poverty—the pressure for local governments to round up poor populations and feed them into the scheme is extremely high.

The *Training and Labor Transfer Action Plan* cited above establishes strict administrative procedures, and mandates the establishment of dedicated work groups as well as the involvement of top leadership cadres, to “ensure that the target tasks are completed on schedule” (see [2]). Each administrative level is to pass on the “pressure [to achieve the targets] to the next [lower] level.” Local government units are to “establish a task progress list [and] those who lag behind their work schedule... are to be reported and to be held accountable according to regulations.” The version adopted by the region governed under Shannan City is even more draconian: training and labor transfer achievements are directly weighed in cadres’ annual assessment scores, complemented by a system of “strict rewards and punishments.” [11] Specific threats of “strict rewards and punishments” in relation to achieving labor training and transfer targets are also found elsewhere, such as in official reports from the region governed under Ngari City, which mandate “weekly, monthly and quarterly” reporting mechanisms ([TAR Government](#), December 18, 2018).

As with the Uyghurs in Xinjiang, overcoming Tibetans’ resistance to labor transfer is an integral part of the entire mechanism. Documents state that the “strict military-style management” of the vocational training process causes the “masses to comply with discipline,” “continuously strengthens their patriotic awareness,” and reforms their “backward thinking.” [12] This may also involve the presence of local cadres to “make the training discipline stricter.” [13]

Because the military-style vocational training process produces discipline and transforms “backward employment views,” it is said to “promote labor transfer.” [14] Rural laborers are to be transformed from

“[being] unwilling to move” to becoming willing to participate, a process that requires “diluting the negative influence of religion,” which is said to induce passivity ([TAR Commerce Department](#), June 10). The poverty alleviation and training process is therefore coupled with an all-out propaganda effort that aims to use “thought education” to “educate and guide the unemployed to change their closed, conservative and traditional employment mindset” ([Tibet’s Chamdo](#), July 8, 2016). [15] One document notes that the poverty alleviation and labor transfer process is part of an effort to “stop raising up lazy people” ([TAR Government](#), December 18, 2018).

A 2018 account from Chamdo of post-training follow-up shows the tight procedures employed by the authorities:

Strictly follow up and ask for effectiveness. Before the end of each training course, trainees are required to fill in the “Employment Willingness Questionnaire.” Establish a database...to grasp the employment...status of trainees after the training. For those who cannot be employed in time after training, follow up and visit regularly, and actively recommend employment.... [16]

These “strict” follow-up procedures are increasingly unnecessary, because the mandated “order-oriented” process means that locals are matched with future jobs prior to the training.

“Grid Management” and the “Double-Linked Household” System

Coercive elements play an important role during the recruitment process. Village-based work teams, an intrusive social control mechanism pioneered by Chen Quanguo, go from door to door to “help transform the thinking and views of poor households.” [17] The descriptions of these processes, and the extensive government resources invested to ensure their operation, overlap to a high degree with those that are commonly practiced in Xinjiang ([The China Quarterly](#), July 12, 2019). As is the case in Xinjiang, poverty-alleviation work in the TAR is tightly linked to social control mechanisms and key aspects of the security apparatus. To quote one government document, “By combining grid management and the ‘double-linked household’ management model, [we must] organize, educate, and guide the people to participate and to support the fine-grained poverty alleviation ... work.” [18]

Grid management (网格化管理, *wanggehua guanli*) is a highly intrusive social control mechanism, through which neighborhoods and communities are subdivided into smaller units of surveillance and control. Besides dedicated administrative and security staff, this turns substantial numbers of locals into “volunteers,” enhancing the surveillance powers of the state. [19] Grid management later became the backbone of social control and surveillance in Xinjiang. For poverty alleviation, it involves detailed databases that list every single person “in poverty,” along with indicators and countermeasures, and may include a “combat visualization” (图表化作战, *tubiaohua zuozhan*) feature whereby progress in the “war on poverty” is visualized through maps and charts ([TAR Government](#), November 10, 2016). Purang County in Ngari spent 1.58 million *renminbi*

(\$233,588 dollars) on a “Smart Poverty Alleviation Big Data Management Platform,” which can display poverty alleviation progress on a large screen in real time ([TAR Government](#), February 20, 2019).

Similarly, the “double-linked household” (双联户, *shuang lian hu*) system corrals regular citizens into the state’s extensive surveillance apparatus by making sets of 10 “double-linked” households report on each other. Between 2012 and 2016, the TAR established 81,140 double-linked household entities, covering over three million residents, and therefore virtually the region’s entire population ([South China Morning Post](#), December 12, 2016). An August 2020 article on poverty alleviation in Ngari notes that it was the head of a “double-linked” household unit who led his “entire village” to hand over their grassland and herds to a local husbandry cooperative ([Hunan Government](#), August 20).

Converting Property to Shares Through Government Cooperatives

A particularly troubling aspect of the *Training and Labor Transfer Action Plan* is the directive to promote a “poverty alleviation industry” (扶贫产业, *fupin chanye*) scheme by which local nomads and farmers are asked to hand over their land and herds to large-scale, state-run cooperatives (农牧民专业合作社, *nongmumin zhuanye hezuoshe*). [20] In that way, “nomads become shareholders” as they convert their usage rights into shares. This scheme, which harks back to the forced collectivization era of the 1950s, increases the disposable incomes of nomads and farmers through share dividends and by turning them into wage laborers. They are then either employed by these cooperatives or are now “free” to participate in the wider labor transfer scheme. [21] In Nagqu, this is referred to as the “one township one cooperative, one village one cooperative” (“一乡一社”“一村一合” / “*yixiang yishe*” “*yicun yihe*”) scheme, indicating its universal coverage. [22] One account describes the land transfer as prodding Tibetans to “put down the whip, walk out of the pasture, and enter the [labor] market” ([People.cn](#), July 27, 2020).

Clearly, such a radical transformation of traditional livelihoods is not achieved without overcoming local resistance. A government report from Shuanghu County (Nagqu) in July 2020 notes that:

In the early stages, ... most herders were not enthusiastic about participating. [Then], the county government...organized...county-level cadres to deeply penetrate township and village households, convening village meetings to mobilize people, insisted on transforming the [prevailing attitude of] “I am wanted to get rid of poverty” to “I want to get rid of poverty” as the starting point for the formation of a cooperative... [and] comprehensively promoted the policy... Presently... the participation rate of registered poor herders is at 100 percent, [that] of other herders at 97 percent.

