

THE SHRINKING MARGINS FOR DEBATE

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INTRODUCTION FRANÇOIS GODEMENT

This issue of *China Trends* started with a question. **What policy issues are still debated in today's PRC media?** Our able editor looked into different directions for critical voices, and as a result, the issue covers three different topics. The "dual circulation economy" leads to an important but abstruse discussion on the balance between China's outward-oriented economy and its domestic, more indigenous components and policies. Innovation, today's buzzword in China, generates many discussions around the obstacles to reaching the country's ambitious goals in terms of technological breakthroughs and industrial and scientific applications. But the third theme is political, and about the life of the Communist Party: two-faced individuals or factions. **Perhaps very tellingly, it contains a massive warning against doubting or privately minimizing the official dogma and norms of behavior:** "two-faced individuals" now have to face the rise of campaigns, slogans and direct accusations that target them as such. In itself, the rise of this broad type of accusation demonstrates the limits and the dangers of any debate that can be interpreted as a questioning of the Party line, of the Centre, and of its core – China's paramount leader (领袖) Xi Jinping.

The balance matters: between surviving policy debates on economic governance issues and what is becoming an all-out attack that targets hidden dissent, doubts or non-compliance beyond any explicit form of debate. **Both the pre-1949 CCP and Maoist China had so-called "line debates" which often turned into "line struggles (路线斗争)": the official history of the pre-1966 CCP, no longer reprinted, listed nine such events.** True, the color red always had to win, and the losers of a line struggle were purged, as was the case during the Cultural Revolution and once more at its conclusion. But the reform decades – 1978 to 1989, with a partial resurrection after 1992, grinding to a slow halt in 2012 – were full of disclosures on the past, of discussions and doubts about policies, and of revealing public contests between different "models". Western political science has seen this mostly as a "fragmented bureaucracy", where local levels and sectoral silos did not always comply with central authorities – a traditional feature of the Chinese state.

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But there was also a form of political life, strangely helped by the fact that Mao had nurtured fights inside his own bureaucracy. After him, there were reformers and conservatives at the Centre, liberalizers and hard-liners, and increasingly nostalgic populists for Maoist egalitarianism fighting back globalizers and the elite "top crowd", as Singapore's Lee Kuan-yew once termed the circle of influential Chinese revolving around the CCP. Almost all of this is gone today, except in some undertones or implicit inferences. For example, **it is not hard to detect that those who see a conformist education and bureaucratic paralysis as a brake to innovation, also advocate that foreign sources of innovation be preserved.** In the debate about the "dual circulation" economy, it is fascinating that the same economist-turned-high official between 1987 and 2020 defended "external circulation" in the heyday of China's reform and opening up, and today emphasizes "domestic circulation". One can say that there is continuity – or that the times have changed and the policies with them. **Perhaps this fall's context, as the CCP's Fifth Plenum opens on October 26, can help decide where the balance between reform and opening up on the one hand, and authoritarianism and centralization on the other, is actually going.**

First, 2020 is a year of success, internally and externally, for the CCP. After an initial failure, China has fought back and contained Covid-19 more efficiently than another state, save perhaps for Taiwan. It is also already distributing hundreds of thousands of vaccines as a "test", which will soon replace "mask diplomacy" as a key international asset. **Never mind that anthropological culture matters as much as politics to explain China's and East Asia's success, and the West's relative failure so far.** Never mind that vaccine testing procedures are most likely not following safety standards. All of this still draws support from China's population.

On this basis, China's economy has rebounded at a better rate than any competitor. And with a twist: China has NOT sustained domestic demand with quantitative easing as other central banks have. Instead, it has used the gap between the consumption demand of its partners (precisely due to quantitative easing elsewhere) and their production capacity (reduced by Covid-19) to base its own recovery...on exports first. In short, **China is free-riding on its main partners.** China's balance of trade and its current account are back at record surplus levels, and this even with state-driven capital export over this summer. Here again, one can always quibble: external demand could flag, there was already a credit bubble inside China, SOEs got much more support than SMEs: in fact, low wage and migrant workers are not nearly doing so well as the country as a whole, unemployment is a growing concern.

But for the time being, it is a win for Xi Jinping. And the political climate inside democracies, starting with the US presidential campaign, is not such that it would make Chinese leaders, or their captive audience, doubt that the West's decline is accelerating. It is the second time, after 2007-2008, that this interpretation has been made.

Political choices would seem to flow naturally from the above considerations. More than ever, Xi Jinping is beefing up the Party, the Party Centre and his own "core" leadership, asserting China's power abroad. The telltale signs are everywhere. A new CCP rulebook requires adhesion to the CCP from any citizen. **It explicitly endows the Centre with power to decide policies, and incorporates Xi Jinping by name (after the country and Party constitutions) as the**

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supreme leader. CCP's presence in private firms now extends to oversight of management. The study of Xi Jinping thought now extends to all corners of Chinese public life. **Not all of Xi's colleagues - or collaborators? - have formally endorsed its role at the center of the Party.** In his recent visit to Shenzhen, Xi Jinping acknowledged Deng Xiaoping's role, while on an earlier visit, his own father's role in creating the Special Economic Zone had been on more prominent display. These nuances should still be watched, but the likelihood is that they are part of a "one step backward, two steps forward" political strategy. A rectification campaign is in fact underway for all security organs. After the People's Armed Police, public security forces have been placed directly under Party control. The 14th Five-Year Plan will

undoubtedly reinforce "domestic circulation" as the old slogan of "self-sufficiency" (自力更生). One interesting unknown is how much the Plan could reflect Xi Jinping's international promise to reach carbon neutrality by 2060, for which an immediate course reversal would be necessary, if not sufficient.

Whether it is because of the fears any authoritarian leader harbors about threats to his own legitimacy, or because on the contrary he is supremely confident in his wisdom, **the trend towards a one-man rule of steel, requiring total loyalty from every citizen, is accelerating.** At this point in time, the elements in debate we can find concern the technical means to reaching political and national goals that simply cannot be called into question by anyone.

ABOUT

China Trends seeks understanding of China from Chinese language sources. In an era where the international news cycle is often about China, having a reality check on Chinese expressions often provides for more in-depth analysis of the logic at work in policies, and needed information about policy debates where they exist. China Trends is a quarterly publication by Institut Montaigne's Asia program, with each issue focusing on a single theme.



CHINA'S DUAL CIRCULATION ECONOMY

Since May, the concept of dual circulation (双循环), an economic policy strategy aiming to parallelly stimulate domestic and international circulation, has attracted enormous attention inside and outside of China. While some in the West fear that this new strategy signals an intention to isolate it-

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self from the rest of the world, given the weight import substitution carries in the strategy, Chinese sources provide a different perspective. This paper looks into the Chinese narrative of dual circulation, and provides an overview of the origins and the goals of the strategy.

