

China's sudden exit from zero-Covid in early December surprised many observers. The most powerful motivations for this decision were the prohibitive costs to the economy inflicted by zero-Covid, the growing evidence of its ineffectiveness in face of a more infectious Covid variant, and the greatly diminished political incentive for maintaining zero-Covid after the 20<sup>th</sup> Party Congress. The party's poor preparations for the exit were mainly due to the leadership's overriding desire to stage a successful party congress. The politicization of the pandemic response continued even after the sudden end of zero-Covid as the official propaganda apparatus sought to reshape the narrative and the government refused to approve more advanced Western vaccines and to include an imported Pfizer anti-viral treatment in its health insurance program. The decisive end of zero-Covid and the subsequent pivot to the economy nevertheless reveal the party's pragmatist side.

General Secretary Xi Jinping's sudden abandonment of zero-Covid at the beginning of December 2022 was the most dramatic reversal of a signature policy for which he had taken enormous credit. After firmly sticking to this policy for nearly three years, his government ended it abruptly, and apparently without much preparation for the exit wave (an explosive increase in infections after the lifting of restrictions). The chief epidemiologist at the Chinese Center for Disease Control and Prevention, Wu Zunyou, has reportedly stated that an estimated 80 percent of the population was infected between early December and the middle of January 2023.<sup>1</sup> The tsunami of viral infections, according to disputed official data, claimed nearly 60,000 lives (hospital deaths only) between December 8, 2022 and January 14, 2023.<sup>2</sup> Reports of overflowing crematoriums around the country during the viral surge suggest that the official number of fatalities is likely only a fraction of the actual number of deaths.<sup>3</sup>

Immediately following the end of zero-Covid, Xi radically adjusted policy, at least in tactical terms. Domestically, he placed economic growth again on the top of the party's agenda, and the tone of his foreign policy became softer. The official propaganda machine was fully mobilized

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<sup>1</sup> “吴尊友预测: 全国新冠感染率达到 80%,” January 23, 2023, <https://www.163.com/dy/article/HRQ3KA2J0553CUX2.html>

<sup>2</sup> “国务院联防联控机制 2023 年 1 月 14 日新闻发布会文字实录,” <http://www.nhc.gov.cn/cms-search/xxgk/getManuscriptXxgk.htm?id=a68301ee500b436b989ec5be2a35cad2>

<sup>3</sup> Ryan McMorrow and Nian Liu, “Beijing Death Toll Mounts as Covid Sweeps Through Chinese Capital,” *Financial Times*, December 16, 2022, <https://www.ft.com/content/73eba78a-1bdb-4b32-be3e-b0329470b946>

to change the narrative about the party’s handling of the pandemic and its attempt to shift the public’s attention to the economy.

Based on available evidence, Xi’s about-face on zero-Covid is not a decision he took deliberately, let alone pro-actively. Instead, he made the decision quickly when the mounting economic toll, the failing zero-Covid strategy, and evidence of growing popular opposition (the first nationwide protests in more than three decades) forced his hand. The implicit acknowledgment of the failure of Xi’s zero-Covid policy and the chaotic reopening likely have dented the strongman’s image as a capable leader even though the political damage he has sustained is unlikely to be severe enough to imperil his survival in the short term. At the same time, by ditching a failing strategy instead of clinging to it regardless of costs, Xi demonstrates at least a degree of pragmatism and tactical flexibility that analysts need to be cognizant of when they speculate about Xi’s actions in the future.

In this essay we first attempt to analyze the factors that led to Xi’s surprise abandonment of zero-Covid. We seek to show that growing evidence of the ineffectiveness of zero-Covid in combating the Omicron variant and the rising economic costs were likely the most important factors influencing Xi’s calculus. The nationwide protests on November 26 and November 28 most probably played an important, albeit secondary, role in forcing his decision. We then briefly analyze why the Chinese government was so poorly prepared for the anticipated surge in Covid infections after the reopening. Finally, we analyze the efforts by the Chinese Communist Party (CCP) to reshape the narrative and initiate a critical pivot to the economy after the end of zero-Covid.

### **The Unraveling of Zero-Covid**

On the eve of China’s abandonment of its zero-Covid policy, the rampaging Omicron variant was becoming increasingly difficult to contain. According to the WHO, the virus was already spreading “intensively” around the country as the government’s control measures were unable to stop the more infectious viral variant.<sup>4</sup> This assessment, which directly contradicts the perception that the surge in infections was solely due to the lifting of restrictions, is supported by the data on infections provided by the Chinese National Health Commission (国家卫生健康委员会, or NHC). Table 1 provides the seven-day average of reported cases of Covid infections from October 1 (two months before the end of zero-Covid) to December 3 (five days before the formal end of zero-Covid on December 8).