[23]

Importantly, the phrase “transforming [attitudes of] ‘I am wanted to get rid of poverty’ to ‘I want to get rid of poverty’” is found in this exact form in accounts of poverty alleviation through labor transfer in Xinjiang. [24]

Given that this scheme severs the long-standing connection between Tibetans and their traditional livelihood bases, its explicit inclusion in the militarized vocational training and labor transfer policy context is of great concern.



Images: Different views of the “Chamdo Golden Sunshine Vocational Training School” in the Chamdo region of eastern Tibet. / Figure 4 (top): The facility at ground level. (Image source: <https://bit.ly/2Rr6Ekc>) / Figures 5 and 6 (below): Satellite views of the facility. (Source: Google Earth, image dates: 11/22/2018)



Militarized Vocational Training: Examining a Training Base in Chamdo

The Chamdo Golden Sunshine Vocational Training School (昌都市金色阳光职业培训学校, *Changdushi Jinse Yangguang Zhiye Peixun Xuexiao*) operates a vocational training base within Chamdo's Vocational and Technical School, located in Eluo Town, Karuo District. The facility conducts "military-style training" (军旅式培训, *junlǔshì peixun*) of rural surplus laborers for the purpose of achieving labor transfer; photos of the complex show a rudimentary facility with rural Tibetan trainees of various ages, mostly dressed in military fatigues. [25]

Satellite imagery (see accompanying images) shows that after a smaller initial setup in 2016, [26] the facility was expanded in the year 2018 to its current state. [27] The compound is fully enclosed, surrounded by a tall perimeter wall and fence, and bisected by a tall internal wire mesh fence that separates the three main northern buildings from the three main southern ones (*building numbers 4 and 5 and parts of the surrounding wall are shown in the accompanying Figure 4*). The internal fence might be used to separate dormitories from teaching and administrative buildings. Independent experts in satellite analysis contacted by the author estimated the height of the internal fence at approximately 3 meters. The neighboring vocational school does not feature any such security measures.

Conclusions

In both Xinjiang and Tibet, state-mandated poverty alleviation consists of a top-down scheme that extends the government's social control deep into family units. The state's preferred method to increase the disposable incomes of rural surplus laborers in these restive minority regions is through vocational training and labor transfer. Both regions have by now implemented a comprehensive scheme that relies heavily on centralized administrative mechanisms; quota fulfilment; job matching prior to training; and a militarized training process that involves thought transformation, patriotic and legal education, and Chinese language teaching.

Important differences remain between Beijing's approaches in Xinjiang and Tibet. Presently, there is no evidence that the TAR's scheme is linked to extrajudicial internment, and aspects of its labor transfer mechanisms are potentially less coercive. However, in a system where the transition between securitization and poverty alleviation is seamless, there is no telling where coercion stops and where genuinely voluntary local agency begins. While some Tibetans may voluntarily participate in some or all aspects of the scheme, and while their incomes may indeed increase as a result, the systemic presence of clear indicators of coercion and indoctrination, coupled with profound and potentially permanent change in modes of livelihood, is highly problematic. In the context of Beijing's increasingly assimilatory ethnic minority policy, it is likely that these policies will promote a long-term loss of linguistic, cultural and spiritual heritage.

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Notes

- [1] See for example <https://archive.is/wip/4ItV6> or <http://archive.is/RVJRK>. State media articles from September 2020 indicate that this type of training is ongoing <https://archive.is/e1XqL>.
- [2] Chinese: 大力推广军旅式...培训 (*dali tuiguang junlǜshì...peixun*). See <https://bit.ly/3mmiQk7> (pp.12-17). See local implementation documents of this directive from Shannan City (<https://bit.ly/32uVIO5>, pp.15-24), Xigatse (<https://archive.is/7oJ7p>) and Ngari (<https://archive.is/wip/R3Mpw>).
- [3] See also <https://archive.is/wip/eQMGa>.
- [4] Provided that the person was employed for at least 6 months in a given year. Source: <https://archive.is/KE1Vd>.
- [5] See the author's main work on this in section 6 of: "Beyond the Camps: Beijing's Long-Term Scheme of Coercive Labor, Poverty Alleviation and Social Control in Xinjiang," *Journal of Political Risk* (Vol. 7, No. 12), December 2019. <https://www.jpolorisk.com/beyond-the-camps-beijings-long-term-scheme-of-coercive-labor-poverty-alleviation-and-social-control-in-xinjiang/>.
- [6] See <https://archive.is/wip/Dyapm>.
- [7] See <https://archive.is/wip/XiZfl>, <https://archive.is/RdnvS>, <https://archive.is/w1kfx>, <https://archive.is/wip/NehA6>, <https://archive.is/wip/KMaUo>, <https://archive.is/wip/XiZfl>, <https://archive.is/RdnvS>, <https://archive.is/w1kfx>.
- [8] See <https://archive.is/KE1Vd> and <https://archive.is/wip/8afPF>.
- [9] See <https://archive.is/KE1Vd> and <https://archive.is/wip/8afPF>.
- [10] See <https://archive.is/KE1Vd>.
- [11] See <https://bit.ly/32uVIO5>, p.24.
- [12] See <https://archive.is/wip/fN9hz> and <https://archive.is/NYMwi>, compare <https://archive.is/wip/iiF7h> and <http://archive.is/Nh7tT>.
- [13] See <https://archive.is/wip/kQVnX>. A state media account of Tibetan waiters at a tourism-oriented restaurant in Xiexong Township (Chamdo) notes that these are all from "poverty-alleviation households," and have all gone through "centralized, military-style training." Consequently, per this account, they have developed a "service attitude of being willing to suffer [*or: work hard*]", as is evident from their "vigorous pace and their [constant] shuttling back and forth" as they serve their customers. <https://archive.is/wip/Nfxnx> (account from 2016); compare <https://archive.is/wip/dTLku>.
- [14] See <https://archive.is/wip/faleL> and <https://archive.is/wip/18CXh>.
- [15] See <https://archive.is/iiF7h>.
- [16] See <https://archive.is/wip/ETmNe>.
- [17] See <https://archive.is/wip/iEV7P>, see also e.g. <https://archive.is/wip/1p6IV>.

[18] See <https://archive.is/e45fJ>.

[19] See

<https://www.cambridge.org/core/journals/china-quarterly/article/securitizing-xinjiang-police-recruitment-informal-policing-and-ethnic-minority-cooptation/FEEC613414AA33A0353949F9B791E733> and

<https://www.hrw.org/news/2013/03/20/china-alarming-new-surveillance-security-tibet>.