From "great international circulation (国际大循环)" to "dual circulation (双循环)"

During this year's Two Sessions back in May, Xi Jinping called for "a gradual formation of a new development configuration based on the domestic circulation, with domestic and international dual circulations complementing each other (逐步形成以国内大循环为主体、国内国际双循环相互促进的新发展格局)".¹ In general terms, domestic/internal circulation refers to the domestic cycle of production, distribution and consumption. Later in July, during the CPC Central Committee Political Bureau meeting, the concept of dual circulation was stressed again with an increased sense of urgency. Instead of "gradual (逐步)", used back in May, the Party Center used the term "speed up (加快)". **As an official definition of dual circulation is still missing, Chinese experts attempt to shed light on the meaning and the implications of the announced strategy,** often with a reference to the "great international circulation (国际大循环)".

In 1987, China's "great international circulation" strategy advocated opening up the coastal areas through the development of a labor-intensive, export-oriented manufacturing industry. **The model relied on foreign mar-**

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kets for both ends of the production process (两头在外), from the intellectual property and the purchasing of raw materials to the final sale of the finished products. China gained by absorbing labor surplus and attracting foreign investment, technology and know-how. According to Wang Jian, who proposed the "great international circulation" strategy back in 1987, and who cur-

rently serves as the Vice President of the China Society of Macroeconomics at the National Development and Reform Commission, "dual circulation" describes a country's current economic landscape. In modern societies, all



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1. Wang Zhengqi & Song Zijie, "Smoothing the domestic and international dual circulation, the 'new development pattern' described by Xi Jinping (畅通国内国际双循环 习近平这样阐述'新发展格局')", *people.cn*, 22 July 2020. <http://politics.people.com.cn/n1/2020/0722/c1001-31793969.html>.

countries with foreign trade have dual circulation: foreign trade and domestic economic development co-exist.² International and domestic circulation are not mutually exclusive. An economy “based on domestic circulation”, expects domestic demand to grow faster than foreign trade, while an economy “based on international circulation” expects foreign trade demand to grow faster than domestic demand growth or GDP growth.

As emphasized by Yu Yongding, former President of the China Society of World Economics and Director of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences (CASS), **the shift of focus from international to domestic circulation is not a renouncement of the international circulation strategy.** Instead, it is meant to improve and complement the existing system.³ The 1987 “great international circulation” strategy had no mention of domestic circulation. By contrast, the “dual circulation” strategy emphasizes the importance of complementarity (相互促进).

As the word “dual” per se suggests, the international dimension has not been abandoned. Yu also argues that even though China’s success in its implementation of the “great international circulation” strategy has strengthened the Chinese economy, China’s competitive power has placed other countries that also value the export market in a disadvantageous position, inevitably leading to discontent and conflicts. Adjustments to the strategy are therefore required. Yu notes that China’s 11th Five-Year Plan issued in early 2006 already called for the expansion of domestic demand, especially consumer demand, but it has not been rigorously implemented. In 2009, Jia Guanliang, Professor at Renmin University, suggested that a “great domestic circulation economy strategy” is the ultimate measure to break the hegemony of the dollar and emphasized the need to consider potential US decoupling.⁴ Therefore, instead of seeing the call for “a new development configuration based on the domestic circulation” as a new strategy and a break from the past, Chinese experts highlight elements of continuity from the “great international circulation”. However, **China’s determination to achieve import substitution and become self-reliant goes against the notion of “great international circulation”** proposed by Wang Jian, which also advocated for the reliance on imported materials and an export-based economy.

Self-Reliance and “Made in China 2025”

China has entered the late stage of industrialization and already possesses the basic qualifications for the creation of an economy focused on domestic circulation. On the one hand, China has the most complete and largest industrial supply system. It is the only country in the world to have all the industrial categories listed in the United Nations’ International standard industrial classification. On the other hand, China has a vast domestic consumer market with diverse needs. The domestic part of the dual circulation takes into consideration the potential of the domestic market and the risks of external challenges. Bai Jingming, Vice President of the China Academy of Fiscal Science, notes that many foreign products or foreign enterprises are very popular in the Chinese market, which indicates that domestic products do not meet market expectations and are unappealing to Chinese consumers.⁵ In other words, **there is an outflow of Chinese purchasing power that Chinese**

The domestic part of the dual circulation takes into consideration the potential of the domestic market and the risks of external challenges.

2. Wu Lihua, “33 years ago, he formulated the concept of ‘great international circulation’, now he explains the ‘dual circulation’ in this way (33年前创想了“国际大循环战略构想”的他，如今这样细解‘双循环’)”, 31 August 2020. Aisixiang, <http://www.aisixiang.com/data/122704.html>.

3. Yu Yongding, “How to achieve the shift from an “international circulation” to a “dual circulation”? (怎样实现从“国际大循环”到“双循环”的转变?)”, Aisixiang, 22 August 2020. <http://www.aisixiang.com/data/122588.html>.

4. Jia Guanliang, “From ‘US-China economic decoupling’ to ‘domestic circulation’ (从‘中美经济脱钩’到‘国内大循环’)”, *Hongse Wenhua*, 06 August 2020. <http://www.hswb.org.cn/wzxx/lyd/jj/2020-08-05/64344.html>.

5. “The central government mentions the “new development pattern”, how to address the topic of ‘domestic circulation as the core’? (中央提“新发展格局”，“国内大循环为主体”如何破题?)”, *The Beijing News*, 31 July 2020. <http://www.bjnews.com.cn/news/2020/07/31/753975.html>.

companies should seek to win back. The challenge concerns the entirety of China's foreign trade. On the export side, expanding the scale of the domestic market would allow absorption of the production surplus in the event that international demands decline. On the import side, dependence on foreign supply sources is a vulnerability. Thus, creating a relatively independent and a full-set industrial system is desirable. This dependence is particularly noticeable in some core technologies, suggesting that China should constantly improve its independent capacity to innovate.⁶

The "dual circulation" strategy should also be seen in light of China's ambitions to reach technology autonomy and become an innovation power. The notorious "Made in China 2025" issued in 2015, fits well in the general dual circulation strategy. The introduction of "Made in China 2025" is meant to upgrade the manufacturing capability of Chinese industries to achieve a higher level of import substitution and to elevate China's position in the global market. The scope of the plan goes along with the "dual circulation" strategy, which pays attention to domestic manufacturing and innovation supporting the development of domestic market capacity, while maintaining its effort in the global market. Yu Yongding points out that there was hesitation over the implementation of the plan back in 2018 since it was considered as the cause of US-China friction. However, **the last two years have shown that Made in China 2025 gave an excuse to the US to attack China, but was not the true cause of US-China friction.** In line with Made in China 2025, China is back on track with the development of concrete policies to implement the plan and improve China's domestic supply capacity in high-tech sectors.