Table 1: Reported Covid infections, daily average per seven days

Period	Reported Cases
October 1 -- October 7	288
October 8 – October 14	413
October 15 – October 21	232

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<sup>4</sup> Emma Farge, “China’s COVID Spike Not Due to Lifting of Restrictions, WHO Director Says,” Reuters, December 15, 2022, <https://www.reuters.com/world/china/chinas-covid-spike-not-due-lifting-restrictions-who-director-2022-12-14/>

October 22 – October 28	215
October 29 – November 4	561
November 5 – November 12	1113
November 13 – November 19	2033
November 20 – November 26	3086
November 27 – December 3	4051

Source: 国家卫健委, “疫情通报,” [http://www.nhc.gov.cn/xcs/yqtb/list\\_gzbd\\_2.shtml](http://www.nhc.gov.cn/xcs/yqtb/list_gzbd_2.shtml).

We can make three observations from the data above. First, there was already a faint sign that the number of infections was rising rapidly during the week of October 8–14. But during the period of October 15–28, which overlapped with the CCP’s 20<sup>th</sup> National Congress (October 16–22), the number of infections fell. Two interpretations are possible. One is that local authorities were instructed to intensify restrictions and keep infections low so as not to embarrass the leadership. Another plausible interpretation is that the NHC did not report the actual number of infections, for the same reason.

Second, the reported number of infections began to rise rapidly after October 29, probably because after the end of the party congress local authorities could either relax restrictions or because the NHC was providing more accurate data. The doubling of the number of infections during the week of October 29–November 4 and the quadrupling of the number of infections during the week of November 5–19 (compared with the week of October 22–28) indicate that, in spite of the zero-Covid policy, Omicron was spreading at an unprecedented speed.

Third, by the week of November 27–December 3, which coincided with the nationwide anti-lockdown protests and the official abandonment of the zero-Covid policy, the average number of reported weekly infections breached the 4,000 threshold, further underscoring the decreasing effectiveness, if not the futility, of zero-Covid.

After the restrictions were fully lifted on December 8, a tsunami of infections hit the country. The data on infections provided by the NHC became completely unreliable. (For example, it reported only 4,128 cases on December 23, the same day it later flagged as the peak of the Covid-exit wave.)<sup>5</sup>

### **The Mounting and Unsustainable Economic Costs of Zero-Covid**

The negative impact of Covid on the Chinese economy is extensively detailed by Alicia Garcia-Herrero in the last issue of *China Leadership Monitor*.<sup>6</sup> In this section, we focus on the worsening economic picture immediately before the abandonment of zero-Covid. We can gauge the mounting economic toll by examining the persistent macroeconomic weakness, as indicated

<sup>5</sup> 国家卫健委, “国务院联防联控机制 2023 年 1 月 14 日新闻发布会文字实录,” January 14, 2023, [http://www.nhc.gov.cn/xcs/yqtb/list\\_gzbd\\_2.shtml](http://www.nhc.gov.cn/xcs/yqtb/list_gzbd_2.shtml); <http://www.nhc.gov.cn/cms-search/xxgk/getManuscriptXxgk.htm?id=a68301ee500b436b989ec5be2a35cad2>

<sup>6</sup> Alicia Garcia-Herrero, “The Covid–19 Pandemic and China’s Economic Slowdown,” *China Leadership Monitor*, December 1, 2022, <https://www.prcleader.org/garciaherrero-december-2022>

by data on GDP growth and manufacturing activities and by tallying the direct costs of enforcing zero-Covid. The most critical factor that weighed on the Chinese leadership’s calculus is most likely the rapid deterioration of public finance, in particular local government finance, as a result of the lockdowns and the expenditures incurred by zero-Covid.

