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Effect of the zero-covid policy on Chinese FDI inflows and government's response: Has the Pandemic led to distinctive paradigm change in China's hypergrowth approach to development?

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ABSTRACT

This study examines the effects of China's zero-covid policy on its economy and investigates whether the policy reflects a broader shift in the country's development paradigm. Employing a mixed-methods approach, we analyze key macroeconomic indicators, conduct case studies of strict lockdowns, perform textual analysis of official documents, and apply the concept of fragmented authoritarianism to explore the relationship between central and local governments. The findings indicate that while the zero-covid policy has had negative economic repercussions, China's response does not signify a major departure from its pre-pandemic development paradigm. The initial success of the policy in curbing the spread of the virus attracted foreign investment, but prolonged restrictions led to increasing uncertainty and economic costs. The textual analysis reveals no significant decline in focus on economic performance, suggesting that the pandemic has not markedly shifted the importance of economic growth in China's development paradigm. However, the examination of the fragmented authoritarianism network indicates that the policy may have served as a tool for reinforcing the central party's control over local governments. Overall, this research offers a comprehensive understanding of the implications of the zero-covid policy for China's economy and development trajectory, highlighting the need for a nuanced analysis of the policy's consequences in the context of a changing global landscape.

Keywords: China; COVID-19 pandemic; Economic performance; Foreign investment; Governance; Zero-covid policy.

1. Introduction

China's economic performance over the past four decades has been nothing short of remarkable. Over that period the country has averaged an impressive 9.5% gross domestic product (GDP) annual growth rate. Rather commonly, this has been described as an economic Miracle, undermining the agency and capacity of the PRC's governance apparatus. This in part has likely been affected by the most prominent framework regarding Chinese

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governance, Lieberthal and Oksenberg's Fragmented Authoritarianism framework. Yet, the literature remains unanimous on the economic performance focus of Chinese institutional developments over the last four decades. This suggest a need to attribute greater degree of agency to Chinese governance - that is successfully driven by an economic performance paradigm. However, recently, the response of the country to the COVID-19 pandemic, in particular, the prolonged zero-covid policy and strong restrictions, have cast a doubt on central governments motivations and appear to indicate a shift away from the paradigm role of economic performance in China's governance. In what follows, I analyse whether the pandemic marks a distinctive paradigm shift in that regard looking at the effect of zero-covid policy on foreign investments - a current and historically important part of Chinese economic development. I contend that a closer look at the evidence in that regard does not suggest a paradigm shift in that regard, rather this paradigm shift has been gradually occurring since the 2000's. Firstly, I explain how an economic performance paradigm drives the so-called fragmented governance of China. Second, I elaborate on the potential role of covid as a paradigm shift, before looking at the existing evidence which do not indicate such a shift.

The purpose of this paper is to critically analyse the impact of China's zero-covid policy on its economy and to assess whether this policy represents a shift in the country's development paradigm. Specifically, this study aims to:

- Investigate the economic consequences of the zero-covid policy, considering both its benefits and drawbacks, in order to provide a balanced assessment of its impact on China's economic growth.
- Examine the relationship between the zero-covid policy and the country's development priorities, by analysing official documents to identify any changes in the focus on economic performance before, during, and after the pandemic.
- Explore the political implications of the zero-covid policy within the context of fragmented authoritarianism, particularly its potential role in reinforcing the central party's control over local governments.
- Provide a comprehensive understanding of the zero-covid policy and its consequences, by combining quantitative and qualitative methods to offer a multifaceted view of its effects on China's economy and development trajectory.

Through addressing these objectives, this paper aims to contribute to the ongoing debate surrounding the merits and drawbacks of strict pandemic management policies and their implications for long-term development strategies. Furthermore, it seeks to enhance the understanding of China's evolving development paradigm, offering insights that may be relevant to other countries facing similar challenges in balancing public health and economic growth amidst global uncertainties.