The inward focus of the "dual circulation" strategy would create a protection umbrella for China in extreme scenarios and reduce China's vulnerability in a confrontation scenario. For instance, in the semiconductor sector, China has

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been placed in a disadvantageous position due to its reliance on other countries' supply (受制于人). According to the China Association of Circular Economy, the improvement of domestic circulation is critical to China's economic security and defense security.⁷ Another example, provided by Yu, stresses the importance of securing domestic food

supply chains in case other countries ban food exports to China. While Yu himself recognizes the unlikelihood of the scenario, his example suggests that **China is getting ready for the worst, given the highly-unstable external environment it is currently facing.**

External Pressure and Covid-19 crisis

Among Chinese experts mentioned in this article, there is a consensus that the shift of focus from international to domestic circulation is not a consequence of the changing relationship between the US and China, nor a response to the economic impact of the Covid-19 crisis. Wang explains that **both domestic and international circulation strategy are internally generated (内生性) needs, not externally influenced (外生性).** He argues that analysis interpreting China's shift as a response to the external challenges and as an attempt to decouple from the global market is incorrect and superficial. China is not turning its back to the rest of the world. Wang's assessment is echoed by Huang Qifan, Former Mayor of Chongqing and Vice President of the China Center for International Economic Exchanges. Huang suggests that the policy

6. Li Daokui, "What is the relationship between domestic and international circulation? (国内大循环和国际大循环之间是什么关系?)", *Beijing Daily*, 01 September 2020. <http://finance.sina.com.cn/china/gncj/2020-09-01/doc-iivhuipp1976440.shtml>.

7. "China Association of Circular Economy", The 'dual circulation economy' may be the key underlying principle of the 14th Five-Year Plan ('双循环经济' , 可能是 '十四五' 规划的重要底层逻辑), *Sino Foreign Management*, 18 August, 2020. <http://www.chinacace.org/news/view?id=11771>.

shift is not only a half-measure (权宜之计) that was formed under the special circumstances caused by the Covid-19 crisis, nor an inward-looking retreat forced by the decoupling attempts of some individual countries.⁸ Rather, **it is a strategic choice made to accelerate the move towards high quality economic development and to form a complete virtuous circle both internally and externally.** This move, according to Chinese experts, would also serve as an engine and contribute to the recovery of the global economy. For instance, Sun Guojun, a member of the Leading Party Members Group of the State Council Research Office, insists that the expanded Chinese domestic demand is not only an opportunity for Chinese firms, but also for foreign firms.

However, **Chinese experts do not deny that the unfavorable international environment and the Covid-19 crisis have driven Chinese policymakers to reassess China's policy priorities** and reaffirmed the importance of increasing self-reliance and focusing on the domestic circulation. Huang Qunhui, Director of the Institute of Industrial Economics at the Chinese Academy of Social Science (CASS), explains that even though the Covid-19 crisis has only a short term impact on the Chinese economy, the ongoing global economic recession will bring great uncertainty to China's economic growth and have a significant implication for the position of China's supply chain.⁹ Given that other countries will adjust their supply chain and the trend towards de-globalization will exacerbate, Huang argues that China should be a policy-driven proactive actor instead of a reactive responder hit by the crisis.

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The road ahead

Huang Qunhui, also talks about a false sense of accomplishment in early July, since China's domestic circulation growth appeared to have outpaced international circulation. However, he explains that this is because China's participation in the international economy has been hindered, and it is not a result of successful stimulation of domestic circulation. **Expansion of the international circulation should be maintained while reforms and changes are made to cultivate domestic potentials.** Therefore, it is incorrect to conclude that the goal of "dual circulation" strategy has been achieved.

This process also involves urbanization of rural areas and the improvement of the purchasing power of farmers. In this area, China faces huge challenges ahead, as warned by Wang Yuanfeng, Professor at Beijing Jiaotong University.¹⁰

The huge gap between the urban and rural was a favorable factor and a key contributor to China's economic success, as the cost advantages facilitated

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China's participation in international circulation. Now with the focus on increasing domestic consumption, which requires an increase in income of workers, the cost advantage would consequently diminish, potentially damaging the existing growth model. Thus, Wang Yuanfeng highlights the importance of innovation, which

is supposed to minimize the negative effects of diminishing cost advantages. China has to make foreign industries more dependent on China's supply chain and industrial chain, and more dependent on China's huge consumer market.

8. Huang Qifan, "Reflections and suggestions on accelerating the construction of a complete system of domestic demand, and on forming a new pattern of domestic and international dual circulation that complement each other (对加快构建完整的内需体系, 形成国内国际双循环相互促进新格局的思考和建设)", *China Economic Weekly*, No 14, 2020. <http://www.ceweekly.cn/2020/0731/306885.shtml>.

9. Huang Qunhui, "Looking at China's new development pattern of dual circulation, from the current economic situation (从当前经济形势看我国'双循环'新发展格局)", *Xinhua*, 09 July 2020. http://www.xinhuanet.com/politics/2020-07/09/c_1126215768.htm.

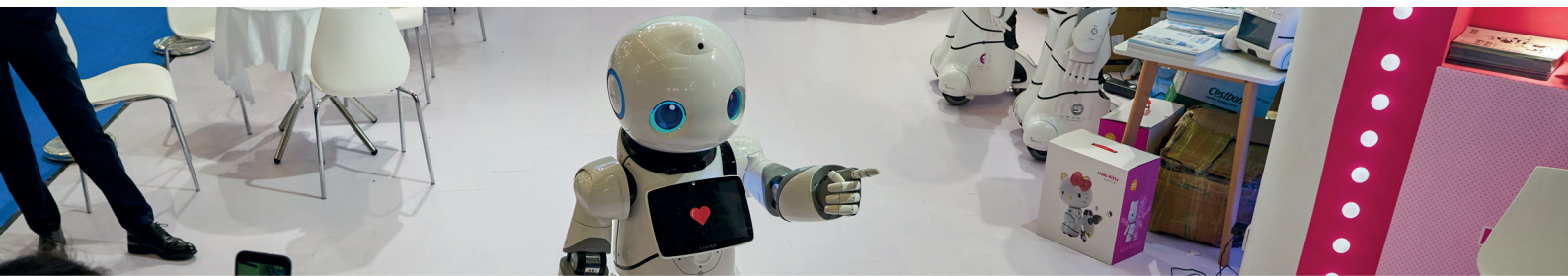
10. Wang Yuanfeng, "Promoting 'dual circulation' innovative governance is highly important (推进'双循环'创新治理很重要)", *Global Times*, 23 September 2020. <https://opinion.huanqiu.com/article/3zze8yyYAui>.

Conclusion

The dual circulation strategy is not a new phenomenon according to Chinese authors. **They dismiss the argument that the adoption of a dual circulation strategy represents a break from the past, or a sudden disruption.** They see elements of continuity, but dual circulation represents a significant adjustment to China's economic policy that recognizes the need to allocate resources for enlivening domestic circulation. Therefore, China has moved away from the stage of "*stimulating domestic growth through international circulation* (以外促内)" and has entered into the stage of "dual circulation". However, given the weight import substitution and self-reliance carry in the "dual circulation" strategy, it comes as no surprise that some interpret the strategy as the end of China's outward focused economy.