Based on officially reported GDP data, the economy started off in 2022 by performing reasonably well (with economic output growing at 4.8 percent in the first quarter), but as Omicron began to spread in the second quarter and precipitated widespread lockdowns, the economy took a big hit (GDP barely grew). The third quarter registered a modest recovery, but even this modest uptick lost momentum during the fourth quarter (when GDP growth was a full percentage point lower than that in the preceding quarter). (Table 2)

Table 2: Quarterly GDP Growth, 2022

Quarter	GDP Growth
January - March	4.8
April - June	0.4
July – September	3.9
October – December	2.9

1. Note: GDP growth is compared with the same quarter of 2021
2. Source: National Statistics Bureau

More granular data on China’s manufacturing sector activities, as measured by the Purchasing Managers Index (PMI, a monthly survey conducted by *Caixin*, the highly respected business publication), reveal a persistent contraction of the manufacturing sector starting in August. (A PMI Index reading under 50 indicates contraction.) By the time China lifted its zero-Covid restrictions in early December, the country’s manufacturing sector had registered four consecutive months of contraction, another warning that zero-Covid was causing lasting damage to China’s most critical economic sector. (Table 3)

Table 3: *Caixin*’s Manufacturing PMI (Purchasing Managers Index), June – December 2022

Month	Manufacturing PMI Index
June	51.7
July	50.4
August	49.5
September	48.1
October	49.2
November	49.4
December	49.0

Source: 财新 PMI 频道, <https://pmi.caixin.com/index-list.html>

A direct adverse consequence of low growth is deteriorating local finance. In nominal terms, the Chinese fiscal system channels 45 percent of its total revenue to the central government and the

rest to local governments. However, local governments account for 85.7 percent of total public spending (2020 data), implying that there is a huge structural imbalance in terms of income and spending and thus, local governments are more vulnerable to economic downturns.<sup>7</sup> On paper, the fiscal picture in 2022 may not seem particularly dire. For the year, total fiscal revenue was 20 trillion yuan and total expenditures were 26 trillion yuan. Compared with 2021, real revenue growth after adjusting for tax rebates and breaks was 3.5 percent.<sup>8</sup>

However, aggregate data conceal the worsening fiscal conditions of local governments. A Bank of China analysis shows that from January to August, 2022, local governments (provincial, municipal, and county) reported revenue of 7.4 trillion yuan and expenditures of 14.4 trillion yuan. After taking into account the tax rebates and breaks, revenue rose 4.5 percent compared with 2021, but expenditures rose 6.3 percent. The biggest drop in local revenue is in the “local government funds” (地方政府基金) category, which includes proceeds from land sales. In the first eight months of 2022, “local government funds” recorded a decline of nearly 27 percent compared with 2021.<sup>9</sup> As land-related income accounted for 8.5 percent of total local government revenue (2020 data), the slow implosion of China’s real estate sector in 2022 was evidently a major contributor to the decline in the non-tax revenue of local governments.<sup>10</sup> Besides falling income from land sales, lockdowns also depressed local economic activities and reduced tax income. The situation worsened after March 2022 when the spread of Omicron necessitated wider and longer lockdowns. Twenty-one provinces that had recorded growing revenue before March reported declining revenue thereafter.<sup>11</sup>

Further exacerbating local public finance was the huge increase in expenditures which is directly related to enforcement of zero-Covid. A quick examination of total public spending in 2022 shows that the biggest increase was in healthcare, 2.254 trillion yuan, representing an increase of nearly 18 percent over 2021. As the unweighted average growth in expenditures for education, science and technology, social insurance, and transportation was 5.7 percent over that in 2021, it is reasonable to assume that zero-Covid might have accounted for the 2022 double-digit increase (12 percentage points) in healthcare spending. The extra expenditure of 229 billion yuan (\$33 billion) may be construed as the direct economic cost of zero-Covid. Since local governments bore the bulk of the spending on enforcing zero-Covid, we can also assume that most of the

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<sup>7</sup> *Statistical Yearbook of China*, 2021, e-book,  
<http://www.stats.gov.cn/tjsj/ndsj/2021/indexch.htm>

<sup>8</sup> “财政政策积极有为 重点支出保障有力: 财政部公布 2022 年全国财政收支情况,”  
<https://www.chinanews.com.cn/cj/2023/01-30/9944102.shtml>

<sup>9</sup> 中银研究, “宏观观察,” 2022 第 44 期 (September 30, 2022): 1,  
[https://www.boc.cn/fimarkets/summarize/202209/t20220930\\_21875516.html](https://www.boc.cn/fimarkets/summarize/202209/t20220930_21875516.html)

<sup>10</sup> *Statistical Yearbook of China*, 2021, e-book,  
<http://www.stats.gov.cn/tjsj/ndsj/2021/indexch.htm>

