Beyond Growth: The CCP's Structural Legitimacy Crisis in a Post-Performance Era

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Dedication

I dedicate this to my parents, whose essential support has enabled me to engage in the academic journey and research I deeply value.

Abstract of Thesis

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This thesis examines the evolving foundations of political legitimacy in contemporary China, focusing on how internal economic and institutional transformations have strained the Chinese Communist Party's (CCP) long-standing performance-based legitimacy model. While the Party has historically derived authority from its ability to deliver sustained growth and social stability, this developmental compact is increasingly undercut by structural inequality, exclusionary governance mechanisms, and declining public trust. Through an analysis of China's shift to innovation-driven growth, the continued marginalization of migrant communities under the hukou system, and the emotional disengagement of youth and the middle class, the study reveals a legitimacy model fraying from within. What emerges is not an imminent crisis, but a gradual erosion—a "quiet exit" from belief, marked by disillusionment and political apathy. The thesis argues that unless the CCP moves beyond output-based metrics and reimagines inclusion in both institutional and emotional terms, its ability to sustain legitimacy will remain fragile. This study contributes to the literature on authoritarian resilience by emphasizing the role of internal, non-revolutionary pressures in reshaping state-society relations in post-reform China.

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Glossary of Terms

Hukou 户口: Household Registration System

Tangping 躺平: Lying Flat, a sense of giving up and withdrawal

Neijuan 内卷: Involution, a sense of being trapped in an intense competition

Bailai 摆烂: Letting it rot, similar to Tangping but more intense

Introduction

Since the late 1970s, the legitimacy of the Chinese Communist Party (CCP) has been profoundly associated with its capacity to sustain economic growth and deliver social stability. In exchange for political compliance, Chinese citizens gained access to material prosperity, including rising incomes, mass employment in export-driven industries, and increased access to consumer goods and extensive infrastructural development through high-speed rail networks, urban metro systems, and expansive housing projects. These developments contributed to a rapidly improving standard of living, as evidenced by reductions in extreme poverty, increased access to healthcare, and the expansion of basic educational opportunities. This informal social contract—"you stay out of politics, and we deliver growth"—served as a pragmatic alternative to democratic accountability, effectively tying the Party's legitimacy to its performance.

Yet, as China transitions into a post-industrial, innovation-driven economy—marked by a strategic pivot toward artificial intelligence, green energy, and high-tech industrial hubs like Shenzhen—this growth-for-compliance model faces mounting strain. Concurrently, the expectations of Chinese citizens from society have evolved, shaped by greater access to higher education, an expanding urban middle class, and the proliferation of digital media. These developments have transformed the country's economic structure and catalyzed critical discourse around the allocation and legitimacy of growth outcomes. The promise of shared prosperity no longer guarantees political acquiescence, particularly as widening disparities emerge between rural and urban populations, and

opportunity gaps persist in education, healthcare, housing, and employment—especially among college graduates and migrant workers lacking full urban integration.

The CCP now confronts a range of internal pressures that reveal the structural fragility of its legitimacy. These challenges are not merely the result of external geopolitical conflict or cyclical economic slowdowns, but stem from entrenched domestic contradictions: a high-tech economy that has failed to generate inclusive growth; persistent social inequality reinforced by the hukou (户口) system; and a generation of citizens—especially youth—who are increasingly skeptical of the state's ability to deliver a secure future. Major crises such as the 2022 COVID lockdowns, record youth unemployment, and a collapsing property market have only compounded public frustration. These events signify more than technocratic missteps; they point to the weakening of the foundational social contract. Today's citizens are no longer passive beneficiaries of state-led development—they are more educated, digitally connected, and attuned to structural injustices that threaten their quality of life. The legitimacy that once flowed reliably from GDP growth no longer satisfies an ever more scrutinizing and expectant public, and the widening gap between official narratives and lived realities is becoming harder to reconcile.

This thesis contends that the CCP's internal legitimacy is in a state of structural vulnerability. The traditional model of performance-based governance—delivering economic outcomes in exchange for political quiescence—has become inadequate in the face of generational malaise, growing inequality, and institutional stagnation. While the Party has initiated adaptive measures—such as promoting innovation-driven growth and selectively reforming the hukou system, these responses have been incremental,

technocratic, and ultimately insufficient. They fail to address the broader legitimacy crisis arising from the breakdown of the social contract and the absence of a new governing consensus. Without more substantive reform, the CCP will likely find it increasingly difficult to maintain its political authority and social cohesion.

To unpack this crisis of legitimacy, the thesis focuses on three interrelated domains: China's ongoing economic transformation, the structural entrenchment of the hukou system, and shifting public attitudes toward governance. This study adopts a qualitative methodology rooted in textual analysis. It relies on books, peer-reviewed journal articles, and policy reports to examine how scholars and analysts have interpreted the evolving nature of CCP legitimacy. Through a critical engagement with secondary literature, the thesis traces key shifts in the Party's governance model and its relationship with society.

This thesis traces how the Chinese Communist Party’s legitimacy—once anchored in economic performance and social mobility—is being undermined by its internal contradictions. Chapter 1 examines the evolution of performance-based legitimacy as the foundation of CCP governance. Chapter 2 explores the shift toward innovation-driven growth and shows how this transition has deepened socioeconomic fragmentation and limited upward mobility. Chapter 3 focuses on the hukou system as a structure of exclusion, revealing how institutional barriers continue to marginalize migrant families and deny them full access to urban life. Chapter 4 reflects on these dynamics' emotional and psychological consequences, arguing that the erosion of legitimacy manifests not in open dissent, but in quiet retreat—disengagement, fatigue, and fading belief in the future.

By analyzing legitimacy through the lens of internal social and institutional change, this thesis contributes to studying authoritarian durability in the absence of consensus or participatory reform. While prior scholarship primarily emphasized the CCP's institutional capacity for consolidation, such as Andrew Nathan's framework of authoritarian resilience and Carl Minzner's critique of institutional regression under Xi Jinping, this study foregrounds the role of evolving socioeconomic expectations in shaping the contours of legitimacy. Legitimacy, as theorized here, is dynamic: it must be renegotiated in response to shifting public values and material conditions. Even resilient authoritarian regimes face profound challenges when institutional adaptation lags behind societal transformation.

This analysis holds broader implications for understanding political development in contemporary authoritarian regimes. In systems without electoral mechanisms for course correction, legitimacy must be sustained through effective governance and perceived fairness. As China's economic model matures and its social fabric becomes more complex, the CCP's capacity to recalibrate its foundational legitimacy narrative will be critical in determining its long-term stability. The stakes are considerable: the outcome of this internal test will shape not only the Party's domestic authority but also its global posture in an era where legitimacy is as much about internal cohesion as it is about international image.

Literature review

The scholarly literature on the legitimacy of the CCP is vast and multifaceted, spanning decades of theoretical evolution and empirical observation. The dominant paradigm in explaining the CCP's durability has been the performance-based model of authoritarian legitimacy, where governance effectiveness, particularly in delivering economic growth and maintaining social stability, substitutes for democratic accountability. Andrew Nathan's "authoritarian resilience" theory is perhaps the most cited in this tradition. He posits that authoritarian regimes, particularly the CCP, endure not through coercion alone but through institutional innovation and policy responsiveness.[1] This framework laid the foundation for a wave of scholarship that viewed the CCP not as a brittle autocracy on the verge of collapse, but as a dynamic actor capable of adapting to shifting internal and external environments. In this view, the Party's legitimacy rested on its ability to meet the material demands of its citizens while maintaining ideological flexibility and institutional discipline.

Through extensive survey data, Bruce Dickson supported this framework by demonstrating that Chinese citizens' support for the CCP was closely tied to perceptions of governmental effectiveness, economic security, and national pride[2]. His findings reinforced the claim that performance, rather than procedural legitimacy or liberal norms, was central to the Party's claim to rule. David Shambaugh similarly emphasized the CCP's strategic adaptability, including incorporating business elites, co-optation of

[1] Andrew J. Nathan, "Authoritarian Resilience," *Journal of Democracy* 14, no. 1 (2003): 6–17.