[20] E.g. <https://archive.is/R3Mpw>. This scheme was also mentioned in the TAR's 13th 5-Year-Plan (2016-2020) (<https://archive.is/wip/S3buo>). See also similar accounts, e.g. <https://archive.is/IJUyl>.

[21] Note e.g. the sequence of the description of these cooperatives followed by an account of labor transfer (<https://archive.is/glw3f>).

[22] See <https://archive.is/wip/glw3f> or <https://archive.is/wip/z5Tor> or <https://archive.is/wip/PR7lh>.

[23] See <https://archive.is/wip/85zXB>.

[24] See the author's related work on this in section 2.2 of: "Beyond the Camps: Beijing's Long-Term Scheme of Coercive Labor, Poverty Alleviation and Social Control in Xinjiang," *Journal of Political Risk* (Vol. 7, No. 12), December 2019.

<https://www.jpolrisk.com/beyond-the-camps-beijings-long-term-scheme-of-coercive-labor-poverty-alleviation-and-social-control-in-xinjiang/>.

[25] Located as part of the 昌都市卡若区俄洛镇昌都市职业技术学校 campus. See <https://bit.ly/2Rr6Ekc>; compare <https://archive.is/wip/uUTCp> and <https://archive.is/wip/lKnbe>.

[26] See <https://archive.is/wip/WZsvQ>.

[27] Coordinates: 31.187035, 97.091817. Website: <https://bit.ly/2Rr6Ekc>. The timeframe for construction is indicated by historical satellite imagery and by the year 2018 featured on a red banner on the bottom-most photo of the website.

**India's "Tibet Card" in the Stand-Off with China:
More Provocative than Productive**

By Sudha Ramachandran

Introduction

Tensions between India and the People's Republic of China (PRC) have remained high ever since violent clashes occurred in the Galwan Valley region in mid-June, resulting in the deaths of 20 Indian Army soldiers and an undisclosed number of People's Liberation Army (PLA) troops ([Jamestown](#), June 29; [China Brief](#), July 15). A significant new development occurred on the night of August 29-30, when the Indian Army took control of strategic heights at the southern bank of the Pangong Tso, a lake in eastern Ladakh that straddles the Line of Actual Control (LAC), the de facto border between India and China. The operation was significant: it was the first time since the eruption of tensions along the LAC in May that the Indian Army preempted the Chinese from unilaterally altering the status quo ([The Telegraph](#), September 2).



Image: Indian Army personnel present honors at a memorial service for Nyima Tenzin, a Special Frontier Force commando killed during Indian Army operations in eastern Ladakh on August 29-30.

(Image source: [Hindustan Times](#), September 8)

Participating in this operation alongside regular Indian Army units were soldiers of the Special Frontier Force (SFF), an elite paratrooper unit that draws its personnel mainly from among the Tibetan exile community in India. An SFF company leader, Nyima Tenzin, lost his life that night when he stepped on a landmine, while another SFF soldier was injured. Tenzin's cremation was conducted with full military honors. The coffin bearing his body was draped with the Indian and Tibetan flags, pro-India and Tibet slogans were raised, and

a senior leader of India's ruling Bharatiya Janata Party (BJP) was present at the cremation. This was the first time that an SFF soldier's death received so much publicity; previously, SFF personnel killed in operations were cremated quietly, without much fanfare ([Hindustan Times](#), September 7).

Set up in the last days of the India-China border war in October-November 1962, the SFF functioned until recently as a covert force, but it has now emerged from the shadows. The highly publicized funeral accorded to Tenzin is widely believed to have been aimed at reminding Chinese leaders of India's "Tibet card," and signaling New Delhi's willingness to use it. But how effective will this "card" be in bringing pressure on Beijing to pull back the PLA from areas it has illegally occupied along the disputed border since May? Could New Delhi's publicizing of the SFF, and its flashing of the "Tibet card," end up provoking Beijing rather than pressuring it?

India, China and the Tibetans

India and China became neighbors only after the PRC's annexation of Tibet in 1950. Underlying India and China's differences on their border are their varying perceptions of the 1913-1914 Simla Convention, which established the McMahon Line—the border demarcation between Tibet and then-British India, and currently the northern border of the Indian state of Arunachal Pradesh. The PRC maintains that Tibet was not a sovereign state and therefore not a legitimate signatory to the agreement reached on the McMahon Line, which India treats as its legal national border with China.

Complicating the border issue and bilateral relations is the status of the Tibetans. In 1959, when the PLA crushed an uprising in Lhasa, the 14th Dalai Lama and tens of thousands of his Tibetan followers fled to India. In the decades since, several waves of Tibetans have crossed into India. There are around 100,000 Tibetans living in India today, and the headquarters of the Tibetan government-in-exile—the Central Tibetan Authority (CTA)—is situated in the northern Indian city of Dharamsala. This puts India squarely in the middle of the China-Tibet conflict.

Right from the 1950s, China was suspicious of India's intentions regarding Tibet: Chairman Mao was reportedly "convinced of Indian 'expansionist' designs on Tibet" ([The Hindu](#), October 22, 2012). Beijing believed that India was working with the U.S. Central Intelligence Agency (CIA) to support Tibetan rebels ([Hindustan Times](#), September 21, 2016). Chinese analysts maintain that the Indian government is using Tibetans living in exile as a "political tool," and that it supports the Dalai Lama and the Tibetan cause in order "to coerce or even split China" ([Global Times](#), August 5, 2012; [Global Times](#), March 27, 2019). Such perceptions have likely gained strength following reports of the SFF's participation in India's recent military operations at Pangong Tso.

The Special Frontier Force

Set up with American support, the SFF was initially comprised of Kham insurgents armed and trained by the CIA to fight against the PRC government in the 1950s. Subsequently, Tibetan refugees in India and Gorkhas were recruited into the SFF. The SFF was established to operate behind enemy lines inside the PRC-controlled Tibetan Autonomous Region during the 1962 war ([Indian Express](#), September 13). However, its personnel never got to fight in the 1962 war, as the war ended soon after the group came into being. SFF personnel were reportedly never used in operations against China, or even deployed along the LAC. According to an Indian government official, it was only after the situation along the LAC deteriorated seriously in mid-June that India brought in this overwhelmingly Tibetan force to the disputed border area. [1]

India's use of the SFF has evoked a strong response from Beijing. The PRC Ministry of Foreign Affairs stated that it would "firmly oppose any country providing convenience in any form for the 'Tibet independence' forces' separatist activities" ([PRC Foreign Ministry](#), September 2). Chinese commentators have dismissed the SFF as neither "special" nor "elite," and described its Tibetan personnel as mere "cannon fodder" for the Indian Army. They further warned India that, were it to play the Tibet card and support Tibetan "secessionism," there would be "consequences"—involving "countermeasures" that would inflict "pain" on India ([Global Times](#), September 3; [Global Times](#), September 4).