<sup>11</sup> 中银研究, “宏观观察,” 2022 第 44 期 (September 30, 2022): 4,  
[https://www.boc.cn/fimarkets/summarize/202209/t20220930\\_21875516.html](https://www.boc.cn/fimarkets/summarize/202209/t20220930_21875516.html)

extra-spending burden fell on local governments.<sup>12</sup> If China were to have extended its zero-Covid for another year, the costs of conducting mass testing and maintaining temporary quarantine facilities (方舱) would have reached \$700 billion (over \$100 billion).<sup>13</sup>

The above analysis shows that by the time the spontaneous nationwide protests against the lockdowns broke out on November 26, the Chinese government was already in an untenable position. Besides being ineffective in the face of the fast-spreading Omicron variant, the zero-Covid strategy was causing unbearable economic pain. At the same time, the policy was generating an intense backlash from a population that had apparently reached its limit of tolerance. To be sure, anti-lockdown protests represented a direct challenge to the authority of the party and to Xi himself. But the number of participants in these unorganized protests, which were reported in many provincial capitals, could not have been very large. The protests were a shock, but it would be a stretch to conclude that they represented an imminent threat to the rule of the party, which had the coercive capacity to crush them quickly. In terms of Xi's political calculus, the protests simply added a marginal, albeit real, reason for ending zero-Covid. The most reasonable conclusion to draw from the available evidence is that the protests influenced the timing of the end of zero-Covid and the manner of the exit. As we discuss later in this essay, the political imperative of sticking with zero-Covid was greatly reduced after the end of the party congress on October 22, and Xi was signaling a gradual relaxation of the policy by November 10. The impact of the protests was to force the government to replace a strategy of gradual exit from zero-Covid to a "big bang," regardless of the short-term costs.

### **Why Was China So Poorly Prepared?**

Judging by the chaos engulfing China after the sudden end of zero-Covid, such as the shortage of fever medication and the overwhelmed hospitals, an obvious question is why the Chinese government, which prides itself on its long-term strategic thinking and organizational capability, was so ill-prepared. There is little evidence that the Chinese government undertook even the most basic steps to get the country ready to exit zero-Covid during 2022 in spite of urging by its own healthcare professionals and the examples provided by Australia (which ended zero-Covid in August 2021) and New Zealand (which abandoned zero-Covid in November 2021).<sup>14</sup> Our review of Xi's speeches to the Politburo Standing Committee indicates that the party sent a very clear signal to local officials that its overriding imperatives for 2022 were a successful party congress in the fall and continuation of zero-Covid. In China's top-down political system, clear signals from the Center made it extremely risky for local officials to do anything to prepare for a reopening. Even minor steps, such as stocking up on fever medicine, intensifying vaccination of the elderly, or adding hospital beds, could be seen as signs of doubts about the party's zero-Covid strategy and evidence of political disloyalty. Few party officials would have endangered

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<sup>12</sup> “财政政策积极有为 重点支出保障有力: 财政部公布 2022 年全国财政收支情况,” <https://www.chinanews.com.cn/cj/2023/01-30/9944102.shtml>

<sup>13</sup> 中银研究, “宏观观察,” 2022 第 44 期 (September 30, 2022): 6, [https://www.boc.cn/fimarkets/summarize/202209/t20220930\\_21875516.html](https://www.boc.cn/fimarkets/summarize/202209/t20220930_21875516.html)

<sup>14</sup> “清零还是共存? 张文宏: 我们还没有做好全面开放的准备,” 人民网, March 14, 2022, <http://m.people.cn/n4/2022/0314/c34-15481204.html>

their careers by taking such actions, however beneficial they might have been to the general public.

As a rule, the party seldom discloses the proceedings of the weekly meetings of the Politburo Standing Committee (PSC), although it routinely releases a summary of the monthly meetings of the Politburo. So when it does release the proceedings of the weekly meetings of the PSC, which normally consist of a summary of Xi's speech and the main issues discussed, it is reasonable to assume that the party leadership intends to convey an important message on policy.

In all of 2022, the party disclosed the proceedings of only three meetings of the PSC. Notably, the speeches by Xi to all three meetings reiterated his defense of zero-Covid and his commitment to its indefinite continuation. Furthermore, the timing of the three PSC meetings – March 17, May 5, and November 10 – coincided with important developments that raised doubts about a continuation of zero-Covid.

When the PSC held its meeting on March 5, the government was facing growing calls for “living with the virus,” as evidence of the high transmissibility of Omicron was revealing the futility of zero-Covid. By that time, only China and Taiwan were sticking to zero-Covid (Taiwan would abandon it in May). Additionally, the growing frequency of lockdowns necessitated by efforts to contain Omicron was exacting a heavy toll on ordinary people's lives and livelihoods.