There was already a call for more focus on domestic capacity development in 2006, and the Covid-19 crisis has accelerated an existing trend that was silently ongoing in China. Even though Chinese experts tend to deny the impact of external pressure as a key factor of the shift from the international to dual circulation, their analysis often suggests otherwise. Given the emphasis on the realization that a growth model reliant on the external demand is unsustainable, it is indeed hard to overlook the significance of the external pressure on these developments.

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THE ROADBLOCKS ON CHINA'S INNOVATION DRIVE

Observers of Chinese debates on how to lead the Chinese economy through the next decade and how to assert Chinese interests in the current trade and tech war with the USA – and eventually win the Thucydides constellation for global hegemony – may get the impression that “innovation” is the one and only panacea to all of China’s problems. **The realization that China needs to strengthen its innovation regime is nothing new and can be traced back to when China approached the final stages of its three-decade-long catching-up growth era**, defined as the smart copying and adapting of foreign templates. Since then, China has moved beyond the catching-up growth

model, and it became obvious that any continuation of growth and development would now rely on the nation’s capacity to independently create new technologies, business models, etc. In short, China’s economy must adjust to the “new normal” based on innovation and its fate has become reliant on its capacity to innovate. This contribution takes a look at current Chinese discussions

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on unresolved domestic obstacles and challenges to establish a world-class innovation regime in China.

Since the end of 2000s, a plethora of initiatives and programs have been set-up to improve the national innovation landscape, to strengthen and integrate the different spheres, from basic research to applied product innovation, and to catalyze dynamic entrepreneurship for a new culture of innovation. **At first sight, the results are astounding:** in terms of input, China is the largest investor in R&D, next to the USA, and employs the largest number of R&D personnel worldwide. This is reflected on the output side, where China’s number of scientific publications is outstanding and the number of patents filed is second to none. In 2019, China filed 58,990 international patent applications, followed by the United States who filed 57,840.¹¹

But if one were to look just below the shining surface, some fundamental problems in China’s innovation regime become obvious. Chinese discussions are quite outspoken about these. It looks as if the decision of the 18th National Congress of the Communist Party of China to implement an innovation-driven development strategy, the confirmation of this strategy at the 19th Congress and in Xi Jinping’s latest work report to the Central Committee, as well as the continuous flow of statements by key leaders, including Xi Jinping, stressing **the crucial importance of (improved) innovation for China**¹² has created considerable political leeway for open assessments of the status quo, and severe criticism in the public debate.



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¹¹ World Intellectual Property Organization, “China Becomes Top Filer of International Patents in 2019 Amid Robust Growth for WIPO’s IP Services, Treaties and Finances”, 7 April 2020. https://www.wipo.int/pressroom/en/articles/2020/article_0005.html.

¹² See for example the statement “To achieve high-quality development, we must achieve innovation-driven intrinsic growth. We must also vigorously improve our independent innovation capabilities and realize breakthroughs in key core technologies as soon as possible. This is a key issue for the overall development of our country and is also crucial for the formation of a major domestic cycle.” Xi Jinping, “Speech at the Forum of Experts in Economic and Social Fields (在经济社会领域专家座谈会上的讲话)”, *Xinhua*, 24 August 2020.

Recent Chinese contributions to the discussion about the state of the Chinese innovation regime and how to establish world-class innovation in China are united by one key judgment: **quality counts, not quantity**. However, the quality of China's innovation regime is still unsatisfactory. China is still heavily reliant on foreign firms and countries for the provision of a broad range of key technologies.¹³ According to Pan Fusheng, long-standing member of the National People's Congress and President of Chongqing Academy of Science & Technology of Chongqing University, **the necessity to import these technologies makes the Chinese economy and its enterprises highly dependent on outside influence (受制于人), which hinders (卡脖子的问题) China's innovation ambitions**. Not being in control of crucial parts of important value chains inhibits the business development of key players in China's modernization drive, and endangers China's economic growth and development trajectory as a whole. The escalating trade and tech war with the USA provides a bitter foretaste of what problems may arise in the near future.

The causes of these shortcomings are being identified in various areas. On a systemic level, Chinese analysts and politicians highlight two major deficiencies of the Chinese innovation regime: the Chinese education system and the bureaucratic superstructure of China's science & technology sector.

The Chinese education system is seen to be poorly equipped to train the human capital China's innovation system needs for take-off. On a general level, a paper published by the Liaoning Association for Science and Technology criticizes the insufficient capacity of the Chinese education system to train an adequate number of skilled experts in the general sciences, as well as in the fields of future technologies. While the number of institutions of higher learning has expanded substantially in recent years, the Chinese education system is still unable to meet the quantitative demand for highly skilled human capital. And to make things worse, graduates of Chinese universities are said to usually lack original creative thinking. **Having been trained for years to memorize and repeat "standardized solutions (标准答案)" and "authoritative reference solutions (权威参考答案)", too many graduates are seen to be unable to call authoritative doctrines and popular opinions into question and bring up some truly innovative, original ideas.**¹⁴

The bureaucratic superstructure of China's science & technology sector is criticized as being inefficient, overloaded with red tape and insufficiently

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coordinated between central and local administrations. As a result, **a multitude of promotional programs and regulations are enacted but fail to attain their full potential**. Li Kang, Zhang Jing and Deng Dasheng, researchers at China's National Academy of Innovation Strategy, note that programs are

often duplicative, overlapping, uncoordinated, and lacking in service orientation.¹⁵ Misdirected science & technology management is also mentioned with regard to the administrative assessment and incentivization of "good" research. **Criticism focuses on the indicator system employed to evaluate**

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13. Yu Lu "Representative Pan Fusheng: Optimizing the scientific research environment and perfecting the scientific and technological innovation system (潘复生代表: 优化科研环境 完善科技创新体系)", *China Nonferrous Metals News*, 25 May 2020, <https://www.cnmm.com.cn/ShowNews1.aspx?id=420308>; Zhang Qizi, "Independent innovation is the key to forming a major domestic cycle (自主创新是形成以国内大循环为主体的关键)", *Guangming Ribao*, 03 September 2020. http://epaper.gmw.cn/gmrb/html/2020-09/03/nw.D110000gmrb_20200903_2-11.htm.

14. Liaoning Association for Science and Technology, "Cutting Edge Discussing the Science and Technology Innovation Status and Countermeasures (前沿 | 浅议科技创新现状及对策)", *The Paper*, 07 May 2020. https://www.thepaper.cn/newsDetail_forward_7284808.

