



China: Interpreting the Economic Impact of the COVID-19 Pandemic in the Context of National Goals

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Abstract The urgent task of combining anti-epidemic measures with restoring economic activity was the most important focus for Chinese economists up to mid-2020. The main research topic was the growth rates required to meet the national goal of overcoming extreme poverty in 2021. China rapidly entered the post-COVID-19 era. Economists began to discuss the future of globalisation and the sustainability of global value chains. In the context of the normative concept of ‘the profound changes unseen in a century’, COVID-19 was interpreted as one of the multiple factors driving these changes. Economists took an active part in preparing a new five-year plan of socioeconomic development. Xi Jinping’s meeting with leading Chinese economists in August 2020 was of great symbolic significance, since it highlighted the prestige of the profession in the eyes

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of the authorities. The new policy of ‘dual circulation’ responded to the effects of the pandemic and the deteriorating external economic environment. In 2021 Chinese economists focused on this policy, along with the tasks involved in the long-term development of China’s economy and how to achieve ‘the second centenary goal’ of comprehensive national modernisation by the middle of the century.

Keywords Chinese economists · COVID-19 crisis · Economic research · The Communist Party of China · Xi Jinping · ‘two centenary goals’ · The 14th five-year plan

2.1 REFORM POLICY AND CHINESE ECONOMISTS

The path of development of the People’s Republic of China (PRC) since the mid-1950s determined the nature of its response to the COVID-19 crisis. On the one hand, the authorities were confident about their ability to mobilise people and concentrate resources in an emergency. On the other hand, during the period of reforms that started in 1978 the government mastered the effective use of instruments of market economic policy. China successfully avoided the external shocks of the Asian economic crisis of 1998 and the global financial crisis of 2008. In 2003 it quickly suppressed the SARS epidemic. When the COVID-19 crisis arose, China combined centralised political command with focusing its attention on a rapid recovery of economic activity.

Prior to the COVID-19 crisis, the Chinese leadership had recognised the objective and irreversible nature of the slowdown in economic growth. In 2014, the official concept of a ‘new normal’ sent a signal that it was impossible to return to the high double-digit growth rates of the PRC’s economy. The shift from striving for high quantitative indicators to ensuring the quality of growth has become the main feature of the ‘new normal’. In 2015, the idea of ‘supply-side structural reform’ was officially introduced. It aimed at reducing excess production capacity and unsold stocks, de-leveraging corporate debts and cutting costs. The liquidation of the ‘zombie enterprises’ that had become non-viable was declared an urgent task.

The ‘new normal’, ‘supply-side structural reform’ and the goal of building a modern ‘innovative state’ became fundamental components

of Chinese economic policy from 2015 onwards. All these basic concepts were proclaimed by Xi Jinping. This led to the formulation of ‘Xi Jinping’s economic ideas of socialism with Chinese characteristics for a new era’ that underpin a normative reading of economic theory. Chinese economists have begun to comment on these ‘economic ideas’.

The specifics of economic studies in modern China have been formed by the influence of two ideological and theoretical trends.

First, the scholarly community is influenced by the official ideology of the Communist Party of China (CPC), which has Marxism and ‘Mao Zedong thought’ as its integral parts. At the same time, contemporary Chinese economic thought is different from the Soviet version of political economy, mostly due to the official recognition of the market economy in China. In 2013, the 3rd Plenary Session of the 18th CPC Central Committee declared that the market should play a decisive role in resource allocation.

Second, the Chinese professional community is open to foreign economic ideas. Many Chinese economists were educated in the West, primarily in the USA. The most intense borrowing of Western economic ideas took place in the 1980s. During this period, the interaction of Marxist political economy and Western theory in Chinese economics resembled a ‘zero-sum game’, when the spread of Western concepts and textbooks reduced the sphere of influence of Marxism. At the beginning of the new century, the authorities restored the balance of the two intellectual currents by providing targeted support to Marxist studies; the task of adapting foreign theories to Chinese practice came to the fore.