According to the summary of the PSC meeting on March 17, Xi delivered a forceful defense of his zero-Covid strategy. He credited it with “maximum protection of people's lives, safety, and health as China was leading the world in economic development and the fight against the pandemic (最大限度保护了人民生命安全和身体健康, 我国经济发展和疫情防控保持全球领先地位). He reiterated the zero-Covid policy by declaring “perseverance is victory” (坚持就是胜利). Besides giving no indication that he was thinking of preparing for an eventual reopening, Xi called on the party to overcome “numb thinking, battle fatigue, wishes for luck, and a mindset of laxation” (克服麻痹思想、厌战情绪、侥幸心理、松劲心态). He warned that those whose dereliction of duty had led to a loss of control over the pandemic would be punished and held accountable (对失职失责导致疫情失控的要立即依纪依规查处, 严肃问责).<sup>15</sup>

The PSC meeting on May 5, the second for which the party provided a summary, took place in the middle of Shanghai's two-month lockdown (which was lifted at the end of May). Similar to his speech to the PSC on March 17, Xi vigorously defended zero-Covid and warned against any relaxation of this policy. But he also went even further by declaring that the party's nature and fundamental principles determined its policy in fighting the pandemic (我们的防控方针是由党的性质和宗旨决定的), thus elevating a public health issue to the highest-possible ideological level and implying any challenge to this policy would be tantamount to questioning the party's fundamental principles. Additionally, he had very harsh words for those questioning zero-Covid and advocating alternative approaches. He said that the party must “resolutely overcome “ideas

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<sup>15</sup> “中共中央政治局常务委员会召开会议分析新冠肺炎疫情形势部署从严抓好疫情防控工作,”

[http://www.gov.cn/xinwen/2022-03/17/content\\_5679571.htm](http://www.gov.cn/xinwen/2022-03/17/content_5679571.htm)

affirmed by one's own thinking" (自以为是等思想), unswervingly persist in the overall strategy of zero-Covid, and struggle against all speech and actions that distort, question, and negate our country's policy of fighting the pandemic" (毫不动摇坚持“动态清零”总方针, 坚决同一切歪曲、怀疑、否定我国防疫方针政策的言行作斗争).<sup>16</sup>

Xi's uncompromising message was reiterated at a regular Politburo meeting on July 28. By that time, the economic toll of zero-Covid was rising to alarming levels, but the party was showing no signs of adjusting its policy. The most notable point of the summary of the July Politburo meeting was that the costs of zero-Covid must be measured in political terms (算政治账).<sup>17</sup>

The only indication that Xi was thinking about adjusting his zero-Covid policy came at the PSC meeting on November 10. In terms of timing, this meeting occurred roughly two weeks after the end of the party's 20<sup>th</sup> National Congress, which delivered Xi his third term and a new leadership team that was filled with loyalists. In terms of substance, the PSC meeting approved a set of rules ("twenty measures to optimize the work against the pandemic," 优化防控工作的二十条措施) that relaxed some aspects of zero-Covid.<sup>18</sup> Xi's speech was notable for its less strident tone and its subtle change in emphasis that conveyed a desire to find the right balance between controlling the pandemic and stabilizing the economy. While he continued to defend zero-Covid (by saying that the party must resolutely and unswervingly implement the general policy of zero-Covid (坚定不移贯彻“动态清零”总方针), he also expressed a desire to minimize the impact of the pandemic on society and economic development (最大限度减少疫情对经济社会发展的影响).

Based on the timing of the three PSC meetings, the tone of Xi's speeches, and the main issues brought up at the meetings (defending zero-Covid at the first two meetings and approving some adjustments to zero-Covid at the third meeting), it is reasonable to draw three observations. First, the party's top leadership remained committed to its zero-Covid policy for most of 2022 mainly because of its overriding imperative to avoid any possibility of losing control over the pandemic ahead of the 20<sup>th</sup> Party Congress. Second, the same leadership began to contemplate pivoting away from zero-Covid after the end of the congress, but its initial steps were modest, indicating that Xi was not thinking of a sudden and full reopening like the one that would occur three weeks later. Third, prior to the PSC meeting on November 10, the top leadership's clearest message was the continuation of zero-Covid, giving no indication or hint that local officials should take any steps to prepare for the eventual reopening.