15. Li Kang, Zhang Jing & Deng Dasheng, "Evaluation of China's innovation policy implementation—based on survey data from 6 cities (我国创新政策落地评估——基于六城市调查数据分析)", *Modern Science*, Vol. 1/2020, <http://www.casst.org.cn/pdf/2020.01.pdf>; Liang Zheng, "From science and technology policy to science, technology and innovation policy—A reflection on transformation of policy paradigm in the context of Innovation-Driven Development Strategy (从科技政策到科技与创新政策——创新驱动发展战略下的政策范式转型与思考)", *Studies in Science of Science*, Vol. 3/2017, republished in: Keta xueshu 10 November 2019. <https://www.sciping.com/32755.html>.

S&T accomplishments. The bulk counting of published (SSCI) articles, numbers of citations, filed patents, etc. are seen as producing the wrong signals for leading the Chinese S&T community towards global excellence. These indicators are easily tampered with and prone to fraud.¹⁶

Focusing on the operational dimension of the Chinese innovation regime, Chinese analysts see a multitude of issues that stand in the way of achieving the full potential of the pro-innovation strategies devised in Beijing.

Individual researchers are ultimately the source of innovation. No matter what (financial) resources are invested, if the individuals operating the equipment are not incentivized to make the best use of them, results will remain unsatisfactory. Nonetheless, it is in this realm that Chinese commentators see crucial deficits in the Chinese innovation system. According to Wang Maoxiang, a researcher at Southeast University, in addition to the above-mentioned lack of skilled researchers, creative thinking, and an evaluation system that would identify truly outstanding work, **one should highlight insufficient autonomy and freedom of research, lacking material incentives, and the risks entailed in academic careers as factors that dampen the efficiency of China's innovation system.**¹⁷

The current system is seen to be too much restricted by predefined research operations and goals, leaving too little space for truly new forays into uncharted territory. China's research agendas with top-down predefined targets are increasingly understood as standing in the way of exploring the "unknown unknowns".

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Uncompetitive pay for most research staff is also a problem that China shares with many Western economies.¹⁸ **Innovative talents are seen to wander off into better-paid positions in business.** The problem, however, cannot be solved by improved compensation for innovative talents alone. What is also lacking is stable career paths for (academic) research staff that allow for an uninterrupted (economically safe) progression from the PhD to post promotion positions, and further advanced research employment.

A further major problem is identified as the extremely low conversion rate of scientific and technological achievements (patents) into marketable products.¹⁹

Chinese university's administration department often only play a passive supporting role in the transmission process, doing it as a mere formality (配合走过场).

With a conversion rate of less than 10%, China lies far below the average of about 40% in developed countries. Again, a multitude of factors are responsible for this situation. **Of crucial importance is the interaction between universities and academic institutions on the one side and the business world on the other.** The Chinese innovation management system is inefficient in coordinating these different inter-

ests, in establishing structures for an equitable sharing of risks, costs and revenues, and finally in creating a smooth transmission of ideas, from basic

16. Liaoning Association for Science and Technology, "Cutting Edge Discussing the Science and Technology Innovation Status and Countermeasures (前沿 | 浅议科技创新现状及对策)", *The Paper*, 07 May 2020. https://www.thepaper.cn/newsDetail_forward_7284808.

17. Wang Maoxiang, "Implementing innovation-driven strategy, catalyzing new development momentum through technological innovation (实施创新驱动战略, 以科技创新催生新发展动能)", *Guangmingwang*, 09. September 2020. http://theory.gmw.cn/2020-09/09/content_34168724.htm.

18. Cf. Average Salary Survey, "China Salary", <https://www.averagesalarysurvey.com/china>. While some Chinese R&D institutions can leverage state subsidies to offer highly attractive remuneration packages for top researchers (1000 Talents Program, Yangtze River Scholar Distinguished Professors Program, etc.) the majority of R&D personnel in public institutions earns salaries well below the national average.

19. Shen Jian, "How big is the gap between the conversion rate of China's scientific and technological achievements and the United States, and what is the problem? (中国科技成果转化与美国差距有多大, 问题在哪里?)", *zhishi fenzi*, 22 November 2019, <http://zhishifenzi.com/depth/depth/7531.html>; Liaoning Association for Science and Technology, "Cutting Edge Discussing the Science and Technology Innovation Status and Countermeasures (前沿 | 浅议科技创新现状及对策)", *The Paper*, 07 May 2020. https://www.thepaper.cn/newsDetail_forward_7284808.

research to market products. For instance, Shen Jian, Professor at Renmin University, notes that Chinese university's administration department often only play a passive supporting role in the transmission process, doing it as a mere formality (配合走过场).

Current Chinese discussions about the weaknesses of the country's innovation regime are more open than those on many other issues and point at a wide range of problems. In the run-up to the 14th Five-Year Plan many commentators are trying to establish a linkage with the "domestic circle" of the new "dual circulation" model championed by the party leadership.²⁰ Interestingly, this mostly leads to the conclusion that China can and should not (yet) try to build an autarkic innovation regime. The country remains reliant on important inputs from abroad – be it Chinese talent educated abroad to think independently and creatively, ideas generated in transnational innovation networks, or concepts for efficient innovation management. Consequently the concept of a "new innovation diplomacy" may be in the offing.²¹ Such a "new innovation diplomacy" builds on the idea of integrating China in closely knit international innovation networks. Against the background of the current disenchantment and rapid decoupling from the Western industrialized world, this goal will be increasingly difficult to attain. But it may motivate some badly needed liberalization measures in the fields of IPR protection, cross-border data management (transferability, local hosting requirements, etc.), inward FDI regulation etc. In any case, in the context of the "Belt & Road Initiative" China is already positioning itself as the scientific partner of choice for many developing economies and key education base for their latest generation of researchers. Here China may just be placing the right stones for winning a long-lasting game with the current global incumbents.

It may motivate some badly needed liberalization measures in the fields of IPR protection, cross-border data management.

20. Zhang Qizi, "Independent innovation is the key to forming a major domestic cycle (自主创新是形成以国内大循环为主体的关键)", *Guangming Ribao*, 03 September 2020.

21. Yu Jiang, Guan Kaixuan, Li Zhe, Chen Feng, "Focus on Key Technology Breakthroughs, and Strengthen National Scientific and Technological Innovation Systematization Capability (聚焦关键核心技术攻关强化国家科技创新体系化能力)", *Bulletin of Chinese Academy of Sciences*, 2020, 35(8):1018-1023. http://zgkxyyk.alljournal.cn/ch/reader/view_full_html.aspx?file_no=20200810&flag=1
Wang Maoxiang, "Implementing innovation-driven strategy, catalyzing new development momentum through technological innovation (实施创新驱动战略. 以科技创新催生新发展动能)", *Guangmingwang*, 09. September 2020. http://theory.gmw.cn/2020-09/09/content_34168724.htm.