In the early period of reforms, the difference in approaches within the professional community was clearly visible. The supporters of a dogmatic understanding of the planned economy opposed the reformers, who advocated market transformations. The conflict eased in 1992, when Deng Xiaoping called for accelerating reforms, warning that leftist views bring the most damage. Since then, the significantly weakened ‘conservative’ supporters of the planned economy have no longer been an obstacle to market reforms in China.

In the late 1990s, growing income inequalities in China and widespread dissatisfaction relating to social injustice led to the rise in popularity of the ‘New Left’. They criticised the mainstream pro-reform economists for promoting Western neoliberalism in China, justifying social inequality and allowing state economic assets to be transferred into the hands of Chinese oligarchs and foreign capitalists.

The authorities have responded to this challenge in the fields of ideology and social sciences. In the early 2000s, a campaign of academic criticism of neoliberalism prompted economists to publicly dissociate themselves from this ideology. Simultaneously efforts were made to reinforce the position of Marxism in economic education and research. The policy of market reforms has remained unchanged, though.

Chinese economists continued to borrow from the achievements of Western economics. In 2016, Xi Jinping announced the sinification of economic research. He encouraged economists to build social sciences with Chinese characteristics, ‘style’ and ‘colour’, to bring together Marxism, Chinese traditional thought and Western theories (Xi Jinping’s speech, 2016). In the field of economics, implementing these tasks has strengthened the positions of the Marxists and stimulated attention to the history of Chinese economic thought.

The theme of the influence of public intellectuals, including economists, was very popular in China in the mid-2000s. Now its relevance is greatly diminished, thanks to the strengthening of the CPC’s power and the consolidation of the ideological consensus. Chinese economists do not express open criticism of government policies.

Absence of big debates and controversies in the professional community can be partly explained by the disappearance of clear dividing lines among economists. The confrontation between ‘conservatives’ and ‘reformers’ is a thing of the past. The ‘New Left’ has become part of the ideological and theoretical mainstream. Nowadays, Chinese authorities are paying much more attention to supporting socially vulnerable groups and establishing a legal framework for the activities of big business than they did 15 or 20 years ago. Open complaints about the lack of decisiveness in economic reforms in China are rare. This can be explained by the strengthening of ideology and more public support for the policy of sustainable economic development and stable movement in the direction of ‘common prosperity’ without shocks and further income polarisation.

2.2 ECONOMIC RESEARCH DURING THE FIGHT AGAINST THE EPIDEMIC

The official history of the battle against the COVID-19 epidemic was presented in the white paper ‘Fighting COVID-19: China in Action’, released by the State Council Information Office of the PRC in early June 2020. The four-month period is divided into five stages beginning from

the swift response to the epidemic on 27 December 2019 to normalising the situation after 29 April 2020 (Fighting COVID, 2021).

By the end of 2021 there were no more waves of the epidemic in China. Thanks to the zero-tolerance strategy, since spring 2020 all outbreaks of COVID-19 in China have been rapidly contained.

Centralised leadership, an approach using mass mobilisation, and strict quarantine measures left no room for academic debates on the economic consequences of the anti-epidemic policy. At a meeting of the Standing Committee of the Political Bureau of the CPC Central Committee on 25 January 2020, Xi Jinping said: ‘Human life is more important than Mount Taishan. Fighting the epidemic is the command, work on prevention and control is the responsibility’ (People’s Daily, 2020).

Before the epidemic, Chinese propaganda focused on Xi Jinping’s words that the world was entering a period of profound changes that had not been seen in a century. This emphasis on being prepared to face significant unpredictable challenges helped to mobilise the Chinese elites and society to resist the epidemic. In 2018 Xi Jinping emphasised that an era of change brings not only challenges, but also unique opportunities for China (People’s Daily, 2018). The concept of ‘changes unseen in a century’ promoted the spirit of proactive adaptation to global changes in a way that would benefit China’s development. The impact of the epidemic on the global economy has been perceived by Chinese researchers as part of these ‘changes’.