### **When Did Xi Decide to End Zero-Covid?**

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<sup>16</sup> “中共中央政治局常务委员会召开会议分析当前新冠肺炎疫情防控形势研究部署抓紧抓实疫情防控重点工作,” [http://www.gov.cn/xinwen/2022-05/05/content\\_5688712.htm](http://www.gov.cn/xinwen/2022-05/05/content_5688712.htm)

<sup>17</sup> “中共中央政治局召开会议,” [http://www.gov.cn/xinwen/2022-07/28/content\\_5703255.htm](http://www.gov.cn/xinwen/2022-07/28/content_5703255.htm)

<sup>18</sup> “国务院联防联控机制公布进一步优化疫情防控的二十条措施,” [http://www.gov.cn/xinwen/2022-11/11/content\\_5726144.htm](http://www.gov.cn/xinwen/2022-11/11/content_5726144.htm)

One intriguing question is exactly when did Xi decide to end zero-Covid since no official source provides this information. The timeframe in which Xi made his decision is likely between the anti-lockdown protests (November 26–27) and the announcement by Vice Premier Sun Chunlan (who had been in charge of the government’s pandemic task force) on November 30 that signaled obliquely a decisive shift in policy.<sup>19</sup> (As late as November 22, the State Council’s pandemic task force was still publicly vowing that the government’s zero-Covid policy would not change.)<sup>20</sup>

Three clues suggest that Xi made his decision at an unpublicized emergency PSC meeting on November 27 (a Sunday and the second day of the protests). It is reasonable to assume that Xi called an emergency PSC meeting after the outbreak of the protests to decide how to respond. The party usually prefers a mixed approach in dealing with protests – making some concessions to show it is responsive to public demands but also taking coercive measures to prevent any opposition from exploiting the protests. It is also reasonable to conclude that the response adopted by the PSC at this meeting would consist of both carrots (ending zero-Covid) and sticks (repression or warning of a crackdown).

The first clue is provided in a report stating that the new domestic security chief and former minister of State Security, Chen Wenqing, had convened a (likely emergency) meeting of the Central Political and Legal Commission (the party bureaucracy supervising the coercive apparatus) on November 28. It is highly likely that Chen was carrying out the PSC’s orders issued the day before. Chen’s remarks, publicized on November 29, refer to “the party Center’s decisions and assignments for the near term (党中央近期决策部署) and they called on the coercive apparatus to “firmly strike against activities of sabotage and infiltration by hostile forces, firmly strike against conduct that violates the law and disturbs social order” (坚决依法打击敌对势力渗透破坏活动, 坚决依法打击扰乱社会秩序的违法犯罪行为).<sup>21</sup>

The second clue is contained in a press release by the party committee of Lin’an (临安), a district of Hangzhou, on December 5. It refers to a meeting of the district’s CCP standing committee on December 2 that was devoted to “communicating and studying the spirit of (an undated) PSC meeting and General Secretary Xi Jinping’s important instructions on anti-pandemic tasks.” The press release does not refer to “zero-Covid.” Instead, it contains the same wording used by Sun Chunlan on November 30 – “the new situation and new tasks for fighting the pandemic,” signaling that the party’s was shifting away from zero-Covid. Because the only publicly announced PSC meeting occurred on November 10, which reiterated enforcement of zero-Covid,

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<sup>19</sup> “孙春兰强调：充分发挥各方专家优势 不断优化完善防控措施,” [http://www.gov.cn/guowuyuan/2022-11/30/content\\_5729738.htm](http://www.gov.cn/guowuyuan/2022-11/30/content_5729738.htm)

<sup>20</sup> “不折不扣落实疫情防控优化措施,” [http://www.news.cn/politics/2022-11/22/c\\_1129150519.htm](http://www.news.cn/politics/2022-11/22/c_1129150519.htm)

<sup>21</sup> “陈文清主持召开中央政法委员会全体会议强调 以有力举措贯彻落实党的二十大精神 坚决维护国家安全和社会稳定,” [http://www.xinhuanet.com/2022-11/29/c\\_1129171537.htm](http://www.xinhuanet.com/2022-11/29/c_1129171537.htm)

it is again reasonable to believe that the party committee of Lin'an was referring to a more recent PSC meeting – one we think occurred on November 27.