XI JINPING AND THE SELF-FULFILLING PROPHECY OF “TWO-FACED INDIVIDUALS”

The topos of “two-faced individuals” (两面人) has a long tradition in Chinese political discourse. Different from Janus, the Roman god symbolizing the beginning and the ending in a morally neutral manner, that is commonly depicted as a horizontally arranged two-faced image (*Ianus Bifrons*), “**two-faced individuals**” in the Chinese context denotes a **vertically structured moral disorder**. A two-faced character is ascribed to officials who feign compliance vis-à-vis superiors (showing their “false face”), while acting in non-compliant ways vis-à-vis subordinates (thus revealing their “true face”). Prominent encyclopedic references range from ancient Confucian narratives about decadent officials to Mao Zedong’s attacks against deviant party members who pretend to toe the party line, while tacitly opposing it (阳奉阴违).²² Not a standard part of common knowledge, but nevertheless part of the lingua franca of communist party elites, is a more specific ideological connotation of the topos shaped by the Leninist and Stalinist vocabulary during political purges in the early Soviet Union. A recent article warning of

The art of double-speak – a variant of two-faced behavior – was not only widespread among Chinese officials at lower levels but also socially accepted as appropriate behavior in bureaucratic hierarchies.

Two-Faced Individuals published in the *Liberation Daily*, which quotes Lenin with “a tireless exhortation that forever should firmly be born in mind”, shows that this Soviet vocabulary is still very present today. Demanding to cleanse the CPSU from individuals who had “muddled their way into the party” (混进党里来的人), Lenin’s famous dictum is cited as: “**Those who are party members in name only** (徒有其名), **we don’t want them even for free!**”²³ While this connotation of ideological deviance

had fallen out of use over China’s reform period, the term continued to be used widely in common parlance.²⁴ As Perry Link illustrated vividly in the early 1990s, the art of double-speak – a variant of two-faced behavior – was not only widespread among Chinese officials at lower levels but also socially accepted as appropriate behavior in bureaucratic hierarchies.²⁵

Since 2013, however, the topos has been refunctioned in ideological discourses under Xi Jinping, who spent his childhood in a climate of Soviet influence and under the impression of Stalinist purges. A close reading of his speeches, of party documents, scholarly articles and media coverage of the Two-Faced Individuals phenomenon suggests **an increasing use of the term as part of the consolidation of Xi Jinping’s authority as the new paramount leader of the Chinese party-state**. Yet, it was only in early 2018, that the criticism of Two-Faced Individuals climaxed into a full-fledged ideological campaign targeting disloyal party cadres and dissenters among the rank-and-file of party and government officials. As this article argues, the



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22. “In the struggle against deviations, we must give serious attention to opposing double-faced behaviour. [...] To comply in public but oppose in private, to say yes and mean no, to say nice things to a person’s face but play tricks behind his back--these are all forms of double-dealing”, cf. Mao Zedong, “The Role of the Chinese Communist Party in the National War”, Report to the Sixth Plenary Session of the Sixth Central Committee of the Party (October 1938). In: *Selected Works of Mao Tse-tung*, edited by Foreign Languages Press, Beijing, Vol. II.

23. Jiefang Ribao, “In order to strengthen the political building of the party, we must be on guard against ‘Two-Faced Individuals’ (加强党的政治建设必须防范‘两面人’)”, 03 December 2019. <https://www.jfdaily.com/journal/2019-03-12/getArticle.htm?id=267761>.

24. Markus Jentsch, Das „Gesichts“-Konzept in China. Fallbeispiele und ausgewählte Aspekte. Baden-Baden: Nomos, 2015, pp. 139f., 161f.

25. Perry Link, *Evening Chats in Beijing. Probing China’s Predicament*. New York: W.W. Norton and Company, 1993, pp. 176ff.

ongoing campaign against Two-Faced Individuals can be understood as the flip side of the canonization of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era (习近平新时代中国特色社会主义思想)” (hereafter: Xi Jinping Thought), undertaken since the beginning of Xi Jinping’s second term as party chief. **Paradoxically, by conjuring up the spectre of Two-Faced Individuals and pressuring cadres into incessant demonstrations of true beliefs in the New Era canon and heart-felt loyalty towards the party.** The party appears to increasingly antagonize its members, thereby creating a self-fulfilling prophecy of disloyalty and dissent.

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The hidden rules of feigned compliance

Soon after Xi Jinping took over as Party secretary-general in late 2012, the Two-Faced Individuals discourse started to appear in the context of his revitalization of Mao-style criticism and self-criticism rituals, and demands for loyalty towards the party. In various speeches, he encouraged party members to dare to speak up on controversial issues, admonishing them not to speak “with two mouths (两个嘴巴)” or to show “two faces (两张面孔)”. Quite insightfully, in a speech given in May 2014, he warned that **while many party members regarded these unspoken rules (潜规则) of feigned compliance as normal conduct, such disloyal behavior actually poisoned party life and social habits.**²⁶

These early calls for loyalty and compliance came to form part of the efforts to “comprehensively govern the Party with strict discipline” (全面从严治党), the fourth element of the “Four-pronged Comprehensive Strategy” (四个全面战略布局)²⁷ formally adopted in 2015 which gradually evolved as the ideological universe behind Xi Jinping’s “top-down design (顶层设计)” governance model over his first term in power. In this universe, party and government cadres at lower levels, who previously had been given much leeway to adapt central policies to local situations, now faced unseen numbers of central policies cascading down the administrative hierarchy with an expectation of full and swift implementation on the ground. In a climate of growing uncertainty and fear emerging from the simultaneously launched anti-corruption drive, lower-level cadres tended to take a passive attitude, avoid sticking out their heads, silently obey or tacitly circumvent the myriads of directives emanating from the center. Against this backdrop of growing top-down pressure, feigning compliance appeared as a rational reaction. Accordingly, in the early years of Xi Jinping’s leadership, **the Two-Faced Individuals discourse appears as an instrument in the party discipline toolkit employed by the party center, to enforce strict compliance with its top-down-design governance.**

Redefining loyalty towards the party in the New Era

Starting with Xi Jinping’s report to the 19th Party Congress in late 2017, which marked the beginning of his second term as party chief, the fight against Two-Faced Individuals coalesced into a full-fledged campaign. Coinciding with the enshrinement of Xi Jinping Thought in the national constitution, the scrapping of presidential term limits, and the large-scaled restructuring of party and state organs in early 2018,²⁸ **we observe a steep quantity increase and significant tonality changes of the Two-Faced Individuals discourse.** As the analysis of this discourse after 2018 suggests, the canonization of

26. All quotes are taken from a compilation of speeches given by Xi Jinping between 2013 and 2016, in: Xi Jinping, “Let criticism and self-criticism become a compulsory lesson for all party members and cadres (让批评和自我批评成为每个党员、干部的必修课)”, *Renminwang*, 10 January 2017. <http://cpc.people.com.cn/xuexi/n1/2017/0110/c385474-29012940-2.html>.