The slogans ‘the Chinese dream of the great rejuvenation of the Chinese nation’ and ‘two centenary goals’—to build a moderately prosperous society by the centenary of the founding of the CPC in 2021 and a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious by the centenary of the founding of the PRC in 2049—served as major reference points for anti-COVID-19 strategy. Efforts to restore economic growth were motivated by a political understanding that a long-term slowdown would make it impossible to fulfil the promise to eradicate absolute poverty by the anniversary of the founding of the ruling party.

Normative interpretations of the external situation and internal development goals of China similarly assessed the situation on the scale of a century (‘changes unseen in a century’, ‘two centenary goals’). The response to the epidemic crisis involved using familiar tools of political governance and macro-regulation to continue working on long-term,

large-scale tasks in a changed environment. That was the cornerstone of consensus in the professional community at the start of the epidemic.

After rapidly suppressing the epidemic, the authorities were able to ensure the stability of the internal political cycle. The Government Work Report presented at the National People's Congress (NPC) session did not set a gross domestic product (GDP) growth target for 2020, thus recognising that elements of uncertainty and unpredictability remained. In 2019, the actual growth rate was 6.1%. Anti-epidemic isolation measures led to the fall of real GDP growth to -6.8% in the first quarter of 2020; the subsequent recovery allowed China to end the year with positive growth of 2.3% (Statistical Communiqué, 2021).

The programme of actions to revive economic activity outlined in the Government Work Report sent a positive signal to markets and set a reference point for discussion in the economic community. In the second quarter of 2020, the Chinese government launched a large stimulus package to revive the economy. Both fiscal and monetary measures were utilised. The researchers note that tax reductions and cheap credit for small- and medium-sized enterprises in affected industries and regions have created jobs and stimulated production and investment (Wei, 2020). The secondary sector of the economy suffered more than others, due to a decrease in global demand and a shrinking domestic supply of labour caused by lockdowns and mobility constraints. The spread of online services and information technologies helped to cushion the fall of the tertiary sector.

2.3 MAIN FIELDS OF COVID-RELATED ECONOMIC RESEARCH

The academic interests of Chinese economists in 2020 were analysed in a bibliometric study of key words in journal articles published during 2020 and indexed in the China National Knowledge Infrastructure (CNKI) 'Economics and Management' database and in the Chinese Social Sciences citation index. The study counted 24,299 articles registered in both databases as of 16 February 2021. It turned out that the top key word was the 'One Belt, One Road' initiative. According to this study, the topic of the epidemic was ranked tenth in Chinese economic publications. It lagged behind the problems of rural revitalisation, high-quality development, targeted poverty alleviation, an innovative economy and structural transformations.

There were three main research fields within Chinese epidemic-related economic publications. The first assessed the impact of the epidemic on the Chinese economy and suggested measures to restore economic activity. The second area focused on the impact of COVID-19 on the global economic and political situation, and on the modernisation of the global governance mechanism. Finally, the third was related to assessments of risks and opportunities for China's development in the context of changes in the global economy caused by the pandemic (Luo et al., 2021, pp. 39, 55–56).

China's intensive struggle against the epidemic was short. Chinese economists supported the official policy of concentrating all efforts on combating the epidemic. Articles written at that time were few, and were published after the topic had lost its practical relevance. In the subsequent period of prevention and control of the virus, scholars focused on the impact of COVID-19 on supply chains and on the recovery of economic activity.

At the start of the fight against the virus, when Chinese economists did not yet have data to assess the consequences of the epidemic, some researchers turned to the methodology for studying epidemics and the impacts of epidemics on the economy. They were particularly interested in the topic of economic losses caused by epidemics, as well as in the role of prevention and treatment of diseases in improving public welfare.

Epidemiological economics was new to China, therefore researchers summarised recent worldwide developments in the field and compiled bibliographies of related works by foreign authors. It was noted that studies in epidemiological economics would gain more popularity following the implementation of the 'healthy China' strategy until 2030, which had been put forward by the government before the outbreak of COVID-19 (Xing & Tian, 2020). Chinese researchers proposed to base studies on the theory of the economics of epidemiology on Big Data analysis and the use of artificial intelligence (Yin & Wang, 2020, p. 108). Scholars also addressed ancient history to demonstrate the continuity of national traditions in combating epidemics. The experiences of isolating patients during the old dynasties and the use of Chinese medicine for treating disease had become relevant again (Zhang, 2021).