The third clue is the contrast between two official commentaries by the same author, published on the front page of *People's Daily* on November 27 and 28. The author of the commentaries, Zhong Yin (仲音), is the *nom de plume* that this official mouthpiece of the party uses only when it wants to convey the most authoritative message of the leadership. (Zhong Yin is a homophone of “the voice of the Center”). Notably, the commentary on November 27 (written on November 26) pledges to “maintain zero-Covid unswervingly” (坚持动态清零不动摇). However, the second commentary by Zhong Yin, appearing on the front page of the paper on November 28, adopts a much softer tone and, most critically, does not contain any reference to “zero-Covid.” A comparison of these two commentaries again suggests that an emergency PSC meeting was held on November 27 and it was at that time that Xi decided to end zero-Covid.

### **Actions by the Leadership after the Reopening**

In the immediate aftermath of the end of zero-Covid, the rhetoric of the official media and Xi's published activities indicate that the Chinese leadership was likely aware of the potential political costs of the party's exit from zero-Covid without any public warning or preparations. Rhetorically, no official media explicitly declared the end of zero-Covid. The phrase “achieving dynamic zero-Covid” (动态清零) simply disappeared from all official announcements and propaganda as if it had never existed.

Xi's public appearances after November 27 suggest that he may have been trying to distance himself from the sudden end of zero-Covid. Notably, although he appeared frequently in public after November 28 (mostly for meetings with visiting foreign leaders), he did not personally or directly declare the end of zero-Covid and he said very little about the reopening. He indirectly mentioned the protests during his meeting with Charles Michel, president of the European Council, on December 1. On December 26, the official media released Xi's instructions on public health, in which he briefly refers to the “new situation” in combating the pandemic, which by then was the preferred official phrase for “reopening.” Xi did not say anything about the pandemic until his New Year's Eve address to the nation on December 31. While acknowledging the existence of “different views,” he vigorously defended the government's handling of the pandemic.<sup>22</sup> By that time, according to the NHC, the infection had already peaked (the commission has claimed the exit wave peaked between December 20 and 23).<sup>23</sup>

Judging by the specific actions taken by the government after the reopening, it is also clear that political considerations continued to trump practical needs for saving lives and reducing suffering. To defend its image and demonstrate its ability to deal with the crisis, China continued to refuse approval to import more advanced Western mRNA vaccines. In a perplexing

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<sup>22</sup> “国家主席习近平发表二〇二三年新年贺词,” [http://www.gov.cn/xinwen/2022-12/31/content\\_5734452.htm](http://www.gov.cn/xinwen/2022-12/31/content_5734452.htm)

<sup>23</sup> “国务院联防联控机制 2023 年 1 月 14 日新闻发布会文字实录,” <http://www.nhc.gov.cn/xcs/yqfkdt/202301/a68301ee500b436b989ec5be2a35cad2.shtml>

move, China also decided not to include Pfizer’s anti-viral treatment, Paxlovid, in its national drug insurance reimbursement scheme, thus restricting access by ordinary Chinese people to the life-saving drug.<sup>24</sup> In the meantime, Chinese authorities stopped releasing any credible statistics about the raging pandemic. The NHC claimed that only 59,938 people died of Covid-related causes between December 8, 2022 and January 12, 2023 – a figure that probably understates the true number of deaths by many orders of magnitude.<sup>25</sup>

Reflecting on the leadership’s need to repair the damage to its image, the party’s propaganda machine launched a concerted effort to shape the popular narrative in January 2023 when it became clear that the first peak of infections was over. A representative sample of this effort can be found in a long article in *People’s Daily* published on January 8. It lauds the success of the party’s response to Covid during the past three years (without mentioning “zero-Covid”) and paints a glowing picture of life in China after the reopening.<sup>26</sup> A commentary in the same paper on the same day, written under the pseudonym of Zhong Sheng (钟声) (or “voice of the Center,” which represents the views of the party) launches a counter-attack against criticisms of China’s pandemic response.<sup>27</sup>

The most important action taken by the leadership after the reopening was to revive the sagging economy. After a chaotic reopening, Xi obviously had good reason to shift focus to the economy. Although it is unclear whether he had planned for such a pivot ahead of the sudden end of zero-Covid, it is highly likely that he expected to reap substantial political gains by improving the economy, regardless of his decision on zero-Covid. As our analysis earlier shows, because the Chinese economy was mired in slow growth and a rapid deterioration of local public finance during the second and third quarters of 2022, Xi’s logical top political priority after the 20<sup>th</sup> Party Congress could only be the economy.