27. The other three being “Comprehensively building a moderately prosperous society” (全面建小康社会), “Comprehensively deepening reform” (全面深化改革) and “Comprehensively governing the country according to law” (全面依法治国); *Renmin Ribao*, 24 February 2015.

28. Heike Holbig, “China after Reform: The Ideological, Constitutional, and Organisational Makings of a New Era”, in: *Journal of Current Chinese Affairs*, 47, 3 (October 2018), pp. 187–207.

The New Era required cadres to prove their sincere loyalty through true beliefs and morally impeccable behavior.

Xi Jinping Thought has come along with increased efforts to redefine the substance of loyalty. While it had previously been sufficient for cadres to demonstrate a pragmatic loyalty consisting of formal compliance and rote learning of ever new party theories, **the New Era required cadres to prove their sincere loyalty through true beliefs and morally impeccable behavior.**

Over the first half year of 2018, party organs published three prominent articles whose cultural-revolution-style rhetoric signaled that a fierce ideological struggle was going on behind the scenes. In early January, in a piece titled "Resolutely eliminate 'Two-Faced Individuals' (坚决清除'两面人')", Xinhua lashed out against former Politburo member and Chongqing party-secretary Sun Zhengcai and two other province-level party secretaries, who were accused of corruption and disloyalty towards the party.²⁹ In early April, the party theory organ *Seeking Truth and People's Daily* simultaneously published an article titled "Resolutely oppose Two-Faced Factions and Two-Faced Individuals (坚决反对搞两面派做两面人)".³⁰ Different from the January piece, this article explored the Two-Faced Individuals problem on an abstract level. **Presenting a long list of stereotypical proverbs denoting disloyal behavior and ascribing them to a "small number of party members and cadres", they stressed not so much the aspect of feigned compliance, but rather the lack of moral principles and moral integrity.** In line with the "new great engineering project of party building in the New Era (新时代党的建设新的伟大工程)", the article called upon all party members to "carry forward the values of loyalty and integrity" (弘扬忠诚老实的价值观). A similar article titled "Resolutely oppose to being Two-Faced (坚决反对做两面人)" followed in early July.³¹ The authoritative opinion piece quoted a passage from ancient Confucian philosophy to illustrate the evil nature of Two-Faced Individuals. Using the classical term "demon of the state" (国妖), the article evoked associations of evil-spirited subordinates harming the king's benevolent rule. It warned that the leadership's new emphasis on the "the political building of the party (党的政治建设)" ("political" denoting an ideological clash with "liberal" elements here), Two-Faced Individuals would no longer be safe and no longer have a place to hide.

As this discourse reveals, the emphasis of the Two-Faced Individuals topos had shifted from an inconsistency between speech (言) and actual conduct (行), or between formal and informal behavior (i.e., the problem of party cadres' feigned compliance), to an inconsistency between mouth (口) and heart (心), or between outer appearance and inner beliefs of party members. In line with this new moral diagnosis of the Two-Faced Individuals syndrome, a flurry of party documents called upon party members to cultivate true beliefs in party ideology and demonstrate genuine loyalty towards the party.

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To give a more precise orientation of party members' loyalty, party theorists in September 2018 coined the new slogan of "Two maintenances" (两个维护), namely **"to maintain General Secretary Xi Jinping's core position on the**

29. "Resolutely eliminate 'Two-Faced Individuals' (坚决清除'两面人')", *Xinhua*, 08 January 2018. http://www.xinhuanet.com/politics/2018-01/18/c_129794266.htm.

30. "Resolutely oppose Two-Faced Factions and Two-Faced Individuals" (坚决反对搞两面派做两面人)", *Qiushi*, 04 April 2018, http://www.qstheory.cn/CPC/2018-04/04/c_1122637914.htm
"Resolutely oppose Two-Faced Factions and Two-Faced Individuals" (坚决反对搞两面派做两面人)", *Renmin Ribao*, 04 April 2018. <http://opinion.people.com.cn/n1/2018/0404/c1003-29906120.html>.

31. Xu Zhongming, "Resolutely oppose to being Two-Faced (坚决反对做两面人)", *Renmin Ribao*, 02 July 2018. <http://opinion.people.com.cn/n1/2018/0702/c1003-30098442.html>.

Party Central Committee and in the Party as a whole, and to maintain the Party Central Committee's authority and its centralized, unified leadership" (维护习近平党中央的核心、全党的核心地位, 维护党中央权威和集中统一领导).³² In March 2019, the party's Central Committee adopted "Opinions on the political building of the party", calling upon all party members to stick to the Two Maintenances and to resolutely oppose Two-Faced behavior and "fake loyalty (伪忠诚)".³³

The former Interpol President, Meng Hongwei, is another example of a high-ranking Chinese official accused of a Two-Faced attitude, according to a *People's Daily* article published at the time of his purported resignation in absentia due to alleged massive bribery in October 2018.³⁴ Meng Hongwei also is among the persons identified as belonging to a "Two-Faced Camp" or "faction" (两面派) in a report made by Zhao Leji, Secretary of the Central Commission for Discipline Inspection (CCDI), the party's top anti-corruption body, in January 2020 and published in the *Economic Daily*.³⁵ In a passage dedicated to a variant of corruption in which "political and economic problems are intertwined", Zhao zeroed in on "Two-Faced factions and individuals who don't show even a modicum of respect for party discipline and party rules, are disloyal and insincere towards the party as well as seriously corrupt (对政治纪律和政治规矩毫无敬畏, 对党不忠诚不老实且严重贪腐的两面派、两面人)".

Two-Faced Individuals as targets of a new rectification campaign?

The campaign peaked in May 2020, when a provisional set of new regulations under the ominous title of *"Some rules for out-of-work political statements and actions by party members in central party and state agencies (中央和国家机关党员工作时外政治言行若干规定)"* emanated from the party center. **The regulations offered detailed standards for politically correct on- and offline behavior that cadres had to heed in line with the Two Maintenances**

The party now claimed to regulate the "words and deeds" of cadres not only on the job but also in their private capacities.

while being out of office. The formulaic cautioning against Two-Faced Individuals was an explicit part of the new rules (Rule No. 3). The very fact, however, that the party now claimed to regulate the "words and deeds" of cadres not only on the job but also in their private capacities appears to tackle the root cause of

the Two-Faced Individuals problem – the deviance between party members' conduct in official and private contexts.