[2] Bruce J. Dickson, *The Dictator's Dilemma: The Chinese Communist Party's Strategy for Survival* (Oxford: Oxford University Press, 2016), 215–216.

emerging middle classes, and increasing bureaucratic professionalization[3]. He argued that these tactics enabled the CCP to manage potentially destabilizing transitions, such as urbanization and globalization, without sacrificing regime stability. These scholars framed the Party's resilience as an outcome of its pragmatic governance and developmental capacity. Given this performance-centered literature, the CCP's role as a "delivery mechanism" for growth and social benefits appears central to its legitimacy. Yet, as the introduction to this thesis suggests, the Party's ability to sustain this social contract is under strain from structural shifts, ranging from uneven growth to institutional stagnation. This tension between historical adaptability and emerging vulnerabilities is a key puzzle that the present study aims to address.

However, in the 2010s, critical voices emerged, questioning the long-term sustainability of performance-based legitimacy in China's evolving socioeconomic landscape. Carl Minzner introduced the notion of "authoritarian regression," which describes the CCP's pivot from experimentation and institutional diversification to ideological tightening and centralization under Xi Jinping.[4] According to Minzner, the reemergence of ideological campaigns, the marginalization of legal reformers, and the suppression of civil society reversed the earlier trends that made the regime resilient. His work argues that such re-centralization may offer short-term control but could weaken the flexibility and responsiveness underpinning the Party's legitimacy. This concern about diminished adaptability is echoed in Yuen Yuen Ang's conceptualization of "directed improvisation." Ang notes that China's growth miracle was not merely the product of top-

[3] David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley: University of California Press, 2008), 128–161.
[4] Carl Minzner, *End of an Era: How China's Authoritarian Revival Is Undermining Its Rise* (New York: Oxford University Press, 2018), 1-10.

down planning, but of decentralized experimentation by local officials within broad policy guidelines.[5] This system allowed for regionally tailored solutions and fostered innovation. However, as the central government reasserts top-down authority, the space for local improvisation narrows, reducing the system's capacity to respond effectively to grassroots challenges. Ang warns that while directed improvisation was compatible with performance legitimacy, the shift towards rigid centralization threatens to entrench inequality and bureaucratic inertia. Such critiques, exemplified by Minzner and Ang, resonate with this thesis's premise that today's internal pressures, especially inequality, generational disillusionment, and institutional sclerosis—cannot be fully remedied by an authoritarian approach that constrains local flexibility. Rather than strengthening legitimacy, these top-down methods risk accentuating the social and economic divides central to the CCP's current fragility.

Nowhere is this contradiction more visible than in the persistence of the hukou system, a deeply entrenched institutional barrier to social integration. Dorothy Solinger (1999) and Kam Wing Chan (2010) provide detailed analyses of how the hukou system has created a bifurcated citizenship regime, wherein rural migrants in urban areas remain excluded from basic public services, such as education, healthcare, and social security.[6] [7] This exclusion undermines the notion of equal development and exposes the limits of performance legitimacy in addressing inequality. In this regard, structural injustice becomes a key axis of political dissatisfaction, particularly for the working class and the

[5] Yuen Yuen Ang, *China's Gilded Age: The Paradox of Economic Boom and Vast Corruption* (New York: Cambridge University Press, 2020), 219–224.
[6] Dorothy J. Solinger, *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of the Market* (Berkeley: University of California Press, 1999).
[7] Kam Wing Chan, "The Household Registration System and Migrant Labor in China: Notes on a Debate," *Population and Development Review* 36, no. 2 (2010): 357–364.

rural poor—populations that the CCP once relied on for its foundational legitimacy. The economic transition from labor-intensive manufacturing to innovation-driven growth adds another layer of complexity. While initiatives like "Made in China 2025" aim to position China ahead of global competitors in high-tech industries, the social returns of this transformation have been uneven. Scholars such as Barry Naughton and policy reports from MERICS argue that the benefits of innovation-led development accrue primarily to urban, well-educated elites.[8] [9]This has led to a new form of stratification in which the rural-urban divide is compounded by a skills-based hierarchy, marginalizing those unable to participate in the digital or high-tech economy. These patterns contradict the Party's rhetoric of "common prosperity" and weaken its capacity to claim inclusive legitimacy. By highlighting how the hukou system and innovation policies jointly reinforce inequities, this body of research underscores the deeper premise of this thesis: a nominally successful growth model may falter if it systematically excludes segments of the population. The CCP's legitimacy—traditionally secured by delivering broad-based development—could erode as social immobility and uneven rewards persist.

Public sentiment is also undergoing notable shifts, particularly among younger generations. Support for the regime is no longer uncritical or ideologically grounded; instead, it is pragmatic and contingent upon the regime's continued delivery of benefits. The emergence of cultural phenomena such as "tangping" (躺平) and "bailan" (摆烂) reveals a growing segment of youth who disengage from the state's promises of meritocracy and development. These forms of passive resistance signal a withdrawal

[8] Barry Naughton, *The Rise of China's Industrial Policy, 1978–2020* (Mexico City: Centro de Investigación y Docencia Económicas, 2021).
[9] MERICS, *China's Digital Economy: A Leading Global Force* (Berlin: Mercator Institute for China Studies, 2021).

from the moral economy the CCP seeks to uphold, where hard work and loyalty are rewarded with upward mobility. In contrast, younger citizens increasingly perceive structural barriers—rising housing costs, academic credential inflation, and job scarcity—as signs that the system no longer works for them. The COVID-19 pandemic intensified these grievances and laid bare the contradictions of authoritarian governance in crisis. Yanzhong Huang argues that China's zero-COVID policy, while initially successful, eventually became a liability as extended lockdowns eroded public trust.[10] The Shanghai lockdown in particular became a flashpoint for widespread frustration, illustrating how the state's prioritization of control over wellbeing can trigger legitimacy crises, even among traditionally loyal urban constituencies. This episode demonstrated that performance legitimacy is not simply about macroeconomic metrics but about the state's ability to maintain credibility, fairness, and responsiveness during emergencies. Such youth disillusionment and mounting distrust during crises point directly to the central argument of this thesis: as citizens become more critical, educated, and attuned to structural constraints, the Party's reliance on performance-based governance comes under increasing question. Rather than functioning as a foolproof contract of "growth for compliance," the CCP's legitimacy mechanism now struggles to address deeper inequalities and evolving social expectations.

Despite these critical insights, several analytical gaps remain in the literature. First, while institutional analyses have thoroughly examined elite strategies and formal control mechanisms, they often neglect how ordinary citizens experience legitimacy—or the lack thereof—in their daily lives. Second, many studies treat economic and social

[10] Yanzhong Huang, "The COVID-19 Pandemic and China's Global Health Leadership," *Survival* 63, no. 3 (2021): 25–40.

policy as separate domains, failing to investigate how structural inequality in education, employment, and welfare collectively undermines regime legitimacy. Finally, researchers have yet to systematically theorize the spatial and generational distribution of discontent—between rural and urban areas, or among millennials and Gen Z. By explicitly linking micro-level experiences of inequality with macro-level governance strategies, this thesis seeks to bridge those gaps, developing a more integrated understanding of how performance-based legitimacy erodes when top-down reforms fail to address entrenched social divisions. By examining hukou reforms, innovation-driven economic shifts, and youth disillusionment, this study reveals how each dimension is bound by the broader theme of structural vulnerability in the CCP's legitimacy. Rather than treating these pressures as isolated, it argues that they collectively illustrate a fractured social contract.

This thesis builds on, but goes beyond, the existing literature by linking innovation economy dynamics, hukou reform inertia, and evolving youth resistance into a cohesive framework. Rather than treating these as isolated problems, it contends that they are manifestations of a more profound structural transition in the basis of CCP legitimacy. As performance alone no longer secures popular trust, the Party must confront the difficult task of renegotiating its social contract—lest it risk governing a society increasingly alienated from the promises that once sustained its rule.