2. Literature Review

2.1. Reconciliating fragmented authoritarianism and developmental State: the race to economic performance

The People's Republic of China (PRC)'s economic performance since the start of the reforms in 1978 has been characterised as a *Miracle*, even bigger than the east Asian one (Ray, 2002). On the face of it, Chinese economic development over the past four decades has been nothing short of a miracle: China GDP per capita went from being lower than that of sub-Saharan Africa until the beginning of the 1990's, to now being nearly five times superior. Of course, China has benefitted from an important 'demographic dividend' -that is, an economic surplus generated from a demographic transition induced "*changes in the population age structure that raises the share of population concentrated at the productive ages*"- (Bloom and Williamson, 1998; Wang & Mason, 2008, p.146). However, labelling the growth of China a mere *miracle* heavily discounts the importance of the role played by Chinese governance.

Explaining how Chinese governance exactly functions is an arduous task given the country's complex and still evolving public administration apparatus affected by past and present contexts (Jing, 2010; Yang, 2004). In fact, in the face of this complexity and long opacity, the policy process and outcome of the Chinese governance -labelled by Dali Yang (2004) as *Leviathan*- has long been understood through Lieberthal and Oksenberg 1988's influential Fragmented Authoritarianism (FA) model, "*the most durable heuristic through which to study Chinese politics*" (Mertha, 2009, p.996). Which until the reforms, scholarly access to government agencies in the People's Republic of China (PRC) was extremely limited (Lieberthal, 1992).

This FA model argues that "*authority below the very peak of the Chinese political system is fragmented and disjointed. The fragmentation is structurally based and has been enhanced by reform policies regarding procedures*." (Lieberthal, 1992, p.8). Contrary to common perception of non-democratic regimes and to the official stance that emphasizes the central role of the CCP in all areas of governance, the model contends that "*actual policies are developed and implemented within a complex vertical and horizontal system entangling the bureaucratic organizations of the party, government, and military. As a result, the policy process in reality places greater importance on negotiation rather than coercion, and is more incremental than sweeping*" (Lim, 2021).

Of course, this framework was developed in the late 1980's. That is, after a decade of institutional reforms characterised by a large decentralization momentum which likely influenced scholarly understanding of Chinese governance. For instance, analysing the major stages of China's reform of its intergovernmental fiscal relations, Jing & Liu (2009) identify two major stages since 1978. The first one that lasted until 1993 was characterized by reforms that decentralized fiscal responsibility -both revenue extraction and service expenditures- as central government and local ones negotiated on a one-to-one basis revenue sharing fiscal contracts with provinces responsible for balancing their budgets. But the second stage, starting from 1994 with the tax-assignment reform "*recognized the dominant role of the central government in the intergovernmental fiscal system*" (p.82) and witnessed a recentralization of revenue extraction capacity whilst service expenditures kept being decentralised. Similarly, Christensen et al. (2008) also identified a divergence from the reforms undertaken in the 1980's in the following decades. Building on the work of Ngok and Zhu (2007), they argued that 1980's reforms were '*institutional reconfiguration than functional reorientation*' (ibid, p.222) aiming at downsizing the government (Christensen et al. 2008, pp. 358-359). Whereas reforms in the 1990's were in part aimed at "*promoting the unity of administrative authority at the centre and curbing the fragmentation*" (ibid, p.360). But even despite the start of the relative slowdown of this decentralization momentum shortly following the creation of the framework that emphasise fragmentation within the country's governance, the FA framework has remained highly influential. Instead, those different reform momentums are seen as displaying a change in the balance of power in the intra-governance negotiations involved in the policy process as suggested by Jing & Liu's argument regarding the internal logic of the different fiscal reforms which "*demonstrates a lively game between central and local governments in defining issues and competing for resources*" (p.73). In 2009, Mertha argued that the "*rules of the policy-making process are still captured by the fragmented authoritarianism framework, but that the process has become increasingly pluralized: barriers to entry have been lowered, at least for certain actors (hitherto peripheral officials, non-governmental organizations and the media)* […]"

which she referred to as policy entrepreneurs defined the same as those from J. Kingdon's Multiple Stream Framework (1995) of policy process, as part of what she calls *Fragmented Authoritarianism 2.0.*

The FA framework -and even further in its 2.0 version- has an important implication regarding PRC's state capacity -and agency: it views it as quite limited. Beeson (2008) argues that China, in its development process, has suffered a "*lack of state capacity and the concomitant inability of government to direct or compel compliance with its initiatives*" (p.23). Perhaps it is this base assumption that led observers to label the strong economic performance of the country as a *miracle*. This further poses a puzzle when discussing China's identity as a developmental state.