Image: At a September 2 press conference, PRC Foreign Ministry spokesperson Hua Chunying asserted that "We firmly oppose any country providing convenience in any form for the 'Tibet independence' forces' separatist activities," and referenced "the connection between so-called 'Tibetans in exile' and the Indian border troops." (Image source: [PRC Foreign Ministry](#))

Potential Indian Challenges to Chinese Sovereignty Over Tibet

Prospects for using the Tibet issue as leverage vis-à-vis China have shifted in recent years. The present government waved this “card” on the very day of its inauguration: among the special invitees to Prime Minister Narendra Modi’s 2014 swearing-in was CTA President Lobsang Sangay, who received treatment similar to the South Asian heads of state in attendance. In December 2016, President Pranab Mukherjee met the Dalai Lama at the Rashtrapathi Bhavan (India’s presidential palace) as part of an event to honor Nobel Prize winners. A few months later, the Tibetan spiritual leader visited Arunachal Pradesh. Then in July 2017, amidst mounting tensions over the standoff at Doklam, Sangay was permitted to unfurl the Tibetan flag at Pangong Tso ([China Brief](#), May 31, 2018).

By early 2018, it was evident that New Delhi’s open courting of the Dalai Lama was not fruitful. Rather than pressing China to rethink unfriendly positions, India’s use of the “Tibet card” only raised Beijing’s hackles—prompting not only a hardening of its hostile positions vis-à-vis India in global forums, but also an increase in PLA incursions along the LAC. In fact, China’s aggressive activity at Doklam, a strategic tri-junction between India, China and Bhutan, could be attributed to India’s use of the “Tibet card.” With the possibility of another standoff at Doklam looming, India was anxious to reset its relations with China. It began distancing itself from the Tibetans, and in February 2018 India’s Ministry of External Affairs issued a directive to government functionaries to stay away from CTA events ([China Brief](#), May 31, 2018). For two years thereafter India avoided associating with the Dalai Lama or showing support for the Tibetan cause. Events to commemorate the 60th anniversary of the Tibetans’ flight to India were low-key. Most noticeably, in May 2019 Sangay was not invited to the inaugural of the BJP government’s second five-year term ([The Wire](#), May 30, 2019).

However, as a result of the summer crisis, calls for use of the “Tibet card” have grown in recent months. Proponents say that India should challenge the very legitimacy of the Chinese claim over Tibet; “review” the recognition it extended to Tibet as a nominal autonomous region of China; and give the Dalai Lama and the CTA more prominence in Indian political circles and public events ([Rediff](#), July 3, [Economic Times](#), June 13 and [Business World](#), July 14).

Furthermore, the high-profile funeral accorded to Tenzin was not the first time that the Indian government has waved the “Tibet card” in the recent crisis. In late June—just ten days after the brutal face-off between the PLA and Indian Army soldiers in the Galwan Valley—Pema Khandu, the Chief Minister of Arunachal Pradesh, referred to the LAC as “the Indo-Tibet border” (significantly, not “the India-China border”) in an interaction with Indian soldiers. While Khandu is not a part of the central government, he belongs to the ruling BJP and heads the government in Arunachal Pradesh, which the PRC claims as its own territory as part of “southern Tibet” ([The Statesman](#), June 24).

Temporary Gains from “Appeasement Diplomacy”

India’s shelving of the “Tibet card” from February 2018 did improve relations with China. It paved the way for informal summits between Modi and Chinese President Xi Jinping at Wuhan in China in April 2018, and at Mamallapuram in India in October 2018. These meetings were opportunities for the two leaders to engage in face-to-face discussions, and did generate a more cooperative spirit. China seemed more sensitive to Indian concerns: Beijing supported a United Nations Security Council resolution designating Masood Azhar (the Pakistan-based chief of the Jaish-e-Mohammed) as a terrorist, after blocking previous attempts to do so ([China Brief](#), February 13). However, Beijing’s more cooperative stance was limited to just a few issues and was also short-lived, as demonstrated by the PLA’s repeated violations of the LAC and of several border agreements since May ([China Brief](#), November 1, 2019).

Proponents of playing the “Tibet card” argue that India should therefore abandon its “defensive approach” on the Tibet question, on grounds that its “appeasement diplomacy” is perceived as weakness by Beijing and “exploited ruthlessly” ([DailyO](#), July 24). They point out that reports of the SFF’s role have galvanized the Tibetan community in India and abroad, which could not only prompt more Tibetans to join the SFF, but also boost Tibetan enthusiasm for resistance against Chinese rule ([The Print](#), September 10). Per one Indian official, this is an opportunity for India to explore and exploit. [2]

Provocative, But Not Productive

However, waving the “Tibet card” at China didn’t work in the past (as India’s experience in the 2014-2018 period reveals). The same official noted above also indicated that India’s erratic use of the “Tibet card” is to blame for its “past failures to produce results.” [3] One reason for the “Tibet card” not proving productive in the past could be that it is simply not as strong as its proponents believe it to be. Revising India’s position on Tibet would require India to walk away from several past agreements with Beijing: under a 1954 agreement, India accepted Tibet as a “region” of China, and a 2003 bilateral agreement recognized the “Tibet Autonomous Region” as part of the PRC ([China Brief](#), May 31, 2018).

For China, Tibet is a “core issue” and any change in India’s policy on the matter would be treated in Beijing as “challenging China’s territorial integrity.” It would rile China enough to “heighten mistrust and hostility in Beijing without inflicting any real pain” ([The Print](#), September 14). Beijing could even see it as a major provocation. India’s support to the Dalai Lama was an important reason for China waging war on India in 1962. The possibility of a similar scenario unfolding now cannot be ruled out, especially if India’s moves trigger unrest inside Tibet.

Without a solid “Tibet card” in its hands, India’s deployment of this card would result in needling China. Chinese commentators have hinted that it could provoke Beijing to revive support to insurgents in India’s northeastern territory ([Global Times](#), September 3). This could re-ignite multiple insurgencies in a

once-turbulent region that is now relatively calm. By bringing the SFF out of the closet, the Modi government may have blundered: the SFF's value to India lay in its discreet use in covert military operations, perhaps even inside Tibet. That value has now been diminished with the existence of the SFF publicly exposed.