Chapter 1: The Rise and Limits of the Growth-Legitimacy Model

1.1

In the decades following the founding of the People's Republic of China in 1949, the Chinese Communist Party (CCP) derived its legitimacy primarily from revolutionary achievements and its claim to represent the four-hundred-million Chinese proletariat in building a new socialist state. This revolutionary legitimacy was rooted in Maoist ideology, mass mobilization of the proletariat, and the Party's role in defeating foreign imperialism and internal counter-revolutionary enemies. However, the catastrophic consequences of mass campaigns such as the Great Leap Forward and the Cultural Revolution did not help strengthen the revolution's long-term feasibility. By the late 1970s—after Mao died in 1976 and the arrest of the Gang of Four- the Party faced a legitimacy vacuum: its charismatic and ideological authority had diminished and lacked a new basis for public trust.

In this vacuum, Deng Xiaoping launched the "reform and opening-up" policies in 1978, marking a decisive shift from revolutionary orthodoxy to pragmatic governance. Deng's famous quote, "It doesn't matter whether a cat is black or white, as long as it catches mice," encapsulated the Party's emerging strategy: legitimacy rests not on ideological purity, but on the CCP's capacity to deliver economic results. This transition fundamentally redefined the Party's relationship with Chinese society. No longer a revolutionary vanguard leading class struggle, the CCP repositioned itself as a developmental state, promising rising living standards, modernization, and China's global reemergence. Legitimacy—the belief that a government has the right to rule and exercise

authority—is central to political stability in all systems, but is particularly critical in authoritarian regimes, where democratic mechanisms of accountability are absent. Max Weber's typology of legitimacy outlines three foundational sources: traditional, charismatic, and legal-rational. In liberal democracies, legitimacy is typically derived from electoral participation and the rule of law. In authoritarian systems, however, it must be earned and sustained through other means, typically through output, such as economic growth, social stability, and the promotion of national pride.

Performance-based legitimacy thus becomes the cornerstone of rules in authoritarian systems, where ideology often proves insufficient for sustaining long-term compliance.[11] It rests on an implicit social contract: citizens grant political acquiescence in exchange for tangible improvements in quality of life. Scholars of authoritarian resilience have argued that this model of legitimacy can be remarkably durable, so long as the regime continues to meet public expectations. This is especially evident in the case of China, where the CCP shifted its source of legitimacy from revolutionary and communist ideals to a performance-driven model in the post-Mao era.[12] The CCP's pursuit of performance legitimacy has been unique in scale and ambition. Since the 1980s, it has positioned itself as the architect of China's modernization, lifting hundreds of millions out of poverty, constructing vast infrastructure networks, and elevating China to a rising global power. In the aftermath of the 1989 Tiananmen Square crackdown, the Party doubled down on economic development to restore public confidence. Throughout the 1990s and 2000s, it carefully cultivated a narrative of competent, benevolent

[11] Yuchao, Zhu, "Performance Legitimacy" and China's Political Adaptation Strategy," *Journal of Chinese Political Science* 16 (2011), 123–140. https://doi.org/10.1007/s11366-011-9140-8
[12] Yuchao Zhu, "Performance Legitimacy," 126.

governance. This strategy not only rehabilitated the Party's image but also embedded its authority in the lived experiences of development, mobility, and rising prosperity. At the same time, however, this narrative left no space for political pluralism or alternative visions of governance.

Today, CCP legitimacy is no longer built solely on fear or propaganda—it is deeply embedded in the social and economic transformations that Chinese citizens have experienced firsthand. Yet, as this chapter will argue, performance legitimacy is inherently fragile. By tying its political authority so tightly to economic success and state efficacy, the Party has created a system in which policy failures, rising inequality, or unmet expectations can swiftly erode public trust. This fragility is increasingly noticeable in the present era of economic restructuring, demographic stress, and growing public awareness.

Understanding how the CCP constructed this legitimacy model—and why it now appears vulnerable—is essential to diagnosing the regime's structural challenges. The following sections will trace this transformation in greater detail and analyze how mounting internal contradictions—mostly those tied to economic inclusion, social mobility, and generational dissatisfaction—threaten to destabilize the very foundation upon which the Party's contemporary authority rests.

1.2

Following the post-Mao shift to development-centered legitimacy, the Chinese Communist Party (CCP) embarked on a wide-ranging effort to institutionalize its new performance-based model across the political and bureaucratic apparatus. This strategy

required more than ideological realignment; it involved reshaping the practices of governance and the party-state relationship between the CCP and society. The new legitimacy paradigm relied on creating tangible outcomes and measurable success, including economic growth, infrastructural modernization, and poverty alleviation. Most importantly, rebuilding the CCP as an efficient, results-oriented leading party capable of delivering national progress. This section examines how the CCP entrenched its performance-based legitimacy through institutional mechanisms, technocratic norms, and control over the narrative.

Central to this effort was the cadre evaluation system (干部考核制度), which linked the promotion of local officials to quantifiable development targets. Metrics such as GDP growth, fixed asset investment, population control, and infrastructure construction became important benchmarks in assessing the performance of local governments. As scholars such as Pierre Landry and Melanie Manion have shown, this system incentivized local governments to pursue rapid development and innovation within boundaries set by the central government. On the one hand, this created room for policy experimentation; on the other, it often produced distorted outcomes, including overinvestment, environmental degradation, and inequality. However, the political value of quantifiable performance cemented the belief—among both officials and the public—that state capacity and competence were the source of regime legitimacy.

This emphasis on governance capacity was further supported by an emerging narrative that merged party loyalty with technocratic excellence. During the leadership of Jiang Zemin and Hu Jintao, slogans such as the "Three Represents" and "Harmonious Society" framed one-party rule as modern, responsive, and meritocratic. By accepting

more professionals and entrepreneurs into the Party and spreading the reach of state media, the CCP positioned itself far away from the bygone era that was the Maoist craze, but as the driving force of national modernization. At the same time, the regime managed dissent and civil society activity to avoid the emergence of alternative legitimacy narratives.

The CCP's capacity to deliver large-scale public goods reached a peak in the 2000s, marked by milestones like China's entry into the World Trade Organization (2001), the 2008 Beijing Olympics, and the launch of major urban infrastructure programs. These achievements were celebrated not just as policy successes, but as evidence of China's rise and the CCP's global competence. The CCP's legitimacy was increasingly intertwined with China's global standing, creating a feedback loop in which worldwide recognition reinforced domestic approval. The performance model, once reactive and pragmatic, was by this point actively used as a source of national pride and regime validation.

Yet, the model exhibited underlying tensions even at its apparent high point. The overzealous pursuit of growth exacerbated regional inequality, distorted local governance priorities, and sidelined social concerns in favor of economic metrics. The over-reliance on real estate and infrastructure investment began to generate unsustainable debt, while rural areas were often neglected in national development planning. As a result, the legitimacy derived from performance began to rest unequally across geography and class, preparing the way for the contradictions that have become more visible in recent years.

The next section will explore how these contradictions sharpened as growth slowed, expectations rose, and new legitimacy challenges emerged—particularly around

social equity, youth disillusionment, and the CCP's attempt to adapt its model in the post-performance era. spanning decades of theoretical evolution and empirical observation. The dominant paradigm in explaining the CCP's durability has been the performance-based model of authoritarian legitimacy, where governance effectiveness, particularly in delivering economic growth and maintaining social stability, substitutes for democratic accountability. Andrew Nathan's (2003) theory of "authoritarian resilience" is perhaps the most cited in this tradition. He posits that authoritarian regimes, and the CCP in particular, endure not through coercion alone but through institutional innovation and policy responsiveness. This framework laid the foundation for a wave of scholarship that viewed the CCP not as a brittle autocracy on the verge of collapse, but as a dynamic actor capable of adapting to shifting internal and external environments. In this view, the Party's legitimacy rested on its ability to meet the material demands of its citizens while maintaining ideological flexibility and institutional discipline.