Popularised in Chalmers Johnson's analysis of the central role Japan's state apparatus played in the country's rapid post-war economic development in 1982, the concept of developmental state refers to a state which sets economic development as its first priority before being a regulatory state, a welfare state, an equality state, or whatever other kind of functional state the society wishes to adopt. Focusing on economic development, the state takes necessary policy measures to accomplish that objective (Johnson, 1982). This model has widely been used to explain the success of East Asian, as well as other, late blooming economies, what Alice Amsden called the Rise of "*the Rest*" (2001). The important contention appears here: if China's governance is inherently fragmented and lacks capacity, how did it manage to take the necessary policy measures to accomplish sustained high economic development? In other words, is China a developmental state? The literature suggests it is (see for instance Amsden 2001; Wade 2018) albeit a *paradoxical one* (Beeson, pp. 22-27). Indeed, in the face of the country's enormous economic achievements in the space of four decades, it appears difficult not to grant its governance a greater degree of agency and control than the FA framework presumes. For instance, the recent Chinese success in "*eliminating extreme poverty"* -as stated by Vice Minister of Finance Yu Weiping- has been attributed to "*persistent growth through economic transformation*" by Manuela V. Ferro, the World Bank Vice President for East Asia and Pacific (World Bank Group, 2022).

A more nuanced view of Chinese governance and the FA framework at work, as I would like to suggest, would place greater emphasis on pragmatism in giving importance to the *larger picture*. While policy exact outcomes may vary as a result of internal bargains, the policy process of China operates within certain paradigms, or visions. Economic hypergrowth-led development, I contend, has long been such a paradigm and the state apparatus has proven successful in coordinating and fostering efforts to continuously achieve this outcome. This has been characterised by a pragmatic willingness of the central government to allow some leeway and bargaining power to the different actors involved to incentivize and foster initiative but with a persistent confidence that power was eventually concentrated at the top and never really surrendered as suggested by So (2002): "*the present developmental miracle of China actually owes much to the historical heritage of the Maoist era. Despite many shortcomings, Maoist legacy has provided China with a strong Leninist par state, [and] a concentration of power in the communist party*" (p.6). The party then reformed along the way to ensure keeping actors in check to serve that overarching growth objective.

In fact, despite the FA framework, the overarching hypergrowth paradigm appears throughout the literature on Chinese's reforms since 1978. Writing on civil service reforms, Jing and Zhu (2011) explain that "*Political leadership serves economic development*" (p.140) and that modernizing bureaucracy was needed "*as the Party shifted its central task from class struggle to economic development*" (p.136). Moreover, Gao (2017) explains that the performance-based promotion system of Chinese Communist Party (CCP)'s cadre management is designed to "*aim to motivate local leaders to promote economic development and implement central policies*" (p.3) with Li and Zhou (2004) finding that economic performance plays a key role in promotion and termination of provincial leaders in China. Administrative reforms have also been characterized by their important economic growth focus. Jing (2017) thus argued that the public administration -gradually and firmly established throughout the reforms- 's efficiency and effectiveness were a crucial foundation of China's economic performance. Even regarding the fiscal reforms discussed previously were arguably primarily economy oriented with their "*major purpose to accommodate its transition from a centrally planned economy to a free-market economy and its simultaneous transition from a closed economy to an open economy*" (Jing & Liu, 2009, p.74). If what exact channel that allowed for the strong economic development undertaken in the 1980's is debated, with Montinola, Qian, Weingast (1995) emphasising the role of decentralization whilst Cai and Tresman (2007) contest this account and suggest instead that political competition between pro-market and conservative factions within the party is what led to growth-enhancing policies, it is difficult to argue that economic growth was not the ultimate goal. In fact, despite this argument on what led to economic development it appears that fiscal reforms whether at the time of decentralisation -and what Oi labelled *Local state* *corporatism*- or later with recentralisation of revenue extraction, all had positive economic outcomes (Oi, 1992; Ling & Liu, 2000; Ding & al., 2019).