Conclusions

Given China's extreme prickliness on the Tibet issue, India's use of the "Tibet card" is unlikely to prompt or pressure it to vacate territories on the Indian side of the LAC that it occupied in recent months. Rather, Beijing will see it as a provocation—a move aimed not just at embarrassing it, but also weakening its control over Tibet. Unlike earlier Indian attempts at projecting New Delhi's closeness to the Dalai Lama, the SFF poses a real threat to China, as it could inspire young Tibetans to once again rebel against Beijing. India can expect a strong rejoinder from China in the coming weeks and months.

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Notes

[1] Author's Interview, Official in India's Ministry of Defense, New Delhi, September 18.

[2] *Ibid.*

[3] *Ibid.*

Understanding the Intersection of the Belt and Road Initiative and China's Supply-Side Structural Reform

By Jon (Yuan) Jiang

Introduction

The Belt and Road Initiative (BRI) has been a focal issue for understanding the foreign policy of the People's Republic of China (PRC). Some observers view the BRI as representing a new phase of economic globalization and regional economic integration. Others argue that the BRI's primary motivating factors are domestic, and that the massive program is chiefly aimed at creating new markets, maintaining economic stability, resolving regional development imbalances, and transferring industrial overcapacity. Both views have their valid points, but overlook the BRI's key role in supporting China's domestic economic reforms. This article argues that the BRI should be understood as a major component of China's program of "supply-side structural reform" (供给侧结构性改革, *gongjice jiegouxing gaige*).

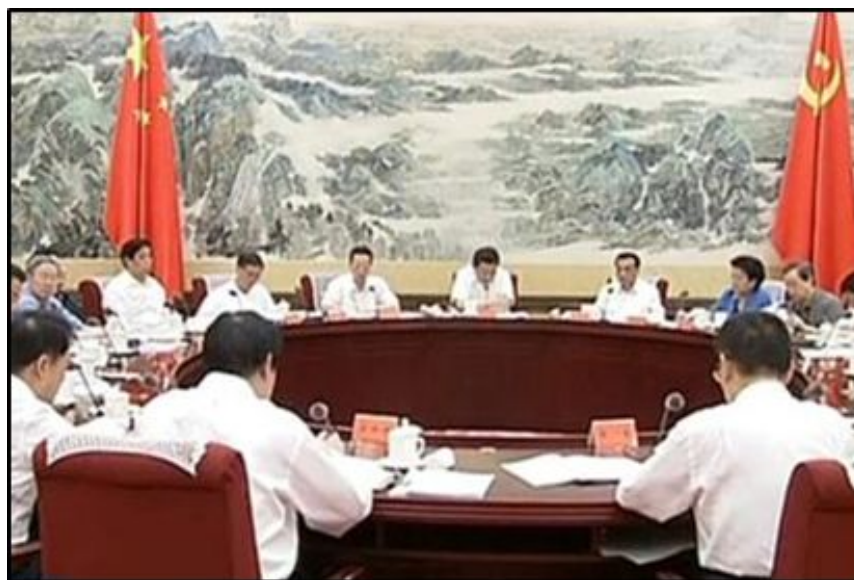


Image: The concept of "supply-side structural reform" was reportedly formally introduced in this meeting of the CCP Central Leading Group for Financial and Economic Affairs in November 2015.

(Image Source: [Caixin](#)).

The "Authoritative Person" and Supply-Side Structural Reform

The BRI was first announced in 2013, and officially incorporated into the PRC constitution in 2017 ([Xinhua](#), October 24, 2017). The concept of "supply-side structural reform" (SSSR) was reportedly introduced by Chinese Communist Party (CCP) General Secretary Xi Jinping in late 2015, and developed into a significant component of Beijing's economic policy framework ([Xinhua](#), April 3, 2018). In a speech to the 19th Party

Congress, Xi stated that “We should pursue supply-side structural reform as our main task, and work hard for better quality, higher efficiency, and more robust drivers of economic growth through reform” ([China Daily](#), December 18, 2019).

Throughout 2015 and 2016, the People’s Daily, the CCP’s most authoritative newspaper, published a series of interviews with an anonymous “authoritative person” (权威人士, *quanwei renshi*) that discussed the concept of SSSR (People’s Daily, [May 25, 2015](#); [January 4, 2016](#); [May 9, 2016](#)). It has been widely understood that the information presented in this series of interviews came either from the offices of Liu He (刘鹤), director of the General Office of the Central Financial and Economic Affairs Commission (中央财经委员会办公室, *Zhongyang Caijing Weiyuanhui Bangongshi*), or else from Liu himself. Liu is one of the PRC’s chief economic architects, and has been described by party media as “one of the masterminds behind China’s supply side structural reforms” ([People’s Daily](#), March 20, 2018).

In the interviews, the “authoritative person” concluded that a return to China’s former debt-stimulated growth rate of ten-plus percent a year would be impossible, and instead stressed the sustainable and qualitative development of the Chinese economy. To this end, the main tasks of the SSSR are to improve the quality and efficiency of supply; promote structural adjustments; correct the allocation distortion of factors of production; enhance the adaptability and flexibility of the supply structure to changes in demand; and advance total factor productivity ([People’s Daily](#), January 4, 2016). More concretely, SSSR encompasses five core policy objectives: 1) cutting excess industrial capacity; 2) reducing leverage in the corporate sector; 3) reducing property inventories; 4) lowering costs for businesses; and 5) addressing “weak links” in the economy (a euphemism for poverty reduction).

China’s BRI is well positioned to address the first and fourth goals of SSSR. Hu Huaibang (胡怀邦), former Chairman of the China Development Bank, has argued that the BRI can offset the problem of increasing labor costs through the structural transformation of China’s economy ([People’s Daily](#), July 16, 2018). In this way, the BRI alleviates industrial overcapacity by transferring low-end manufacturing industries to less developed countries with lower labor costs.

SSSR and China’s Persistent Problem of Corporate Debt

The most crucial objective of SSSR is reducing leverage in the corporate sector. At the 2017 National Financial Work Conference, Xi stated that “financial stability is the basis of national stability, and deleveraging state-owned enterprises is the top of the top priorities.” Xi called on local officials to control debt and maintain social security, while declaring local government debt to be one of the greatest threats to China’s financial security ([Xinhua](#), July 15, 2017). At the end of 2019, the global financial ratings companies Moody’s Analytics and Fitch Ratings, Inc. both raised warnings about rising defaults in Chinese debt. Moody’s chief economist warned that Chinese corporate debt represented the “biggest threat” to the global economy ([Business Times \(China\)](#), December 18, 2019).