What the end of zero-Covid did is to make this pivot even more urgent and more visible politically. Consequently, the Central Economic Work Conference, held on December 15–16, was given an unusual amount of publicity. The main message conveyed by the leadership at the conference was “stabilization of the economy.” The conference also tried to rekindle the confidence of the private sector with reassurances that the party would treat private firms equally and would protect their legitimate interests.<sup>28</sup>

To underscore his personal commitment to reinvigorate the economy, Xi convened a study session of the new Politburo on January 31. Unlike his speech to the first study session of the

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<sup>24</sup> Wu Huizhong, “Pfizer’s Paxlovid Not Included in China’s National Insurance,” Associated Press, January 9, 2023, <https://apnews.com/article/health-china-care-costs-pfizer-inc-medication-ecd6c12dffa3aab463c81f02232f1c1c>

<sup>25</sup> “国务院联防联控机制 2023 年 1 月 14 日新闻发布会文字实录,” <http://www.nhc.gov.cn/xcs/yqfkdt/202301/a68301ee500b436b989ec5be2a35cad2.shtml>

<sup>26</sup> “牢牢掌握抗疫的战略主动权,” 人民日报, January 8, 2023, p.1.

<sup>27</sup> 钟声, “无视中国抗疫贡献是对历史的不负责任,” 人民日报, January 8, 2023, p. 3.

<sup>28</sup> “坚持稳字当头、稳中求进,” 人民日报, December 19, 2022, p. 1.

new Politburo on October 25, 2022, which exclusively focused on ideology and the “spirit of the 20<sup>th</sup> Party Congress,” Xi’s speech to the Politburo on January 31 addressed only one issue – economic development – and laid out an ambitious agenda.<sup>29</sup>

By mid-February, the party felt confident enough to propagate a new – and triumphant – narrative. Even though some academic studies relying on mathematical modeling estimate that between one million and one and half million people died in the two months after the reopening, the government’s strict censorship and opacity in reporting apparently succeeded in covering up the real magnitude of the calamity.<sup>30</sup> On February 16, the party released a summary of a PSC meeting (held on the same day). The meeting, which was focused on the pandemic, concluded that the reopening had been an unqualified success and lauded it as a “miracle in the history of human civilization in terms of the successful exit from a pandemic in a country with a large population.”<sup>31</sup> This indicates that, by mid-February, the top leadership must have felt that its gamble on ending zero-Covid suddenly had paid off.

## Conclusion

Our analysis of the available evidence suggests that the Chinese leadership made the decision to exit from zero-Covid suddenly and without preparation at the end of November mainly because of the reduced political incentives to continue the policy, the prohibitive economic costs incurred, and the mounting evidence of its ineffectiveness in containing the Omicron variant. Shortly before the outbreak of the anti-lockdown protests, these two factors were nudging the leadership toward a gradual relaxation, but not a decisive end, of zero-Covid. However, the protests prompted the leadership to cut its losses and opt for a sudden exit. A well-known Chinese saying, “Long-term pain is less preferable than short-term pain” (长痛不如短痛) seems to best summarize the thinking behind this decision.

Tracing the events before and after the end of zero-Covid also shows that political considerations dominated the Chinese leadership’s decision-making process. The mantra of “political accounting” (算政治帐) expressed by the leadership belies a mindset that prioritizes short-term political survival and image over national well-being or even the party’s own long-term interests. Additionally, until the very end of zero-Covid, despite the increasing costs of the failing policy, the overcentralized system was incapable of a course-correction.

However, the story of the party’s ultimately humiliating retreat from zero-Covid also reveals the pragmatist side of the regime and its ability to make a painful, even humiliating, retreat from a fiasco of its own making. Its pivot back to the economy further underscores the regime’s tactical dexterity even though it is doubtful that the party can really undo the immense damage done by

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<sup>29</sup> “习近平: 在二十届中央政治局第一次集体学习时的讲,” [http://www.gov.cn/xinwen/2023-01/15/content\\_5737079.htm](http://www.gov.cn/xinwen/2023-01/15/content_5737079.htm); “习近平主持中共中央政治局第二次集体学习并发表重要讲话,” [http://www.gov.cn/xinwen/2023-02/01/content\\_5739555.htm](http://www.gov.cn/xinwen/2023-02/01/content_5739555.htm)

<sup>30</sup> “How Deadly Was China’s Covid Wave?” The New York Times, February 15, 2022, <https://www.nytimes.com/interactive/2023/02/15/world/asia/china-covid-death-estimates.html>.

<sup>31</sup> “中共中央政治局常务委员会召开会议,” 人民日报, February 17, 2022, p.1.

its policies during the past decade to the confidence of the private sector and China's trading partners.

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