Thus, however exactly the Chinese governance works, it appears difficult to argue that strong economic development has not been its paradigm driving force behind since the 1978 reforms, with politics and economics co-evolving to sustain a *growth equilibrium* (Chen & Naughten, 2016).

3. Research Methodology

This research paper employs a comprehensive mixed-methods approach to investigate the impact of China's zero-covid policy on its economy and examine its role in the country's development paradigm. The methodology consists of four main components, each designed to address specific aspects of the research question:

Time series analysis: The research paper analyses key macroeconomic indicators, including GDP growth and foreign direct investment (FDI), over an extended period spanning from before the implementation of the zero-covid policy to the present day. This longitudinal approach allows the paper to identify significant changes in these variables attributable to the policy and track the country's overall economic trajectory.

Case study analysis: To gain a deeper understanding of the localized economic effects of the zero-covid policy, the research conduct case studies focusing on specific instances of strict lockdowns, such as the 2022 Shanghai lockdown. These case studies provide detailed insights into the challenges faced by businesses, households, and local governments during these periods, as well as the subsequent recovery process.

Textual analysis: The research performs a textual analysis of official documents concerning the central party's objectives to discern potential shifts in focus on economic performance. This analysis includes examining policy documents, speeches, and other sources of information to identify any changes in emphasis on economic growth before, during, and after the pandemic. This method enables us to investigate whether the zero-covid policy reflects a broader shift in China's development paradigm.

Fragmented authoritarianism network analysis: In order to contextualize the zero-covid policy within China's unique political landscape, the research paper employ the concept of fragmented authoritarianism (FA) to examine the relationship between central and local governments. We analyse the distribution of service delivery expenditures and the role of the zero-covid policy in reinforcing central party control over local governments. This component of the methodology sheds light on the political motivations and implications of the policy.

By combining these quantitative and qualitative methods, this research offers a nuanced and thorough analysis of the impact of the zero-covid policy on China's economy and development paradigm. The mixed-methods approach ensures that our study captures the complexity of the policy's consequences and provides a comprehensive understanding of its implications for China's future trajectory.

4. Results

4.1. Covid-19 pandemic response: Exogeneous shock and paradigm change?

In December 2019, as China’s economy ends the year with 6% yearly growth -about thrice the growth registered by the United States and the European Union for that year- the first case of the corona virus is identified in Wuhan, China. The virus quickly spreads worldwide and becomes what is now known as the COVID-19 pandemic. Governments worldwide attempted to stop the spread -through measures involving social distancing, travel restrictions, temporary lockdowns, mass testing, compulsory mask wearing etc.- and efforts are quickly made to develop vaccines. These measures have significantly negatively affected economies. In the first year of covid, as most countries initially attempted to stop the spread, economies witnessed a significant slowdown. In 2020, China’s annual growth rate had diminished by 4 points to reach 2% and, for the first time since the year of the Tiananmen square events, was below 5%. That same year, United States and European Union growth rates were respectively -3% and -6%. (World Bank, 2022a). In fact, the pandemic “*triggered the largest global economic crisis in more than a century*” (World Bank, 2022b) affecting virtually all sectors of the economy, increasing public expenditures in health and social security.

As economies started to adapt to the pandemic and vaccines were developed, economies started to recover in 2021. The Chinese recovery, however, was not as strong as that of the United States and the European Union. Indeed, in 2021 China’s growth rate had increased by 5.9 points of percentage compared to 2020, whilst the growth rates of the United States and the European Union had increased by 9.1 and 11.4 points of percentage respectively. Since the start of the pandemic until very recently, China had adopted a *zero-covid* policy. That is, the maintenance of strict restrictive measures to ensure the absence, or very limited presence, of the virus on its territory. This zero-covid approach was manifested by "*mass testing, {quarantining} the sick in government facilities and {imposing} strict lockdowns that can span entire cities*" (VOA News, 2022).