1.3

When China's economic growth started to slow down, societal demands also became more diverse and vocal, and the CCP's performance-based legitimacy came under increasing strain[13]. What once appeared to be a highly stable and adaptable system now reveals deep structural vulnerabilities. These contradictions—between growth and equity, efficiency and accountability, centralization and responsiveness—have become more obvious in the post-2010 era.

[13] Edward Cunningham, Tony Saich, and Jesse Turiel, "Understanding CCP Resilience: Surveying Chinese Public Opinion Through Time," *Ash Center for Democratic Governance and Innovation* (2020), 1-14.

One of the most significant sources of strain is the Party's diminishing ability to sustain the pace of economic advancement, which has underpinned its legitimacy for decades. As China transitions from an investment- and export-driven model, which relied on a manufacturing centered economy fueled by a vast number of low-skilled workers, to one centered on innovation and domestic consumption, it faces mounting challenges: slower GDP growth, industrial overcapacity, an aging population, and increasing debt burdens at the local government level. Unlike in periods when economic expansion could mask underlying inequality and buy public compliance, recent stagnation has laid bare disparities in wealth, opportunity, and access to basic services.

This economic slowdown is particularly acute among the country's youth. Those who are also the most vocal tend to be against a government not keen on criticism. Record-high youth unemployment, exacerbated by a highly competitive education system and a saturated urban job market, has fostered a sense of disillusionment and frustration. The rise of cultural phenomena such as tangping and bailan reflects a broader disengagement from the state's performance legitimacy. Unlike the previous generation of Chinese, rather than viewing hard work and meritocracy as pathways to prosperity, many younger Chinese increasingly perceive these ideals as hollow, undermined by entrenched privilege. In this context, the government's claims to inclusive growth and opportunity begin to seem unreachable.

Moreover, the growing urban-rural divide and regional disparities have deepened skepticism toward the regime's claim to represent the entire nation. While urban elites have benefited from globalization and high-tech investment, the rural populations and migrant workers continue to face barriers to healthcare, education, and social mobility,

exacerbated by the infamous and archaic hukou system. These inequalities are not simply policy oversights but are embedded features of the developmental model that prioritizes growth metrics over wealth distribution.

The unexpected COVID-19 pandemic further showed the fragility of performance legitimacy. Though China's initial response was praised for its efficiency, the highly restrictive lockdowns initiated after the 2022 emergence of new COVID strains, particularly in major cities like Shanghai, triggered rare public dissent. Citizens who once viewed the Party as a guarantor of order began questioning its capacity for the benevolent governance that it promised. Especially when the policies that were promised to save lives prevented a family that was trapped in a blazing building from being rescued by firefighters. This situation is a potent reminder that legitimacy derived from control and competence is always contingent on public perception and can be rapidly eroded when state action fails to align with citizens' well-being.

Finally, the Party's own efforts to adapt, such as the promotion of "common prosperity," increased regulation of tech giants, and rhetorical shifts toward social equity, have yet to convince skeptics that meaningful reform is underway. Without anything substantial done to reform institutions like the hukou system, labor protections, and local governance mechanisms, these measures appear more like branding exercises than systemic recalibrations.

Together, these developments suggest that the CCP's legitimacy is no longer underpinned by a broadly agreed vision of national progress but is increasingly fragmented along generational, regional, and class lines. The next chapter will explore how the CCP's shift to innovation-centered growth undermines the inclusive basis of the

old legitimacy model and creates a growing mismatch between elite-driven policy objectives and the material needs and expectations of the broader population. This tension reflects not only a transformation in the structure of the Chinese economy but also a fundamental reconfiguration of the Party's relationship with society, raising urgent questions about whether performance-based legitimacy can be sustained in an era of uneven development and stratified opportunity.

Chapter 2: Innovation-Centered Growth and the Fracturing of Inclusive Legitimacy

2.1

Chapter 1 outlined the historical trajectory through which the Chinese Communist Party (CCP) successfully established its legitimacy on the basis of economic performance and sustained development. However, as China moves into a more mature phase of its economic evolution, marked by slower overall growth and intensified global competition, the Party has strategically pivoted toward innovation-driven growth. This shift is reflected prominently in policies like “Made in China 2025,” which include extensive investments in artificial intelligence, semiconductors, renewable energy, and the broader digital economy. While the Party positions these strategies as essential responses to domestic economic challenges and external pressures, this chapter argues that the move towards innovation-driven growth undermines the legitimacy model's inclusive nature that the CCP previously relied upon.

Innovation-driven growth fundamentally departs from the previous economic model of labor-intensive manufacturing and export-driven expansion, unlike earlier economic strategies, which provided broad-based employment opportunities, particularly in the manufacturing and construction sectors. Innovation-oriented growth privileges highly skilled labor, technological sophistication, and capital-intensive industries. As such, this economic transition has not been accompanied by a similar distribution of benefits across Chinese society, resulting in a pronounced mismatch between elite-driven policy objectives and popular expectations.

This chapter will critically examine how this innovation-centered model, despite its strategic importance, exacerbates existing inequalities and undermines the CCP's legitimacy by weakening its earlier commitments to inclusive development. By analyzing regional disparities, demographic impacts, employment shifts, and elite-popular disconnects, this chapter illustrates how the Party's pivot toward innovation introduces new sources of legitimacy fragility. It concludes by framing these emerging tensions as a critical backdrop for understanding broader governance challenges and the persistent inequalities institutionalized by mechanisms like the hukou system, discussed in detail in Chapter 3.

2.2

China’s economic miracle from the late 20th century into the early 21st century relied predominantly on export-driven growth, fueled by low-cost labor and mass production. Under Deng Xiaoping's reforms, Special Economic Zones (SEZs) along the Chinese coastline became a hotbed for vast amounts of foreign investments to come to China, rapidly transforming China into the new "world's factory." This model generated massive employment opportunities, dramatically reducing poverty and facilitating urbanization and infrastructure development. For decades, manufacturing and construction absorbed millions of rural migrants, creating a tangible pathway to upward social mobility and reinforcing the CCP’s performance-based legitimacy.

However, by the mid-2010s, this model was starting to show signs of fatigue due to significant structural limitations. Rising wages caused by an increasingly more high-skilled workforce and steadily decreasing birth rate across the urban centers reduced China's global competitiveness in low-cost manufacturing. At the same time,

environmental degradation, demographic shifts, and declining productivity gains posed mounting domestic challenges. Entering the second half of the 2010s, the United States began to reevaluate its relationship with China due to escalated geopolitical tensions and protectionist policies abroad that threatened China's export-led economic stability.

In response, the CCP adopted a strategic reorientation towards growth driven by innovation, embodied in policies such as “Made in China 2025,” the New Generation Artificial Intelligence Development Plan, and aggressive investments in key technology sectors, including 5G, semiconductors, quantum computing, and clean energy.

Yet, this shift toward innovation-driven growth emphasizes high technology, capital intensity, and specialized skills—factors inherently less inclusive than the mass employment characteristic of manufacturing-driven growth. This new economic paradigm has obviously favored regions and demographics already advantaged by existing educational infrastructure, technological resources, and financial capital, thereby increasing regional disparities and socio-economic inequalities. The shift toward innovation means that economic gains will mostly be centered on coastal cities and tech hubs, leaving inland and rural regions significantly behind, further exacerbating the rural-urban divide.

The structural shift also has significant ramifications for employment. Automation and digital transformation have displaced many traditional employment structures in manufacturing, retail, and logistics, leaving large numbers of workers unemployed or sent to do precarious gig economy jobs. The lack of effective vocational retraining programs and comprehensive social safety nets has compounded this challenge, highlighting the

CCP's struggle to manage employment transitions and maintain broad-based economic security.