On July 8, 2020, the Party's Central Political and Legal Affairs Commission rolled out a pilot scheme for a nationwide "education and rectification" campaign among the judiciary, prosecutors and police. The commission's secretary-general **Chen Yixin called for "scraping the poison off the bones", "driving out the evil and bringing in the good", "eliminating the black sheep" and "to ferret out those 'Two-Faced Individuals' who were disloyal towards the Party and insincere"**. Even more tellingly, he compared the efforts to the 1942 Yan'an Rectification Campaign, through which Mao Zedong had consolidated his paramount position in the party.³⁶ Rife with reminiscences of discursive practices from the Cultural Revolution and earlier Maoist purges, Chen's speech must have sent shockwaves, not only to public security circles, but also to other party and state officials. As if to nourish fears of another countrywide rectification campaign, on August 31, 2020, *Seeking Truth* reprinted a 2019 speech by Xi Jinping in which he elaborated on the key

32. "Four Consciousnesses", 'Four Confidences' and "Two Maintenances" are forming a mutually reinforcing entirety (四个意识 "四个自信" "两个维护" 是相辅相成的整体)", *CPC News*, 12 March 2020. <http://theory.people.com.cn/n1/2020/0312/c40531-31628571.html>.

33. General Office of the Chinese Communist Party, "Opinions of the Party Central Committee on Strengthening the political building of the Party (中共中央关于加强党的政治建设的意见)", adopted on 31 January 2019. http://www.xinhuanet.com/politics/2019-02/27/c_1124171974.htm.

34. "The investigation of Meng Hongwei was entirely self-sought, we firmly support the investigation (孟宏伟被查完全是咎由自取 坚决拥护、坚决支持)", *People's Daily*, 8 October 2018. <https://baijiahao.baidu.com/s?id=1613735821639821931&wfr=spider&for=pc>.

35. Zhao Leji, "Upholding and refining the party's and state's supervision system to offer a robust guarantee for the building a moderately prosperous society in all respects (坚持和完善党和国家监督体系 为全面建成小康社会提供坚强保障)", *Economic Daily*, 13 January 2020. http://paper.ce.cn/jjrb/html/2020-02/25/content_413110.htm.

36. Chen Yixin, "Highlighting 'Four Tasks', doing a good job of 'Three Links', firmly unfolding the pilot phase of education and rectification (突出 '四项任务', 抓好 '三个环节', 扎实开展教育整顿试点工作)", 8 July 2020. <http://cpc.people.com.cn/n1/2020/0709/c64102-31777127.html>.

role of ideological and political education in the long-term grooming of loyal party members.³⁷

Grooming disloyalty

With these portents of a new political purge in mind, the puzzle remains as to who the ominous Two-Faced Individuals actually are and where they are to be found. While it is impossible to probe into the recesses of people's minds to gauge who is a true believer of party ideology and who is not, the party is facing the same impossibility. Yet, **there are indications that the party leadership's preoccupation with Two-Faced Individuals actually is not so much a reaction to but rather a catalyst or even cause of growing numbers of disloyal party members.** At least this is what dissenting voices seem to suggest. Already in early 2018, Wang Dan, a prominent democracy advocate, suggested Xi Jinping was facing Two-Faced Individuals everywhere due to the fear arising from his dictatorship.³⁸ In early February 2020, against the backdrop of the unfolding Covid-19 epidemic, civil rights activist Xu Zhiyong stated in an open letter that called for Xi Jinping's resignation: *"The way you see it, anyone who is infected by [liberal] ideas—you've called them 'two-faced individuals'—must not only be blocked from government employment, they must also be actively repressed. But, let me ask you: How many dyed-in-the-wool 'one-faced individuals' do you really think there are? [...] How many true talents in society and government do you honestly think are 'one-faced individuals'?"*³⁹ Similarly, law professor Xu Zhangrun, in an online jeremiad spread around the same time, alluded to ancient Chinese depictions of emperors surrounding themselves with hypocrites and sycophants.⁴⁰ In an interview given in May 2020, retired Central Party School professor Cai Xia satirized the Two Maintenances and other party theory slogans, criticizing the preposterous efforts to make the entire Party study them *"as if they were some kind of a divine text"*.⁴¹

As if to support the alleged ubiquity of Two-Faced Individuals alleged by these dissenters, a scholarly article published in the investigative *Caixin* magazine in mid-April 2020, took up economic concepts of asymmetric information, moral hazard and the principal-agent problem to analyze the phenomenon of "formalism". In scientific jargon, the problem of Two-Faced Individuals was explained as a self-enforcing process of "adverse selection" (逆淘汰), whereby capable persons were increasingly crowded out by mediocre competitors who knew how to feign loyalty (表忠心) vis-à-vis their superiors.⁴²

It is difficult to gauge whether these are single voices or the tip of an iceberg. **What these examples seem to indicate, however, is a vicious cycle of distrust on the side of the party leadership, pressure on party members to demonstrate true loyalty, and a resulting alienation among the target group, which leads to increasing disloyalty and dissent.** In this sense, the ongoing ideological struggle against Two-Faced Individuals – a struggle that has become increasingly fierce in the wake of the canonization of Xi Jinping Thought along with ever louder calls for true belief and heart-felt loyalty – appears to groom Two-Faced party members in growing numbers. Given the intimacy of party-members' innermost beliefs and convictions, of course, the more tacit voices of disloyalty are hard to perceive, given the massive white noise produced by the ongoing construction of the New Era canon.

37. Xi Jinping, "Ideological and political classes are the core subject to fulfill the basic task of establishing virtue and cultivating the young (思政课是落实立德树人根本任务的关键课程)", *Qiushi*, 31 August 2020.

38. Wang Dan, "Who are the Two-Faced Individuals 'inside the Party' (谁是中共内部的 '两面人')?", RFA, 19 January 2018. <https://www.rfa.org/mandarin/pinglun/wangdan/wd-01192018110542.html>.

39. Xu Zhiyong, "Dear Chairman Xi, It's Time for You to Go (劝退书)", 4 February 2020, English translation by Geremie Barmé. www.chinafile.com/reporting-opinion/viewpoint/dear-chairman-xi-its-time-you-go.

40. Xu Zhangrun, "Viral Alarm: When Fury Overcomes Fear (愤怒的人民已不再恐惧)", 4 February 2020, English translation by Geremie Barmé. www.chinafile.com/reporting-opinion/viewpoint/viral-alarm-when-fury-overcomes-fear.

41. "Former Party Professor Calls CCP a 'Political Zombie'", English translation of a speech held by Cai Xia in mid-May, *China Digital Times*, 12 June 2020. <https://chinadigitaltimes.net/2020/06/translation-former-party-professor-calls-ccp-a-political-zombie/>.

The problem of Two-Faced Individuals was explained as a self-enforcing process of "adverse selection" (逆淘汰).

42. Chen Kang, "Formalism and asymmetric information (形式主义与信息不对称)", *Caixin*, 15 April 2020, <http://opinion.caixin.com/2020-04-15/101542878.html>. The concept of "adverse selection" was also used in another scholarly article analyzing phenomenon of Two-Faced Individuals; cf. Liang Chengbi, "A strategy to tackle the problem of 'Two-Faced Individuals' in the context of the political building of the party (政治建设语境下 '两面人' 问题的治理方略)", *Lingdao Kexue*, October 2019, pp. 17–20.

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