More than their strict character, it is the sustaining of those restrictions that have made China unique in its way to deal with the pandemic. Whilst most countries have progressively relaxed restrictions as larger segments of the population were vaccinated, China has maintained its zero covid policy for over three years. While some other countries such as New Zealand and Australia had a similar approach, they have revised their approach much sooner, in October 2021 in the case of New Zealand (Peters, 2021). Meanwhile, Shanghai, China's most populous urban area and leading economic hub of the country, was placed under strict lockdown between March and August 2022 following an outbreak. This zero-covid policy had, of course, a significant cost for the Chinese economy. According to the OECD for instance "*The slowdown in the G20 area in Q2 2022 mainly reflected the sharp contraction in China, where GDP fell by 2.6% quarter-on-quarter after rising by 1.4% in Q1 2022. This contraction reflected the lockdowns that were put in place to contain COVID-19 outbreaks*" (Sept. 2022).

This lengthy maintaining of economically harmful policies appears inconsistent with China's governance growth paradigm. This apparent empirical puzzle begs the following question: Has pandemic led to distinctive paradigm change to China's hypergrowth approach to development? Of particular interest is the fact that the pandemic is an exogeneous shock for which policy responses were designed, so if there is a paradigm change it is also interested to understand whether it was truly provoked by the pandemic or whether the pandemic opened a *window of opportunity* that allowed Chinese governance to legitimate and manifest this paradigm change.

4.2. Effect of the zero-covid policy on Foreign Direct Investments in China and policy response: assessing a potential change of priority?

Answering this question requires assessing whether a) the zero-covid policy has indeed had significantly harmful effects on the Chinese economy, b) if yes, what was the policy response and does it demonstrate a strong commitment to the overarching economic development paradigm, and c) was there a decline of the economic development focus prior to the pandemic. In order to do so, this paper looks at available -primarily qualitative and second-hand- evidence effect of the zero-covid policies on foreign investors investing behaviours and how China has sought to mitigate those potentially negative effects, as well as a comparative analysis of the focus on economic development and foreign investment of the past five National Congress of the Communist Party of China (NCCPC) reports to examine the long running trend of the economic paradigm.