This structural change redefines the basis of economic participation in China, undermining the inclusive benefits that previously characterized its growth model. The transition to innovation-driven growth marks a pivotal moment, where economic priorities increasingly diverge from inclusive social outcomes, thereby creating new challenges to the CCP's longstanding legitimacy model.

2.3

An innovation-centered growth model was for sure going to have a deep effect on China's labor market, challenging the inclusivity that once underpinned the CCP's legitimacy. One of the most immediate impacts brought about by this systemic economic reshaping has been the restructuring of employment. Automation and digitalization—central features of the innovation economy—have displaced a wide array of traditional jobs, particularly in manufacturing and logistics.[14] As these sectors adopt cost-cutting technologies, workers from lower-skilled backgrounds are either laid off or pushed into the margins of the labor market.

The state has actively promoted entrepreneurship and the platform economy as flexible, market-driven solutions to absorb displaced workers and invigorate consumer-driven growth. This push has fueled the explosive rise of digital commerce, creating space for livestream sellers, social media influencers, and small online vendors to flourish. Platforms such as Taobao, Douyin, and WeChat Mini Apps have become a must-

[14] Osea Giuntella, Yi Lu, and Tianyi Wang, "How do Workers Adjust to Robots? Evidence from China," *National Bureau of Economic Research* 30707 (2022): 2-56, 4. https://doi.org/10.3386/w30707.

have digital office space for business and self-employment, especially among youth. However, these new opportunities have largely failed to translate into stable or equitable forms of employment for all groups.

Instead, the digital economy has normalized precarious gig work. Delivery drivers, rideshare operators, warehouse contractors, and short-term livestream content creators work under minimal labor protections, long hours, algorithmic control, and variable pay. The entrepreneurial framing, encouraged by the government, obscures the reality of economic insecurity and limited upward mobility. While innovation-era policies celebrate adaptability and individual initiative, for many, this form of participation offers little of the job stability, benefits, or social dignity once provided by factory jobs or public-sector positions, especially when factory jobs during the early 2000s were relatively stable due to a booming economy and high morale. By contrast, today's gig jobs are often viewed as undignified and unstable, lacking security and long-term prospects.[15] These conditions introduce new forms of socioeconomic vulnerability that erode public confidence in the CCP's capacity to guarantee an equitable and inclusive development path.

These changes particularly target young Chinese. Despite having a more educated population than ever, many young people struggle to find jobs that align with their qualifications. This causes not only rising youth unemployment but also widespread underemployment in low-skill service roles. The long-lasting traditional aspirational promise of education as a path to success is no longer credible for many; most Chinese

[15] Yijue Liang, Tianjun Sun, and Ze Zhu, "I Remember It All Too Well: Gig Workers' Psychological Detachment After Receiving Negative Customer Feedback and the Roles of Job Security and Handling Time," *Journal of Organizational Behavior* (2025): 1- 20 https://doi.org/10.1002/job.2870, 4-6.

youths are more willing to start from the bottom by joining the gig workers than to pursue regular positions or higher education, undermining one of the key psychological pillars of the developmental state. In response, expressions of quiet resistance have surfaced in the form of social trends like tangping and bailan, signaling a withdrawal from the state's productivity-centered narrative and an erosion of social trust.

This generational disillusionment intersects with China's broader demographic shifts. As the working-age population shrinks and the burden of elder care increases, the innovation economy struggles to absorb labor at the scale necessary to offset these trends. Regional disparities further compound these pressures: young people in inland provinces face significantly fewer employment prospects compared to those in coastal megacities, which continue to concentrate high-value industries and investment.

In the end, the emerging employment landscape brought by the innovation-centered growth is marked by fragmentation, insecurity, and exclusion. These conditions weaken the legitimacy once derived from the Party's ability to offer mass employment and social mobility. As more citizens, particularly the young and working-class, begin to question whether the system still serves their interests, the CCP's development-based legitimacy risks becoming increasingly fragile.

2.4

While the rise of precarious labor has reshaped the employment experiences of the working class and youth, another destabilizing trend is quietly unfolding within China's middle class—a group long regarded as a stabilizing pillar of the Party's developmental legitimacy. Built on the foundation of property ownership, access to education, and

upward mobility, the post-2000s Chinese middle class was nurtured by the promises of continued prosperity and security. But as the innovation economy restructures China's growth model, the financial and psychological pressures on this group are mounting.

Homeownership, once a symbol of economic security, has become a source of anxiety. Soaring property prices, widespread mortgage debt, and persistent real estate market volatility have not only made homeownership more precarious but have also revealed the speculative and debt-dependent nature of middle-class financial security. The reliance on real estate as both an asset and a social guarantee has left many families financially overextended, especially as property values fluctuate and the housing sector endures systemic instability. This environment has transformed what was once viewed as a cornerstone of middle-class stability into a source of anxiety and long-term vulnerability, exposing the fragile foundations of middle-class wealth. At the same time, expectations for lifestyle advancement are increasingly difficult to meet. Costs of private education, healthcare, and elder care continue to rise, leaving many families stretched thin. In this context, middle-class status has become less a marker of progress and more a position under siege—sustained by debt, pressured by competition, and haunted by the threat of downward mobility.

This pressure is particularly an issue for recent university graduates. China's higher education system has expanded rapidly throughout the years, but this growth has not been matched by equivalent growth in high-quality, high-paying employment. An oversupply of degrees has led to credential inflation, leaving many graduates in a paradoxical position: formally qualified but unable to find meaningful or stable work.

Many end up in underpaid service jobs or aimless gig roles that offer neither social recognition nor long-term advancement.

This disconnect between educational achievements and employment qualities further damaged the confidence of the middle class in the meritocratic narrative that once warned the public to trust in the CCP. Once again, the assumption that hard work and education will naturally lead to mobility is breaking down, replaced by a creeping disillusionment with systemic limitations. Cultural expressions such as neijuan reflect the perception of endless competition without reward, while tangping and bailan have become more than just youth subcultures—they are quiet protests against a development model that no longer delivers.

The political implications of this middle-class and graduate malaise are subtle but significant. Rather than mass protest, the dominant response is withdrawal—apathy toward official messaging, reduced trust in institutions, and an inward focus on personal survival.[16] Yet this form of disengagement is no less serious for the CCP. It reveals the fraying of a core constituency's belief in the system, a slow-burning erosion of legitimacy that cannot be addressed by slogans or GDP figures alone.

In this way, middle-class insecurity and graduate frustration extend the legitimacy crisis beyond the working class. They show that even those who ostensibly benefited most from the Party's growth model are now questioning its promises.

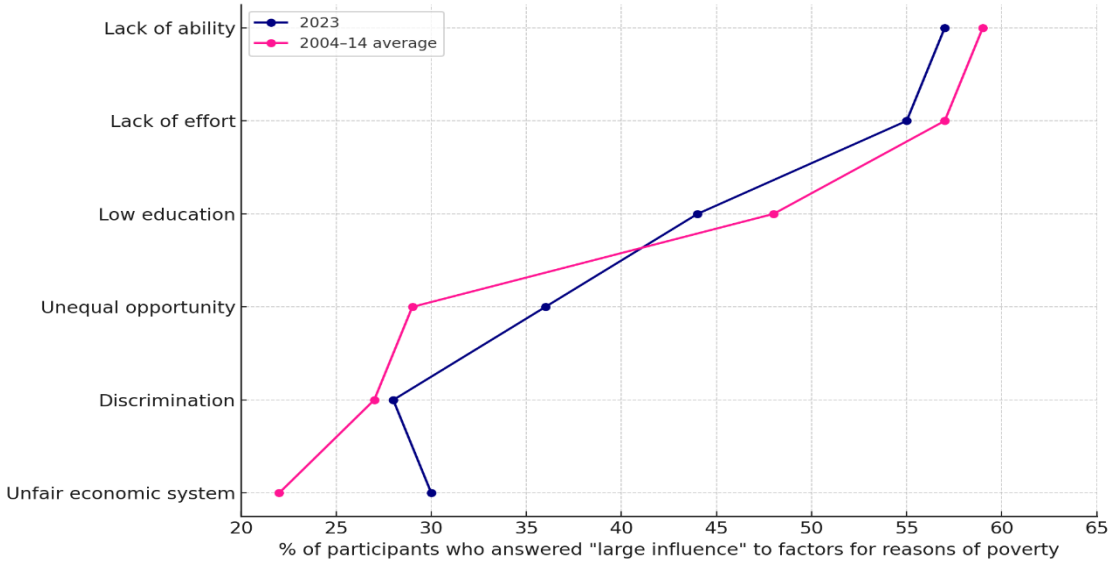
[16] Yihan Xiong, "The Political Tendencies of the Chinese Middle Class and Its Influence on Public Opinion," [中国中产阶层的政治倾向及其对舆情的影响] *CSIS Interpret: China* (2019): 1-10, 4.