The mainstream research priorities of early 2020 can be illustrated by the Institute of Economics, Chinese Academy of Social Sciences (CASS)'s Zhang Ping and Yang Yaowu's analysis of the impact of the epidemic on the growth of the Chinese economy. Based on activity data from small and

medium-sized enterprises, they estimated the loss of working days and deviation from the normal economic growth trajectory due to the slow resumption of work in the first quarter of 2020. Researchers noted that, while the epidemic did not change long-term economic trends, its short-term heterogeneous impact on different regions, industries and social groups could not be overlooked (Zhang & Yang, 2020).

Liu Wei (People's University of China) stressed that in the course of the implementation of supply-side structural reform, the shock that COVID-19 caused the Chinese economy and the subsequent process of recovery set clear requirements for an adjustment of monetary policy (Liu, 2020).

Lei Da and Wu Jingmin observed that the impact of the pandemic came simultaneously from two sides—supply and demand. This made it difficult to use traditional anti-crisis measures to support aggregate demand. On the demand side, limited mobility of the population led to a decrease in income. On the supply side, mobility constraints hit production, led to supply chain disruption, and lowered the incomes of small enterprises, leading to a higher risk of bankruptcy (Lei & Wu, 2020).

Cai Fang (CASS Vice President) reasoned that the epidemic turned into a test of adherence to the principles of social justice in the distribution of income. During the COVID-19 crisis, developed countries acted ineffectively and did not demonstrate the advantages of a high level of per capita income, advanced science and technology, or abundant healthcare resources. One of the reasons for this is the dominance of 'trickle-down economics' in these countries. Neoliberal tax-cutting policies increase the pie, but do not solve the problem of unequal distribution. Cai Fang suggested that in future 'trickle-down economics' should be abandoned and replaced by a different concept that puts people at the centre and uses an alternative mechanism to support the population in a crisis. China, which focuses on ensuring people's well-being via governmental provision of basic public goods, can become the possible source of this new approach (Quan et al., 2020, pp. 9–11).

Pan Yingli (Jiaotong University, Shanghai) worried that, as the global economy entered a period of depression, it would be difficult to resist the downward trend in the Chinese economy. The reason was that, in the past, China relied too heavily on external markets, technologies and resources. Against the background of deglobalisation, the Chinese economy came under the pressure of deindustrialisation. The Chinese

industry could grow stronger only by ‘losing weight’: it would be necessary to get rid of excess production capacity and carry out deleveraging to prevent financial risks (Quan et al., 2020, pp. 21–23).

Chinese researchers expressed concern about the lack of effective international coordination in countering the global economic downturn, and called for new rules in international trade. Huang Jianzhong (Shanghai Institute of Foreign Trade) stressed that the cause of deglobalisation was not the epidemic, but structural contradictions in the real economy, income polarisation and changes in US policy. The epidemic had activated ‘the circuit breaker’ of globalisation, disrupting global value chains on both the supply and demand sides. This led to the fragmentation of the global economy and demonstrated that the role of the policy of large-scale, ‘flood-like’ stimulus was becoming less significant (Quan et al., 2020, pp. 24–26).

The professional community debated the role of institutional and cultural factors in the fight against the pandemic. Chinese economists Li Pengfei, Lu Ming and Zheng Yilin pointed out that practices of public hygiene and widespread wearing of face masks in Asia were rooted in cultural tradition, including the Confucian emphasis on the individual’s personal contribution to social stability and well-being. Asian governments adopted comprehensive lockdown policies during the initial outbreak of the epidemic because they were confident of citizens’ support for their actions. While culturally rooted values helped to rally the population to respond to the pandemic, government policies also played a major role. China’s spatial and urbanisation features also influenced the pattern of transmission of infection within the country. The Chinese government was very interventionist at a micro level. The authorities mobilised the population to support work on locked-down neighbourhoods, tracing contacts and testing residents. They also used micro-targeting economic measures, such as direct financial support for the poorest groups and some enterprises. This allowed the economy to keep moving towards China’s long-term development goals (Li et al., 2020).