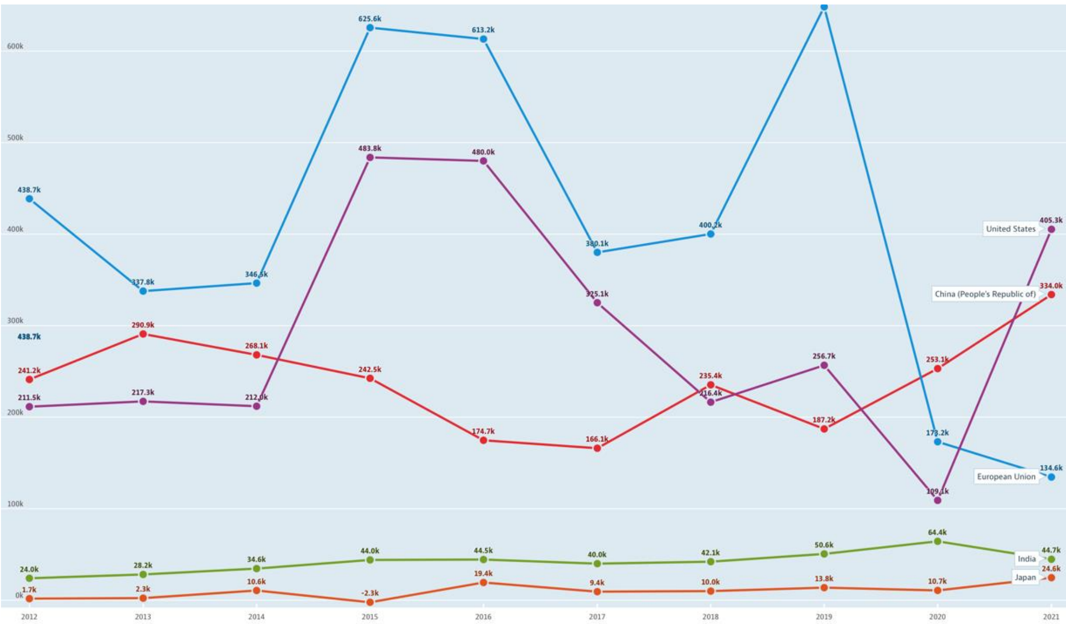
Choosing Foreign investments as dependent variable, instead of solely growth, is related to China's specific demographic context. Indeed, although growth rates trends can be insightful, China is at a particular point in its economic transition. Whilst policies where growth-enhancing, the role of the demographic dividend mentioned previously is non-negligeable as stated by Feng (2011): "*The benefit of this demographic dividend is estimated to have accounted for15 to 25 percent of China's economic growth between 1980 and 2000*" (p.183). As China's population structure is becoming closer to that of an industrialised country, its high growth rates have started to gradually -albeit still slowly before the pandemic- decline. It would thus be difficult to really distinguish the pandemic-policy effect from the broader eco-demographic effect. As the working-age population shrinks, a reasonable assumption is to see China complete its transition from a labour-intensive economy to a capital intensive one. Attracting foreign investments, as a form of international capital mobility, should remain an important tenant of China's economic development approach. Especially given the historical importance of inwards Foreign Direct Investments (FDI) in China's strong economic development (Tseng and Zebregs, 2002) and its important in recent years as China started competing with the United States as the larger receiver of FDI flows (OECD Data, 2022).

4.3. A foreign investment hindering policy

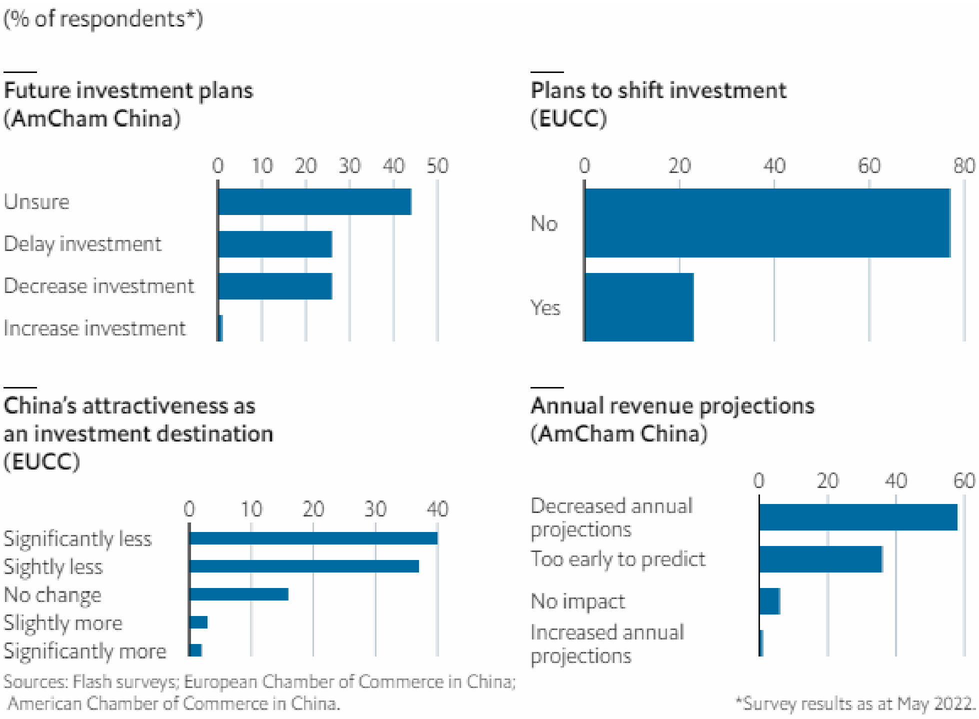
Graph 1. displays the FDI inflows in China and selected countries -economic areas (i.e., EU)- between 2012 and 2021. What can be observed is that contrary to what can be assumed, Chinese FDI inflows have continuously increased between 2019 and 2021. More surprisingly, Chinese inflows appear to have been particularly resilient in 2020 whereas FDI inflows to the US, the EU and Japan have plummeted that year. India, on the other hand, also saw an initial FDI inflows increase in 2020 -by more than 20%- before a drop to below 2019 levels in 2021.