Presciently, the “authoritative person” had warned two years earlier that the leverage issue, rather than unemployment, could cause disasters for China:

The total labor force in China is decreasing year by year...Even if the economy is experiencing a significant downturn, social employment can remain generally stable... However, the issue of leverage is different... High leverage will inevitably bring high risks. Poor control over leverage will lead to a systemic financial crisis [and] negative economic growth, even causing ordinary people to lose their savings. This will be disastrous. ([People's Daily](#), May 9, 2016).

Ma Guonan, a fellow at the Mercator Institute for China Studies, has found that China has had the fastest growing ratio of corporate debt to GDP of any country in the world, rising by 65 percent following the 2008 global financial crisis. Ma's calculations found that China's total corporate, government and household debt had doubled in ten years to a high of roughly 242 percent of total GDP, making China “the most indebted emerging economy” ([MERICS](#), August 22, 2019).

A 2019 OECD working paper found that China's corporate debt was concerningly high, with state-owned enterprises (SOEs) accounting for over three quarters of that debt in 2017 ([OECD](#), February 7, 2019). A 2016 article in *People's Daily* by Liu Yuanchun (刘元春), Vice President of Renmin University, argued that SSSR should center on SOE reforms. Liu's article was designated “essential reading” (人民要论, *renmin yaolun*), again hinting at strong official support for controlling the risk of overleveraged SOEs ([People's Daily](#), February 25, 2016).

The Belt and Road Initiative's Role in Supply Side Structural Reform

Because of the BRI's close association with the Chinese government the program has mostly benefited SOEs, which have both the funding and connections to successfully lobby for contracts ([Daily Economic News \(China\)](#), September 20, 2018). In 2018, *People's Daily* reported that central government-run SOEs had undertaken 3,116 BRI projects, with data from the State-owned Assets Supervision and Administration Commission of the State Council (国务院国有资产监督管理委员会, *Guowuyuan Guoyou Zichan Jiandu Guanli Weiyuanhui*) (SASAC) showing that central SOEs were contracted on half of all current and planned future infrastructure projects related to the BRI ([China Daily](#), November 12, 2018).

PRC officials are looking to the BRI to help SOEs address the overcapacity problem, open up external markets, and offset rising domestic labor costs. BRI participation can also help SOEs carry out the SSSR-mandated goal of controlling corporate debt. As stated by Hong Shen of Carnegie Mellon University, “Many BRI projects are directly funded by Beijing-backed financial institutions that often explicitly or implicitly require receiving countries to outsource projects to Chinese companies.” [1] Such project demands create a captive market for SOEs, providing an opportunity to pay down their over-leveraged debt.

Despite its benefits, the external risks associated with the BRI may still be too much to bear for Chinese SOEs. In the last year, Beijing has invested less in the BRI, and the dream of creating a win-win network of “enhanced economic interconnectivity” has had limited effect in mitigating economic crises such as the U.S.-China trade war or the global pandemic (China Brief, [September 26, 2019](#); [November 1, 2019](#); [March 16](#)). In the wake of new foreign hostilities, and a slowing global economy exacerbated by the ongoing COVID-19 pandemic, the CCP leadership has ramped up efforts to reduce China’s reliance on overseas markets and technology to drive economic growth. This drive has culminated in Xi Jinping’s recent push for a new “dual circulation” (双循环, *shuangxunhuan*) economic model ([China Brief](#), August 14, 2020; [Asia Times](#), August 24; [Xinhua](#), September 2).



Image: Front page of the May 9, 2016 issue of People’s Daily, featuring an article by an unnamed “authoritative person” on China’s economic reforms. (Image source: [Sina.com](#))

In giving Chinese SOEs unprecedented access to overseas contracts, the BRI seemed well positioned to aid debt reduction and job creation, two key issues for ensuring China’s economic survivability. But the BRI may have also revealed a grim truth: that China’s SOEs have difficulty competing in both domestic and overseas markets, even with the assistance of the Chinese government and the BRI. China’s SOEs are popularly

called “zombie enterprises” because they rely on government subsidies or bank loans to stay alive ([China Brief](#), March 16), a fact noted by the “authoritative person.” As a result, one of the most urgent tasks of the Chinese government is to deal with these “zombies” in order to reduce excessive production capacity, and free up valuable physical resources, credit resources, and market space ([People’s Daily](#), January 4, 2016).

From 2016 to 2019, the state-owned steel giants Dongbei Special Steel, Chongqing Iron & Steel, Henan Commerce & Trade, and Bohai Steel were either liquidated or went bankrupt. [3] In 2019, Beijing issued a reform plan to speed up the improvement of the SOE exit system, promoting the bankruptcy and restructuring of state-owned zombies ([Guancha](#), July 16, 2019). These concrete measures have had tangible results: SOE debt growth has declined since 2017 ([OECD](#), February 7, 2019). A recent article by Guo Shuqing (郭树清), Secretary of the Party Committee of the People’s Bank of China and Chairman of the China Banking and Insurance Regulatory Commission, also confirmed that the corporate sector’s leverage ratio has stabilized and declined ([Qiushi](#), August 16).

Conclusion: SSSR and the BRI after COVID-19

The Rhodium Group has projected that Beijing can retain the high gear lending of the BRI because policy banks are able to maintain the loan pace of 2015-2019 ([Rhodium Group](#), April 15). BRI loans form a minor part of the Chinese overall lending portfolio, and China Development Bank and China Export-Import Bank have ample political support to cover the cost. But Beijing is unlikely to enlarge its loans to BRI-participating countries in the short term. Due to the pandemic, some states may not be able to make their repayments on time, and the BRI may face financial losses. A June report by the Ministry of Foreign Affairs noted that COVID-19 had “seriously affected” nearly a fifth of projects along the BRI ([SCMP](#), June 28). Beijing may either opt to reduce debt obligations or seek to postpone payments and extend terms, as sovereign lenders often do in response to a financial crisis. Renegotiating the terms of BRI-related debt will bring its own political and economic risks, and could raise the specter of debt-trap diplomacy, hurting China’s international prestige. Postponing payments would also increase the financial sector’s total debt, undermining the principles of SSSR.