2.5

The cumulative effects of economic fragmentation, generational disillusionment, and middle-class anxiety point to a more profound and more enduring legitimacy crisis for the Chinese Communist Party. While the innovation-centered growth model offers long-term economic promise on paper, its real-world consequences reveal growing disparities in trust, opportunity, and shared prosperity—foundations that once underpinned the Party's authority.

One of the clearest signs of long-term strain is the fading belief in the meritocratic foundations of the Party's developmental model. As citizens increasingly confront the structural barriers to upward mobility, regardless of effort, education, or skill. The idea that success is fairly earned has begun to lose credibility. The result is not just disillusionment with the economy, but with the very narrative that once underpinned public trust.

Figure 1:China's Decreasing Trust in Merit-Based Feature From 2004-2023



Source: Financial Times. 2024. "Can Xi keep a lid on China's mounting social strains?"

This breakdown in trust is not shown through the breakouts of mass protest or open defiance, but in more diffuse forms of disengagement: lower political enthusiasm, quiet resistance, and a withdrawal from collective ambition, which are all arguably more challenging to solve as the CCP usually has straightforward methods to deal with open demonstrations. This shift poses a subtle but major hurdle for a regime whose legitimacy relies heavily on public belief in the future[17].

Social cohesion is also at risk. Rising inequality, youth alienation, and intergenerational strain are fragmenting what was once seen as a cohesive developmental project. Shared optimism has given way to pockets of resentment and resignation, particularly among those groups mentioned in previous sections, such as low-skilled

[17] Zhong Pei and Zhan Jing, "Authoritarian Critical Citizens and Declining Political Trust in China," *Research Gate* (2020): 1-47, 4.

workers, gig workers, and university graduates, who are excluded from the high-growth narratives associated with innovation hubs and elite employment. Supposedly, such as the middle-class, if more groups experience stagnation or reversal in their economic fortunes, the emotional glue that binds society to the state weakens.

These legitimacy challenges are further compounded by the CCP's limited institutional mechanisms for feedback and reform. Decades of blocking any meaningful democratic reforms that can lead to electoral competition or civil society autonomy, the Party soley depends on its ability to perform and respond effectively. Yet, in the context of a quickly changing economy, the state's technocratic machinery appears increasingly out of sync with lived social realities. Innovation-oriented governance has centralized power while narrowing space for grassroots input, reducing the regime's adaptive capacity just as it faces mounting complexity.

The long-term political risk is not regime collapse, but a legitimacy plateau, where performance alone no longer generates loyalty, and stability is maintained through control rather than trust. This quiet stagnation of belief, particularly among key constituencies like the urban middle class and university-educated youth, presents a more difficult challenge than open dissent. It reflects a shift from legitimacy to mere compliance, a fragile condition for any state, let alone one that built its modern identity on delivering revolutionary growth.

Chapter 2 has shown that China's pivot to innovation-driven development has not delivered inclusive or equitable outcomes. From the restructuring of employment to the weakening of social mobility, and from middle-class economic pressure to graduate malaise, the innovation economy has exacerbated underlying socioeconomic divides.

These developments have not only reshaped the relationship between citizens and the state but have also frayed the legitimacy fabric that once held together China's rapid rise.

The result is a society marked by uneven trust in the future, with faith in meritocratic success starting to fade, as disillusionment takes hold across various social levels. This situation poses a long-term danger for the CCP, which must govern a populace that increasingly complies out of necessity rather than belief. The next chapter expands on these ideas by investigating the impact of institutionalized exclusion in shaping these developments, focusing on the hukou system—a long-established tool for social control and resource distribution—that exacerbates inequality and intensifies the legitimacy challenges previously discussed in the economic context.

Chapter 3: Hukou and the Politics of Unequal Citizenship

3.1

The hukou system has been a long-standing institution since the PRC's early years. It has served as one of the most enduring and consequential tools of social stratification in the Chinese political system. In the 1950s when the Communists first took power, it was implemented in as a mechanism to control population movement and allocate limited state resources during a period of economic scarcity, hukou quickly evolved into an institutional barrier that reinforced the rural-urban divide during an era of Mao's insistence to keep rural China and urban China separate. By legally binding individuals to their place of birth, the system regulated internal migration and determined one's access to education, employment, housing, and healthcare. Over time, hukou became more than a logistical tool of governance; it became a gatekeeper of citizenship and a marker of socio-political belonging.

This system aligned with Maoist priorities of centralized control and collective resource distribution. Rural populations were expected to remain in agricultural communes, producing food for rapidly urbanizing centers, while urban residents received subsidized welfare and access to public services. In this way, hukou served a dual function: enabling the extraction of rural labor and reinforcing urban privilege. As the planned economy era faded with the advent of market reforms and a new societal framework that promised social mobility, the hukou structure persisted and transformed into a mechanism that now regulates the terms of inclusion in China's increasingly urbanized society. As the planned economy era faded with the advent of market reforms

and a new societal framework that promised social mobility, the hukou structure persisted and transformed into a mechanism that now regulates the terms of inclusion in China's increasingly urbanized society.

Recognizing the distortions created by hukou, reform efforts began to emerge in the 1990s. These initiatives were often framed around increasing labor mobility hindered by the nature of the hukou system, encouraging urbanization, and mitigating rural inequality. Local pilot reforms in smaller cities sought to ease restrictions, allowing rural migrants to acquire urban hukou under specific conditions. More recently, national policy frameworks have emphasized hukou reform as part of broader urban modernization strategies. Even though these pilot reforms were able to keep a relatively alluring incentive to encourage migrant workers to flood into the big cities for decades, they still failed to make impactful changes regarding inequality and real upward mobility.[18]

The primary reason for this failure lies in the structural disincentives built into the governance system. Urban governments are reluctant to grant full citizenship rights to migrant workers, fearing the fiscal costs associated with expanded requirements in education, housing, and healthcare. Even when policies appear to open doors, they often contain fine print: point-based systems, family planning compliance requirements, and employment thresholds that disproportionately disadvantage lower-income, less-educated migrants. The result is a system of selective inclusion that mirrors the inequality it was ostensibly meant to correct.

[18] Zhang, Wenjie, Xianqiang Zou, Chuliang Luo, and Lulu Yuan. "Hukou Reform and Labor Market Outcomes of Urban Natives in China." *Journal of Population Economics* 37 (2024): 2–6. https://doi.org/10.1007/s00148-024-01027-6.

Additionally, reforms have been uneven and scattered. While some second- and third-tier cities have adopted more flexible policies, major urban centers like Beijing, Shanghai, and Guangzhou remain largely closed. This regional disparity reinforces the hierarchy of urban space in China, where access to opportunity is tiered and tightly regulated. As mentioned earlier in the thesis, migrant workers—despite being instrumental to the economic growth of these cities—are often unable to fully enjoy the fruits of that development. They remain excluded from quality education, healthcare, and housing, effectively staying poor and confined to the periphery of low-skill, low-paying labor markets. Without access to the kinds of upskilling or institutional support afforded to urban hukou holders, migrant workers are blocked from entering the circles of higher-skilled employment and social advancement. Inner-city neighborhoods where these workers live remain visibly underdeveloped and underserved, reinforcing the cycle of inequality and exclusion that undermines both social cohesion and the Party's claims to equitable progress.