There are however some important mitigating factors. First, the lack of existing data for 2022 limits the inferential power of the trends we can observe on the distinctive effect of the prolonged zero-covid policy as 2021 was still a year that saw important restrictions generalised. Second, looking into more details can draw important distinctions. Examining available data sources to assess China's FDI performance since 2020, Hanemann et al. (2022) suggest that "*reality of China's FDI trajectory in the first two years of the pandemic is more subdued*". They explain that China's high interest rates as well as the RMB strength led investors to move money into China initially. However, it should be noted that part of these short-term flows are recorded as FDI officially, rather than portfolio investment as they would be in open market economies - "*without capital controls and foreign ownership restrictions*". They state a sharp decline in greenfield projects and foreign acquisitions over the 2020-2021 period. Importantly, they state that since the second quarter of 2022, inflows have slowed down sharply. Within just six months, inflows went from a record high in the first quarter of 2022 to a 20-year low in the third quarter of 2022 -an indication that the uncertainty created by the prolonged zero-covid policy -manifested by the Shanghai 2022 lockdown- was starting to discourage investors.

These findings are also supported by work carried out by the Economist Intelligence Unit (EIU) 2022 arguing that the "Zero-covid" policies have weighed negatively on the attractiveness of China's foreign direct investment (FDI) environment with an expected fallback in FDI inflows in 2022-23 compared to 2020-2021. It should however be highlighted that the work was published in June 2022, that is still during the zero-covid policy with no indication about when it would end, as they claim they expected "*China to maintain its "zero-covid" stance into 2023*", their 2022-2023 expectations are to be relativised. Graph. 2 shows the results to surveys conducted from European and American Chambers of Commerce in China. They indicate that the prolonged zero-covid policy did have an effect -albeit moderate- on foreign investors behaviour towards China. While initially China's quick response and control of the pandemic compared to the rest of the world created conditions for increased investment to solidify existing supply-chains, the results of the surveys "*uniformly name the country's zero-covid controls as among the leading impediments to doing business in China*". Many investors were expecting the strict policies to negatively affect their revenue projections and saw China as a significantly less attractive investment destination. Although this did not uniformly result in plans to shift investments, it did increase investors uncertainty regarding future investments as very few investors are considering increasing their investments while large proportions have delayed or decreased theirs.



Graph 1. FDI flows in selected countries (Source : OECD Data, 2022)



Graph 2. Surveys from European and American Chamber of Commerce in China (source: EIU, 2022)