Fortunately, after several years of implementation, the ambiguously defined and constantly evolving BRI has shown its versatility and adaptability. In the aftermath of COVID-19, the PRC has promoted once-overlooked concepts such as the Digital Silk Road and the Health Silk Road to spur global economic recovery, as well as emphasizing “green” aspects of the BRI that parallel China’s leading role in international climate change dialogues ([IIGF \(Beijing\)](#), May 30).[3] China’s leadership is also reframing the BRI to align with high-level policies to deleverage and carry out SSSR. In a speech at the Second Belt and Road Forum for International Cooperation in 2019, President Xi Jinping said “we welcome the participation of multilateral and national financial institutions in BRI investment and financing and encourage third-market cooperation” ([PRC Ministry of Foreign Affairs](#), April 26, 2019).

Recent testimony to the Chinese People's Political Consultative Conference (CPPCC) has also underscored Xi's claim that future funding for the BRI will no longer prioritize SOEs, instead opening up the playing field to private actors and foreign companies. ([China-U.S. Focus](#), July 30). State media organs and leading economists have effectively disavowed China's bloated "zombie" SOEs, leaving room for developments towards a multi-tiered, market-oriented financing system that will better support China's domestic prioritization of SSSR.

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Notes

[1] See: Hong Shen, "Building a Digital Silk Road? Situating the Internet in China's Belt and Road Initiative," *International Journal of Communications*, 2018, <https://ijoc.org/index.php/ijoc/article/viewFile/8405/2386>.

[2] See announcements, in order: [东北特钢退休老总案：财务造假被禁市 继任者自缢] August 18, 2019, <https://news.163.com/19/0818/14/EMS9CQ6O000187VE.html>; [法制日报 | 重庆钢铁破产重整成功的样本意义] October 10, 2018, https://www.sohu.com/a/258662776_689962; [河南商贸集团原董事长获刑15年 骗贷致5家银行损失4.22亿元] October 11, 2019, <https://4g.dahe.cn/news/20191011545592>; [渤海钢铁集团破产重整案], January 18, 2020, <https://www.chinacourt.org/article/detail/2020/01/id/4777012.shtml>.

[3] See: Refinitiv, "BRI Connect: An Initiative in Numbers," May 2019, https://www.refinitiv.com/content/dam/marketing/en_us/documents/reports/refinitiv-zawya-belt-and-road-initiative-report-2019.pdf; Kirk Lancaster, Michael Rubin, and Mira Rapp-Hooper, "Mapping China's Health Silk Road," *Council on Foreign Relations*, April 10, 2020, <https://www.cfr.org/blog/mapping-chinas-health-silk-road>; Baker McKenzie, "Understanding how COVID-19 Alters BRI," March 2020, <https://www.bakermckenzie.com/-/media/files/insight/publications/2020/03/covid19-bri-short-report.pdf>

The CCP Extends Its Policies of Forced Ethnic Assimilation to Inner Mongolia

By Willy Lam

Introduction

The government of the People's Republic of China (PRC) has extended its draconian policies regarding the forced assimilation of ethnic minorities into the Inner Mongolian Autonomous Region (内蒙古自治区, *Nei Menggu Zizhiqu*) (IMAR). From this year's new school term onwards, students in primary and secondary schools must undergo a "dual language" (双语, *shuangyu*) policy, under which the status of Mandarin Chinese is emphasized at the expense of the Mongolian language. Henceforth only Mandarin will be used for the subjects of language and literature, history, and politics. This policy change led to street protests—unusual in the normally stable region—in which more than one thousand people were arrested.

Hundreds of parents who refused to send their kids back to school have been detained by police. Some have been fined more than 5,000 yuan (\$733 U.S. dollars), while others have been sent to "legal education classes" that resemble the quasi-concentration camps in the Xinjiang Uighur Autonomous Region ([Apple Daily](#), September 16; [SCMP](#), September 13; [Human Rights Watch](#), September 4). Moreover, Chinese Communist Party (CCP) cadres in the region have been given quotas to ensure that a high-enough percentage of children report to schools. The U.S.-based Southern Mongolian Human Rights Information Center claimed that nine people lost their lives during the demonstrations, including an ethnic Mongolian party cadre and a school principal who jumped to their deaths in protest against these policies ([Oriental Daily News](#), September 14; [SMHRIC.org](#), September 4).



Image: A police officer on patrol outside a middle school in the city of Tongliao (通遼) in eastern Inner Mongolia (undated). (Image source: [Apple Daily](#))

Extending Ethnic Assimilation Policies to Inner Mongolia

Methods of coerced assimilation via police-state tactics, which have been used extensively in Xinjiang and Tibet, are now also being enforced in Inner Mongolia. This is despite the fact that the most effective policy of assimilation, gradual Sinicization, has already succeeded in the autonomous region. Only 17.11 percent of the IMAR's population of 24,706,291 million people are ethnic Mongolians. According to the 2010 national census, comparable figures show that 45.84 percent of Xinjiang's population of 21,815,815 are Uighurs; while 90.48 percent of the Tibet Autonomous Region's population of 3,002,165 are Tibetans ([China Daily](#), July 17; [Asia Dialogue](#), March 7). Other harsh measures already used include: the imprisonment of political dissidents; closure of anti-Beijing social media chat rooms; and even the collection of DNA from ethnic minority residents ([BBC Chinese](#), August 29; [NYT \(Chinese edition\)](#), June 19).

CCP authorities are apparently also trying to change the lifestyle of Mongolians by discouraging grazing and animal husbandry, and driving the nomads to live in cities. In the summer, the IMAU legislature drafted the *Autonomous Region Regulations on Grassland-Livestock Balance and Prohibitions on Herd Cultivation* (自治区草畜平衡和禁牧休牧条例, *Zizhiqu Cao-Xu Pingheng he Jinmu Xiumu Tiaoli*), a set of regulations that would restrict animal husbandry and livestock grazing ([Xinhua](#), August 4; [Sohu.com](#), August 1; [Inner Mongolian Daily](#), August 1). In a press conference, officials of the IMAU cited the party central leadership and CCP General Secretary Xi Jinping as saying that “the ecological conditions of Inner Mongolia is not only tied to the livelihood and development of different nationalities in the IMAU,” and that “the ecological safety of northern China, the northeast, northwest and the whole country will be affected” ([Inner Mongolia Government](#), August 4). These policies parallel similar and ongoing efforts to suppress pastoralist lifestyles in Tibet ([China Brief](#), September 22).