Ultimately, the hukou system has not evolved in tandem with the socio-economic transformation of China. Even as the country urbanizes, the legal and institutional barriers to full urban inclusion remain entrenched. For millions of migrant families, urban life continues to be defined by uncertainty and partial rights. As the next section will explore, this exclusion becomes especially visible in the domains of education and public service access, where the children of migrants confront a new generation of institutional inequality.

3.2

The most visible and immediate effects of hukou-based exclusion manifest in education—where the children of rural migrant workers face significant barriers to accessing quality public schooling in urban areas. Although Chinese national law guarantees nine years of compulsory education for all children in China, the reality for migrant families is far more restrictive. School enrollment in many cities is regulated by a point-based system that ties access to a parent's income level, employment status, length of residence, social insurance contributions, and even compliance with family planning policies.

Even when migrant children are granted access to urban public schools, they are still often concentrated in under-resourced schools in poorer districts or segregated into privately run, low-cost "migrant schools." These schools frequently lack qualified teachers, adequate facilities, and educational support services, creating systemic disadvantages from an early age. In some cases, migrant schools in smaller cities—often housed in temporary or repurposed buildings—suffer from limited instructional hours, few extracurricular opportunities, and a lack of access to official funding streams. While some cities have begun integrating migrant students into mainstream public schools, these efforts remain inconsistent and often depend on local political will and financial capacity rather than national enforcement.

The students that came out of these "second-tier" schools will often face severe social stigma and limited peer integration. They are fully conscious that they are "in the city but not of it"—present in urban life, but denied the full rights and recognition granted

to their urban-born classmates.[19] This emotional and psychological toll can manifest in low academic performance, increased dropout rates, and diminished life chances.

The irony is striking, while China celebrates its rise as an urban and technological powerhouse, it continues to deny equal citizenship to the very labor force that enabled this transformation. Migrant families who sustain city economies through construction, sanitation, delivery work, and manufacturing are excluded from the educational and social benefits their labor makes possible. As a result, the promise of upward mobility remains inaccessible, even in cities that have outwardly embraced hukou reform. The disenfranchisement of the rural youths will also further fuel the growing apathetic trend that hinders social productivity.

The implications for CCP legitimacy are serious. Educational exclusion makes the Party's narrative of inclusive modernization ring hollow for millions of citizens. In sidelining the children of migrant workers from pathways to opportunity, the state not only perpetuates intergenerational inequality, but it also signals to a growing segment of the population that complete belonging is conditional, if not unattainable. As the next section will explore, this dynamic has repercussions that extend into social integration, civic identity, and the broader politics of legitimacy in contemporary China.

3.3

The exclusion of migrants from full participation in urban life extends beyond formal barriers to services—it shapes the very notion of what it means to belong in

[19] Shutao Wang and Chenyi Lin, "The Impact of Perceived Personal Discrimination on Migrant Students' Social Integration: The Mediating Effect of Group Permeability and Moderating Effect of Parental Involvement," *Child Psychiatry Hum Dev* **55**, 802–811 (2024). https://doi.org/10.1007/s10578-022-01430-8

contemporary China. Despite state rhetoric promising inclusive urbanization and national unity, the continued operationalization of hukou-based exclusion sends a contradictory message. The result is a governance model increasingly perceived as illegitimate by those it marginalizes—not because it fails to function, but because it functions too well to exclude[20].

This contradiction lies at the heart of the CCP's legitimacy dilemma. The regime's long-standing claim to authority rests on its ability to deliver not only prosperity, but fairness, order, and inclusion. However, for millions of migrant workers and their families, the lived experience is one of being structurally locked out of the very prosperity they helped build. The promise of a modern, integrated, and opportunity-rich urban China is undermined by a bureaucratic framework that continues to assign social worth based on birthplace.

Because of this, those who are connected to migrant families or even those urban populations that are sympathetic with the migrants will view the state negatively.[21] While it is likely to assume that many may still express surface-level support or patriotic sentiment, day-to-day experiences with exclusion, humiliation, or invisibility foster a quieter, more pervasive kind of disengagement. Lacking equal access to public services, representation, and dignity, many migrants internalize the idea that they are not full members of the urban community—even after years or decades of contribution. This

[20] Ling Yuan and Fengchun Fan, "Identity, Social Exclusion and Perceived Performance of Local Government — Evidence from Urban China," *Journal of Chinese Political Science* 26, 675–693 (2021), 679. https://doi.org/10.1007/s11366-020-09723-2
[21] Yuan and Fan, "Identity, Social Exclusion and Perceived Performance," 688.

form of marginalization promotes mistrust, weakens collective identity, and erodes the emotional legitimacy that once bolstered authoritarian governance.[22]

The fragmentation of urban identity has particularly serious consequences for children raised in these conditions. Many grow up with no meaningful sense of place-based belonging—alienated from their registered hometowns but also denied full participation in their cities of residence. The result is not simply a class divide, but a civic divide: a generation of urban residents who are legally present but socially peripheral. As noted in Chapter 2, such diffuse exclusion often does not generate open rebellion, but it does produce long-term disengagement—an outcome just as dangerous for a regime that relies on political quietism and belief in upward mobility.

Moreover, this systemic exclusion undermines the symbolic foundations of China's urban transformation. The state promotes cities as sites of modernity, innovation, and national pride. Yet, that symbolism backfires when urban space becomes a site of bureaucratic discrimination. What was once a promise of shared prosperity becoming a daily reminder of institutionalized inequality.

The hukou system thus not only impedes mobility and access degrades the very legitimacy of the CCP's inclusive governance narrative. By continuing to emphasize administrative control over social integration, the Party risks alienating the very constituencies it claims to elevate. As the concluding chapter will explore, addressing the legitimacy crisis tied to hukou is not simply a policy problem—it is a political one, requiring a reimagining of citizenship, fairness, and the urban future.

[22] Kathy Quick, "Distrust has been found to significantly weaken residents' support for a variety of integration policies," *Cities* 151, 2-10 (2024), 10. https://doi.org/10.1016/j.cities.2024.105135

Chapter 4: Conclusion – Reimagining Legitimacy in Post-Performance China

4.1

This thesis set out to examine how the Chinese Communist Party (CCP), long reliant on performance-based legitimacy, is confronting new pressures stemming from within its own developmental model. As China transforms from the manufacturing-centered economy that vanguard the earliest strive out of national poverty, to one driven by innovation which swore to maintain the prosperity and to elevate it to a new level. From rapid urbanization to the challenges of social integration, the foundations of its legitimacy have come under strain. What has emerged is a governance model increasingly shaped by internal contradictions: delivering growth while narrowing opportunity, promoting inclusion while institutionalizing exclusion.

The elevation of innovation and digital transformation as national priorities has redefined the logic of opportunity in China. Economic participation is now increasingly filtered through access to high-skill sectors and urban networks, which has produced a new geography of advantage—coastal cities rising, while inland regions stagnate. For many, particularly younger generations and rural migrants, the promise of stable employment and upward mobility has grown elusive. Instead, they encounter precarious gig work, credential inflation, and a job market that rewards pedigree more than perseverance. As the foundations of China's post-reform social contract shift, a growing segment of the population finds itself disillusioned and economically marginalized.

These contradictions are reinforced by institutional structures that continue to reproduce exclusion beneath the surface of reform. Even as cities modernize and expand,

the mechanisms determining who gets to benefit remain deeply unequal. The household registration still functions as a system of stratified access, influencing everything from school admissions to healthcare availability. Migrant families who power urban life through labor remain structurally peripheral—granted presence but not belonging. Children grow up suspended between places, unable to fully claim the futures their cities seem to offer. In this context, exclusion is not incidental, but it is maintained and organized.

