

**CHINESE SOCIETY IN 2016:
OVERALL STABILITY
WITH UNCERTAINTY**

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Executive Summary

1. China has achieved main social targets set for year 2016: a growth of over 10 million new urban jobs, a registered unemployment rate of below 4.5%, and a robust income growth for both urban and rural residents.
2. The “de-capacity” in coal and steel industries triggered some isolated and short-lived protests, while the unexpected soaring housing prices in tier-one and tier-two cities aroused public complaints. Overall, they were not a threat to social stability.
3. China has entered its 13th Five-Year Plan period (2016-2020), with a major highlight of pursuing “innovative”, “coordinated”, “green”, “open” and “shared” development.
4. The Xi leadership has tightened control of the internet and social media. It has shown little interest in co-opting liberal intellectuals, many of whom are silent and disappointed with the direction of China’s economic, social and political development.
5. Social inequalities, anti-corruption and media control have fostered negative or even hostile views towards the elite and the outside world. Populism and nationalism are clearly on the rise, putting increasingly high pressure on the regime on the domestic front and the international front respectively.
6. In the social policy domain, Xi gives more attention to poverty relief than any other issue. “Poverty eradication” by 2020 could be a remarkable achievement or a liability for Xi. The top-down, campaign-style mobilisation is difficult to sustain and not always effective in targeting the real poor.
7. Despite some piecemeal progress, there lacks major breakthroughs in social policy reform so far, partly because the slowing economy limits the space of policy manoeuvring and reform, and partly because the leadership’s “neoliberal” approach to social policy prevents a strong commitment to social protection. Entrenched bureaucratic interests are another contributing factor.

8. In terms of social governance, the Chinese Communist Party (CCP) retains the tripartite model, which fuses grass-roots Party building with stability-oriented community management and service-oriented community building. The emphasis now is more on control, regulation and public services delivery.
9. The deadline for achieving a moderately prosperous society, or *xiaokang shehui*, by 2020 is near. The economic/material aspect of *xiaokang shehui* has been well spelt out in government documents. Overlooked are the social, political and moral aspects.
10. Overall, on the social front, the CCP still faces the challenge of holding the differentiated society together, providing social protection to the disadvantaged, and meeting the aspirations of an increasingly urbanised and educated society that demands not just quality public services, but also social and political progress.