Since the second half of 2020, Chinese researchers have turned to studies of economic development in the ‘post-epidemic era’. By this time, the professional community was confident that in China the epidemic was a thing of the past. This led to a shift in the focus of research interests, away from the short-term problems of fighting the virus towards the long-term global consequences of the pandemic.

2.4 ECONOMISTS AND POLITICAL LEADERSHIP

When anti-epidemic restrictions were lifted, the Chinese leader Xi Jinping formulated a new economic strategy of ‘dual circulation’: this called to prioritise domestic demand and to rely more on the ‘internal’ cycle of production, distribution and consumption. China should remain open to the ‘external circulation’ of international trade and investment, thus enabling internal and external circulation to boost each other (Xi, 2020, p. 5).

Xi Jinping introduced this policy on 10 April 2020 at the 7th meeting of the Central Economic and Financial Affairs Commission. He said: ‘Since the beginning of the COVID-19 epidemic outbreak, I have presided over many meetings and have given a lot of instructions to promote the proper handling of epidemic control and economic and social development work. At the same time, in connection with the prevention and control of the epidemic, I also thought about major issues related to the country’s medium- and long-term economic and social development’ (Xi, 2020, p. 4). Here, Xi Jinping clearly claims authorship of the ‘dual circulation’ strategy. This has excluded economic research bodies or individual scholars from claiming ‘co-authorship’ and the possibility of public recognition for this.

In 2020 the fight against COVID-19 coincided with preparations for the 14th Chinese five-year plan (FYP) for 2021–2025; this made it possible to incorporate anti-crisis measures and ‘dual circulation’ in the final version of the plan.

In August 2020 Xi Jinping met with leading economists to discuss the 14th FYP. The meeting demonstrated the Chinese leader’s interest in direct communication with economic policy researchers. Xi Jinping listened to his guests and praised their intellectual contributions: ‘Just now, experts and scholars have made very good speeches. Starting from their respective professional fields, everyone put forward valuable opinions and suggestions on the development environment, ideas, tasks and measures for the 14th FYP period. I was very inspired by this, and other experts participating in the conference submitted written speeches. I ask the concerned sides to study and absorb them’ (Xi, 2021, p. 4).

After that, Xi Jinping expressed his own opinions regarding the ‘correct understanding and mastering’ of the major issues of socioeconomic development. He elaborated on the CPC’s expectations of economic research and set priority tasks for further exploration.

Xi Jinping stressed that the 14th FYP is the first FYP on the path to the second centenary goal. He urged the experts to work for the future and quoted from the classical Confucian text *The Doctrine of the Mean*: ‘In all things, success lies in previous preparations; there will be failure without previous preparations’ (Xi, 2021, p. 4). He reminded the experts that theory stems from practice and is used to guide practice; researchers’ mission is to master the ‘themes of the era’. The practice of reforms and modernisation of China is a rich mine for theory and policy research. Chinese economists and social scientists have a lot of work to do, and proper use of resources from this rich mine will enable them to contribute to the development of theory. To succeed, Chinese scholars must adhere to Marxism, proceed from the situation in their country, understand the real situation, see the essence through the phenomena and establish an international vision (Xi, 2021, p. 10).

The list of attendees at the meeting provides a glimpse into the composition and areas of interest of the ‘core of the mainstream’ of the Chinese expert community. The writings and public statements of nine economists who spoke at the meeting can provide insights into the views of the key representatives of the mainstream who made the most significant contributions to the development of China’s economic policy.

Director Emeritus of the National School of Development of Peking University, Lin Yifu is the former First Vice President and Chief Economist of the World Bank. After returning to China, he developed and promoted the theory of new structural economics. He argues that government should play an active role in identifying and supporting industries that contribute to growth. He is known for his forecasts. In 2020 he said that the potential annual growth rate of China could reach 8%: this would allow China to overtake the USA as the world’s largest economy by 2030. In his opinion, in 2020, China successfully passed the ‘exams’ of the pandemic and tensions with the USA. Lin Yifu predicted a ‘V-shaped’ economic rebound, but cautioned that China would inevitably have to handle difficult relations with the USA and deal with other challenges, which are part of the ‘profound changes unseen in a century’ (Lin, 2020).