What comes out of these contradictions, is not a China in crisis, but one steering through the consequences of a developmental model that has outpaced its capacity for redistribution. Legitimacy, once buoyed by tangible improvements in everyday life, now faces rising expectations, tightening opportunity, and a social fabric damaged by uneven inclusion. If the CCP is to renew its claim to leadership, it must contend not only with economic transformation, but with the political and emotional demands of a society that increasingly question the meaning of fairness and the boundaries of citizenship.

4.2

The Chinese Communist Party has long distinguished itself through its capacity to adapt across the various arenas in which it governs, from day-to-day administration to long-term planning and ideological framing. Yet the contradictions explored in this thesis reveal not just momentary gaps in policy but enduring limitations in how adaptation is conceptualized and enacted. The state continues to deploy a technocratic toolkit—adjusting metrics, refining local pilot programs, recalibrating propaganda—to address legitimacy concerns. But the nature of current challenges resists these traditional fixes.

A central limitation lies in the structure of governance itself. The political architecture of the CCP is structured to emphasize the visible delivery of results—economic output, infrastructural progress, and administrative order—while minimizing the role of public deliberation and representative mechanisms. The assumption is that effectiveness can substitute for inclusiveness; that authority can be sustained through competence alone, without broad-based input or institutionalized channels for dissent. This prioritization of state-led performance over participatory governance narrows the space for responsiveness and weakens the connection between the governed and the governing. This framework enables rapid mobilization but restricts meaningful responsiveness. Without channels for public voice, whether through electoral feedback, independent civil society, or judicial redress, systemic exclusion and dissatisfaction are more likely to accumulate than resolve. Governance becomes less a dialogue and more an imposition, risking stagnation in the face of rising complexity.

The political language of reform remains prominent, promising market liberalization and encouraging private entrepreneurship, but it often stops short of redistributive change. Programs that address inequality tend to be fragmented, symbolic, or pilot-based, leaving underlying structures intact. Innovation remains narrowly defined as technological modernization rather than social inclusion. This model may produce growth but does little to bridge the legitimacy gap between state ambition and popular experience.

Furthermore, the CCP's increasing reliance on narrative control—through the careful handling of school curricula, suppression of politically sensitive online discourse, and the publicizing of selective economic statistics—suggests a shift toward managing

perception rather than reforming conditions. While these tools may suppress dissent, they cannot manufacture trust. As expectations evolve and socioeconomic contradictions deepen, a legitimacy built on control rather than freedom becomes harder to sustain.

In this light, the Party's adaptive strategy reveals its limitations. Performance without inclusion, reform without redistribution, and stability without legitimacy form a triad of challenges that define the present moment. Getting through them will require not just stronger management but a deeper rethinking of what legitimacy means in a changing China.

4.3

Much of China's current legitimacy strain is not defined by confrontation, but by quiet retreat. Even the largest public outcry in recent memory—the 2022 anti-lockdown protests—was ultimately remembered not for slogans or mass confrontation, but for the silent symbol of a blank sheet of paper. The 'A4 protest' was not only a clever circumvention of censorship but also delivered a passive-aggressive rebuke of state control and an implicit expression of despair. It conveyed not only people's frustration with the status of 2022's society but a sense that there was nothing left to say. For many, it represented the emotional ceiling of protest in contemporary China: the gesture of a generation that feels voiceless and resigned. While the CCP has maintained social control and some level of economic growth, belief in the system has grown skeptical. Disengagement, not defiance, has emerged as one of the clearest signs of legitimacy loss. This quiet exit—marked by a withdrawal from public faith, future expectations, and emotional investment in the state—is not always visible, but it is widespread.

Among the most affected are the middle class and younger generations. Burdened by economic pressure, workplace fatigue, and diminishing returns on educational investment, they no longer view the system with aspirational energy. The widespread embrace of terms like tangping and bailan reflects not just fatigue, but disillusionment with the idea that effort guarantees advancement. Political quietism in China has traditionally been interpreted as consent. However, it should be seen as exhaustion.

This erosion of trust manifests in subtle but more detrimental ways. Fewer people speak about the future like they would in the 2000s. Public appeals feel hollow to those whose experiences contradict them. Nationalist appeals that once created enthusiasm now feel distant, especially in areas facing stagnant wages, housing pressure, and blocked mobility. The Party's legitimacy is not contested but no longer animated by conviction. Silence, in this context, is not apolitical. It is a form of political expression—a vote of no confidence delivered not through protest, but through withdrawal. The more the state relies on performance metrics and ideological slogans to project vitality, the more this silence becomes a signal that legitimacy is being hollowed out from within. It is a signal that legitimacy is being hollowed out from within.

Legitimacy does not always break; it fades. And when belief recedes, even the most stable regimes become brittle. What China confronts today is not rebellion, but detachment. That, too, is a concern.

4.4

The legitimacy challenges explored in this section suggest a regime that is out of sync with the society it governs. While state control remains firm, it operates in an

environment marked by eroded confidence and muted disengagement. The problem is not that the system has failed in an administrative sense—it continues to deliver core public services, uphold order, and manage economic transitions—but that it no longer commands the kind of belief that once rendered obedience effortless.

This distinction matters. Compliance maintained by routine and inertia is categorically different from the legitimacy that emerges from conviction. The Party may still appear stable on the surface, but the foundation of that stability is changing. When people continue to follow the rules not because they trust them, but because they see no alternative, governance becomes a matter of endurance rather than alignment. Over time, this gap between what the state demands and what the public believes widens into something more brittle.

In such a climate, the CCP's future may not be shaped by a single moment of crisis but by a gradual hollowing out—a quiet decay in which authority persists even as its emotional foundation weakens. The absence of dramatic political opposition should not be mistaken for the presence of consent. As frustration becomes internalized rather than vocalized, its presence becomes harder to detect but no less corrosive. What makes the current legitimacy problem so challenging to address is its subtlety: it is not a rupture but a slow withdrawal, not a protest but a pause, not a collapse but an accumulation of doubt.

This thesis has sought to uncover not a prediction of collapse but a map of erosion. The legitimacy the CCP once derived from growth, inclusion, and transformation is being tested by its own contradictions. Economic shifts and policy designs that promise modernity often reproduce exclusion. Aspirational rhetoric outpaces institutional access.

And governance strategies that once built trust now usually manage silence. These gaps between narrative and reality, between performance and fairness, define the shifting contours of the Party's authority.

If legitimacy once meant growth, order, and delivery, its future may demand something more profound: a redefinition of the social contract, an acknowledgment of fatigue, and a recognition that belief cannot be engineered indefinitely. The final reflections, then, are not prescriptive. They turn instead toward a question that now underpins the regime's fate: What happens when the story of success continues, but fewer people feel included in its telling?

4.5

This thesis has traced a quiet but consequential transformation in the foundation of political legitimacy in contemporary China. It has shown how the CCP's model, once defined by growth and inclusion, is now constrained by a narrowing ability to connect performance with public confidence. The Party's authority remains intact, but its emotional architecture has shifted. People still obey, but many no longer believe.

Legitimacy, at its core, is about more than institutional capacity or state performance. It is about recognition. It is the feeling that one's societal place is not contingent, provisional, or invisible. When governance becomes something to endure rather than believe in, the risk is not revolt, but drift. And this drift toward apathy, quiet cynicism, and individualized retreat carries its own form of political significance.

What this study ultimately attempted to highlight is the fragility of China's contemporary strategy that appears bold and promising on the surface but fails to evolve

in step with public expectations. As has been emphasized throughout, the CCP is not in immediate danger of losing power. Still, it faces a more insidious threat: the erosion of the belief that once made its rule feel credible, even admirable, to many. If legitimacy is to mean anything beyond control, it must include a sense of belonging. And without that belonging, authority becomes something brittle, held together by conviction and habit. The story of China's political future will not be written solely in economic reports or policy memos. It will unfold in how people interpret their place in that story, and whether they still believe it is one worth being part of.

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