Image: In mid-September, protesters in the Mongolian capital city of Ulaan Baatar hold a demonstration against the Chinese government's policy to replace Mongolian with Mandarin as the primary language of instruction in schools in Inner Mongolia. (Image source: [SCMP](#))

The Hardline Turn Towards a “Second-Generation Policy Toward Nationalities”

The new policy towards Inner Mongolia bears the imprimatur of Xi, who has promoted policies of aggressive and coerced assimilation among the PRC's 56 ethnic minority groups ([China Brief](#), December 31, 2019). The hawkish supreme leader fears that, as the country's economy and foreign policy are going through rough patches, the loyalty of China's ethnic minorities can no longer be reliably counted upon. This is despite the fact that on a visit to the Inner Mongolian city of Chifeng last year, Xi said that Chinese civilization had its roots in multi-racial soil characterized by “being different but harmonious, and [the state of] various types of culture vying for resplendence” ([Xinhua](#), June 9, 2019). However, in another speech on ethnic minority policies last month, Xi said that all nationalities must “firmly cast a consciousness of commonality among the Chinese people” (铸牢中华民族共同体意识, *zhulao Zhonghua Renmin gongtongti yishi*), so that different ethnic minorities can “tightly embrace each other like pomegranate seeds” (石榴籽一样紧紧抱在一起, *shiliuzi yiyang jinjin bao zai yiqi*) ([People's Daily](#), September 10; [CCPS.gov.cn](#), August 29).

The words “consciousness of commonality among the Chinese people” were also used in a meeting of top Inner Mongolian cadres presided over by Bu Xiaolin (布小林), the Chairwoman of the IMAU. “The party leadership with Comrade Xi Jinping as its core highly values the popularization of the nation's common language,” she said. “The implementation of commonly edited teaching materials [nationwide] manifests the party and nation's concern for areas with ethnic minorities... [and] is beneficial toward the unity of the nationalities and the development and progress of areas of ethnic minorities” ([mp.weixin.qq.com](#), September 3). Xi recently underscored the role played by education—including teaching materials—in cementing relations among the nationalities. “Education is a major concern for the country and party,” Xi said. “The putting together of teaching materials falls within the state's jurisdiction.” He added that the central party authorities looked upon “the building up of teaching materials as a fundamental strategic undertaking” ([Inner Mongolia Government](#), August 31; [China.com.cn](#), July 17).

While the PRC constitution guarantees the legal rights of China's 56 ethnic minorities in the areas of language, culture, religion and economic development, a new corps of conservative CCP theorists has urged the adoption of a “second-generation policy toward nationalities” (第二代民族政策, *dierdai minzu zhengce*). One prominent theorist on this “melting pot” strategy—meaning “pushing ahead with the integration of nationalities”—is Professor Hu Angang (胡鞍钢) of Tsinghua University, a well-published government adviser. Hu has advocated a change from the first generation of ethnic policy—which allowed different nationalities to keep and develop their own cultures—to a second-generation policy of unity and centralized control. According to Hu, this means “pushing forward the mixing together into one of different nationalities in aspects including politics, economics, culture and society... We must strengthen the Chinese people's consciousness of identity and uniformity... so as to achieve the great renaissance of the Chinese nation” ([Economic Herald](#), May 7, 2019; [Sohu.com](#), December 17, 2017). “The great renaissance of the Chinese nation” is, of course, a key part of Xi's most famous slogan, “the Chinese Dream” (中国梦, *Zhongguo Meng*).

Parallel Policies in Xinjiang and Tibet

There are also clear signs that the CCP is likely to double down on repressive measures on minority nationalities in Tibet and Xinjiang, whose plight has already drawn the attention of leaders and media in the Western world. At a major national conference on Tibet held in late August, Xi again raised the slogan of “casting tight the consciousness of the commonality of the Chinese people.” Xi stated that “We must strengthen the party’s organization and construction of administrative power so as to ensure state security and a long reign and perennial stability.” Without mentioning the recent territorial disputes with India, Xi stressed the strategic importance of peripheral areas: “We must emphasize the strategic idea of giving priority to the administration of border regions in running the country, and giving priority to stabilizing Tibet in administering the border regions.” Citing the imperatives of national unity and the unity of the nationalities, Xi also underscored the imperative of “the Sinicization of China’s religion.” [1] This seems to provide the theoretical underpinning for the increasingly ironclad control by Tibetan police over monasteries in Tibet, owing to Beijing’s perception that monks and nuns are at the forefront of separatism (CGTN.com, August 29; CCPS.gov.cn, August 8).

Meanwhile, the world’s attention has focused even further on the Xinjiang Uighur Autonomous Region (XUAR) following Washington’s passage of a series of sanctions and legislative acts targeting CCP cadres responsible for repressive policies in the vast western region. In mid-September, the PRC State Council published a white paper entitled *Employment and Labor Rights in Xinjiang*. The document claimed that the party-state authorities “are committed to the people-centered philosophy of development.” The central authorities “attach great importance to job security, give high priority to employment, and pursue a proactive set of policies on employment” (South China Morning Post, September 18; Xinhua, September 17; VOA Chinese, September 17). The CCP authorities’ claims about serving the Uighurs well, however, have been cast into doubt by reports that Han Xinjiang cadres have imposed forced sterilization on members of the ethnic minority (China Brief, July 15).

Conclusion

Beijing’s suppression of Tibetans, Uighurs, and now Inner Mongolians has also been paralleled by the CCP leadership’s increasingly harsh treatment of Hong Kong and Taiwan. The PRC National People’s Congress in June imposed a draconian National Security Law on Hong Kong without going through the legislature of the Special Administrative Region (China Brief, July 29). In recent weeks, the People’s Liberation Army has intensified its war games close to Taiwan, and PLA aircraft have boosted the number of their intrusions into Taiwan’s air space (China.com, September 22; BBC Chinese, September 21). As China’s economy is facing tough times, and China’s global reputation has been hurt by its increasingly aggressive hard-power projection, Xi seems ever-more determined to bolster nationalism and the CCP’s legitimacy by wielding the sword: against ethnic minorities, enclaves not yet under Beijing’s total control such as Hong Kong, and the “runaway province” of Taiwan.

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Notes

[1] Calls for the “Sinicization of religion” (宗教中国化, *zongjiao Zhongguohua*)—coded language for bringing religious practice under stricter state control—have featured prominently in CCP propaganda and policy in recent years, with Islam, Christianity, and Tibetan Buddhism facing particularly severe pressure ([China Brief](#), April 9, 2019).