Vice President of the China Society of Economic Reform, Fan Gang rose to prominence in the 1990s as a young, bright advocate of reforms. He co-founded the club of reform-minded economists with Vice Premier Liu He, who has a reputation for being Xi Jinping’s top economic adviser. Fan Gang also heads a China Development Institute in Shenzhen.

Jiang Xiaojuan, Dean of the School of Public Policy and Management at Tsinghua University, took up this position after working for two decades in the State Council Research Office of the PRC, where she gained experience in theoretical study and the practical development of public policy. She is a well-known expert in macroeconomics and industrial economics. Recently she has been focusing on issues relating to the internet economy and the digital economy.

Cai Fang explores problems relating to population, labour and employment. He advocates balancing the impact of a shrinking labour force by facilitating internal migration and providing migrants with better education to increase labour productivity. Cai Fang urges the acceleration of the reform of the household registration system, which slowed the return of rural migrant workers to cities after the epidemic was brought under control. In May 2020, Cai Fang noted that its high-quality labour force will remain a great advantage for China, allowing it to catch up with the West in technology.

President of the Chinese Academy of Macroeconomic Research under the National Development and Reform Commission, Wang Changlin studies economic problems relating to technology and innovation policy. He contributed to the development of China's plan for new strategic industries.

The Chairman of the National Institute of Financial Research at Tsinghua University, Zhu Min previously served as Deputy Managing Director at the International Monetary Fund. Before this, he held senior positions at the People's Bank of China and the Bank of China. He is known as an expert in the world economy, finance, banking and macroeconomics. Zhu Min favours the expansion of China's role in global governance and the internationalisation of the Chinese yuan.

Lu Ming, who was born in 1973, is a professor at Antai College of Economics and Management at Shanghai Jiaotong University. He was the youngest economist at the meeting with Xi Jinping. He specialises in labour economics and problems relating to urbanisation and regional development. He suggested focusing China's urbanisation plans on its big cities, abandoning the previous policy, which was aimed at the development of small cities.

The Director of the Institute of World Economics and Politics (IWEP) at the Chinese Academy of Social Science (CASS), Zhang Yuyan is known as a firm supporter of a policy of openness and of China's broader participation in the global economy. He recommends that China adheres

to World Trade Organization (WTO) rules and counterbalances US unilateralism by building an open multilateral trade system.

The Head of Global and Contemporary China Studies at the Chinese University of Hongkong (Shenzhen), Zheng Yongnian promotes ideas about China's development strategy, governance and foreign policy outside China. He advocates deepening reforms and increasing economic openness.

In 2014 and 2016, Xi Jinping convened 'meetings of economic experts' to collect their opinions on the current situation (Lin Yifu and Fan Gang attended both meetings). The August 2020 meeting featured a broader range of participants, including experts on social issues, and focused on long-term plans for economic development. The event demonstrated that the government and experts share a conviction that issues relating to people's welfare and employment will occupy a prominent place in China's future development strategy.

In October 2020, the 5th Plenary Session of the 19th CPC Central Committee approved recommendations for drawing up the 14th FYP for the Social and Economic Development of China. From late 2020 to early 2021, the strategy of 'dual circulation' and its role in the new FYP became the key topic in Chinese economic publications.

2.5 DISCUSSIONS ON 'POST-EPIDEMIC' ECONOMIC STRATEGY

Comments by Chinese economists published after the 5th Plenary Session of the 19th CPC Central Committee highlighted the new 'post-epidemic consensus' in economic policy.