4.4. A certain sensitivity to foreign investment demonstrated

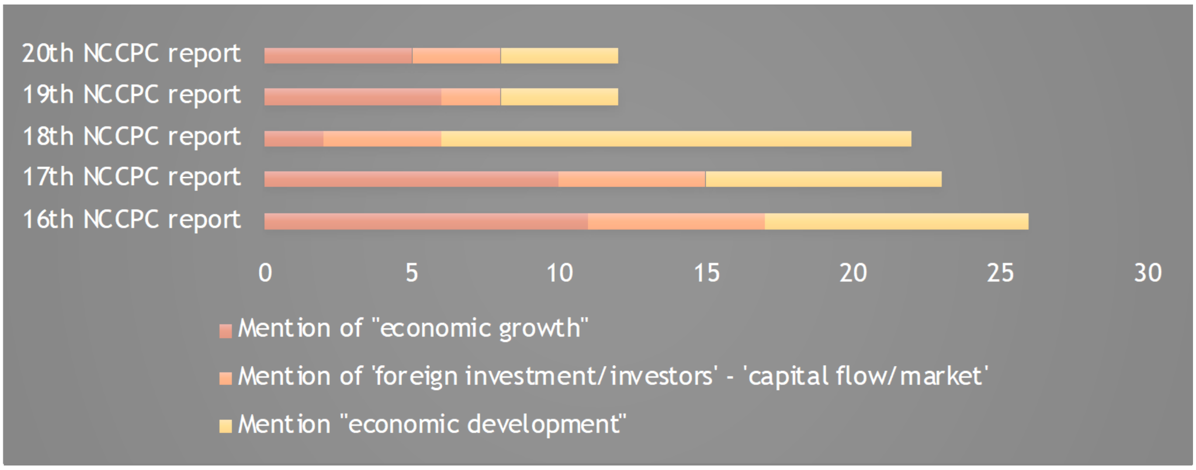
As China initially benefited from the pandemic situation with regards to FDI inflows, the country sought to foster that introducing a series of policies to further improve its business environment (PRC’s State Council, 2021). For example, China unveiled new, shortened negative lists for foreign investment number of sectors that are off-limits to foreign investors has been slashed to 33 from 40 in 2019. Moreover, the country completed investment agreement negotiations with the European Union in December 2020 and signed the Regional Comprehensive Economic Partnership, the world's biggest trade pact, in November 2020.

However, as suggested by the findings reported above, those initial attempts to foster have not been sufficient to mitigate the effects of a long run zero-covid policy on investors behaviour. China has been reportedly intensifying its official communication to renew the dialogue with investors following the recent decline in Chinese investments inflows (Poenisch 2022; Dominguez 2022). For instance, China’s National Development and Reform Commission (NRDC) announced in September 2022 that it was exploring new ways of attracting more FDI into China’s manufacturing, service and green economy sectors, and that it would improve supply chains, enhance intellectual property protection, reduce market access restrictions and improve the rule of law to enhance the investment environment (Dominguez, 2022).

Importantly, it is of course notable that all restrictions were lifted following within three months following the sharpest decline in FDI since the start of the pandemic.

4.4.1. Only a relative declining focus on economic growth and development

Graph 3. Shows a textual analysis comparison of the past five NCCPC reports -that is, all reports since 2000-‘s focus on growth and foreign investment. Although we can observe a general declining trend of the focus on growth and foreign investment since the beginning of the century, this trend declining trend did not appear to accentuate between 2017 and 2022. Interestingly, the focus of the text on foreign investment inflows has slightly increased since 2017.



Graph 3. Textual analysis of the past NCCPC reports focus on growth and foreign investment. (NCCPC reports).

5. Conclusion

The findings of this research suggest that while the zero-covid policy has harmful effects on the country's economy, the country's response do not indicate a strong path divergence from the economic development paradigm as it was before the pandemic. Indeed, the initial comparative success of the zero-covid policy made China attractive to foreign investors. As investment environment became more uncertain with the prolonged zero-covid policy strong restrictions manifested by the 2022 lockdown of Shanghai, China started to incur the cost of its policy. But not long after, the country started to lift all its restrictions and dramatically change its approach to the pandemic. Furthermore, a textual analysis of official documents regarding central party's objectives do not indicate a sudden decline in focus on economic performance before and after, or during the pandemic. Hence, the evidence do not indicate a that the pandemic provoked or markedly manifested a distinctive paradigm shift away from the importance of economic performance.

No doubt that the country could have benefitted from an earlier end to the strict covid restrictions, however, as demonstrated by the longer trend textual analysis, it would appear a paradigm shift has been gradually occurring over the past two decades de-emphasising hypergrowth as the country's top priority.

Of course, other parameters are to be taken into account regarding China's decision to sustain its zero-covid policy and questions can be raised on potential other motivations. Importantly, as service delivery expenditures are disproportionately born by local governments the FA network could suggest that maintaining a costly zero-covid approach nationwide contributes to reinforcing the bargaining chip, or control, of the central party in the fragmented governance of the PRC (Huang, 2022).

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