Zhang Jun, Head of the School of Economics at Fudan University, stressed that China needs to avoid 'self-circulation' in pursuing the 'dual circulation' strategy. He referred to historical experience to state that excessive reliance on domestic demand can lead a large economy to relative isolation and 'involution'. The latter term, which refers to 'low-level equilibrium', has become very popular on the Chinese internet. Large countries have their own markets and accumulation opportunities, so they can easily underestimate the long-term benefits of globalisation. To avoid low-level internal circulation, a large country needs to use external markets and needs foreign direct investment to catch up with more advanced countries in technological development (Cai et al., 2020, pp. 13–15).

Fan Gang (2020) emphasised that China needs external circulation to overcome backwardness and develop more advanced technologies. He noted that the traditional version of the theory of import substitution, which emphasises the development of industries with comparative advantages, has been applied by many countries in Latin America, but that they failed to become developed. One of the reasons for this was that industries that enjoyed the protection of the government did not become internationally competitive: it is impossible to compete without knowing the international standards. Fan Gang admitted that in China internal economic development has always prevailed. Only in the years of reforms has the model of ‘markets outside, technology outside’ emerged. This strategy, or external circulation, allowed China to borrow advanced technologies from developed countries.

Pei Changhong, Liu Bin and Yang Zhiyuan noted that, even after the emergence of ‘black swans’ like the COVID-19 epidemic, trade disputes, and the wave of deglobalisation, Chinese products remained highly resilient. They did not fall into the ‘comparative advantage trap’ (where a country concentrates on the export of low-processed, labour-intensive products, and its advantages gained in trade with developed countries become unsustainable). Due to diversification and the continuous accumulation of comparative advantages, the international competitiveness of Chinese industry has increased so that, in 2020, China’s exports and imports continued to rise (Pei et al., 2021).

The Central Economic Work Conference held in December 2020 highlighted the strategy of expanding domestic demand and advancing the ‘dual circulation’ development model. It emphasised that supply-side structural reform should be taken as the ‘guiding line’, while the importance of demand-side management is increasing. Chinese researchers noted that this was the first major policy statement on ‘demand-side management’ since the launch of supply-side structural reform in 2015 (Huang & Chen, 2021).

In March 2021, the 14th FYP and development targets up to 2035 were approved at a session of the NPC. This completed the process of adjusting China’s economic development strategy. New economic ideas that were announced in spring 2020 became part of national economic policy after a period of discussion that lasted a year.

2.6 CONCLUSION

Fighting the pandemic has become an important story in China's modern political history. In November 2021, the 6th Plenary Session of the 19th CPC Central Committee adopted a resolution summarising the party's 'major achievements and historical experience' over the past century (People's Daily, 2021).

The document proclaimed that the CPC Central Committee had responded 'decisively and calmly' to the sudden outbreak of the COVID-19 epidemic, put people and human life above all else, and set out the general requirements to stay confident, stand united and adopt targeted measures and a science-based approach. The value of using warlike rhetoric during the fight against the epidemic ('people's war', 'total war', 'blocking war', 'defence war' in Hubei province and the city of Wuhan) was endorsed. This was a period of public mobilisation and consolidation; there was no room for scholarly discussion.

Economists focused on analysing the impact of the pandemic on economic trends, such as deglobalisation, the isolation of national economies, the expansion of the practice of 'trade wars' and unilateral sanctions.

The official recognition of the entry of the Chinese economy into a 'new normal' influenced the government's approach to the fight against the epidemic. Initially, the 'new normal' meant that China's resources for extensive development were close to depletion, so China had to adapt to the slowdown in growth while improving the quality of economic growth. Rising tensions with the USA and the impact of the pandemic on the world economy added external negative factors to this interpretation of the 'new normal'. The pandemic was one of the reasons behind the new 'dual circulation' strategy, which will influence China's development beyond current the FYP until the middle of the next decade.

Xi Jinping's meeting with economists in August 2020 demonstrated the CPC's interest in interacting with the professional community. In the current Chinese system, the role of economists as the creators of new ideas cannot be higher than the leading role of the CPC. This excludes the possibility of the emergence of an 'expertocracy' capable of dictating its will to political leadership.

At the same time, successfully overcoming the short-term economic recession and adjusting the national economic strategy helped to increase the prestige of economists in the eyes of Chinese society.

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