China's New Revolution

The Reign of Xi Jinping

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Foreign Affairs, May-June 2018

Standing onstage in the auditorium of Beijing's Great Hall of the People, against a backdrop of a stylized hammer and sickle, Xi Jinping sounded a triumphant note. It was October 2017, and the Chinese leader was addressing the 19th Party Congress, the latest of the gatherings of Chinese Communist Party elites held every five years. In his three-and-a-half-hour speech, Xi, who was appointed the CCP's general secretary in 2012, declared his first term a "truly remarkable five years in the course of the development of the party and the country," a time in which China had "stood up, grown rich, and become strong." He acknowledged that the party and the country still confronted challenges, such as official corruption, inequality in living standards, and what he called "erroneous viewpoints." But overall, he insisted, China was headed in the right direction—so much so, in fact, that he recommended that other countries draw on "Chinese wisdom" and follow "a Chinese approach to solving the problems facing mankind." Not since Mao Zedong had a Chinese leader so directly suggested that others should emulate his country's model.

Xi's confidence is not without grounds. In the past five years, the Chinese leadership has made notable progress on a number of its priorities. Its much-heralded anticorruption campaign has accelerated, with the number of officials disciplined for graft increasing from some 150,000 in 2012 to more than 400,000 in 2016. Air quality in many of China's famously smoggy cities has improved measurably. In the South China Sea, Beijing has successfully advanced its sovereignty claims by militarizing existing islands and creating new ones outright, and it has steadily eroded the autonomy of Hong Kong through a series of political and legal

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Party of one: Xi at the 19th Party Congress, Beijing, October 2017

maneuvers. Across Asia, it has enhanced its influence through the Belt and Road Initiative, a massive regional infrastructure plan. All the while, the Chinese economy has continued to expand, and in 2017, GDP grew by 6.9 percent, the first time the growth rate had gone up in seven years.

But Xi's ambitions extend beyond these areas to something more fundamental. In the 1940s, Mao led the communist revolution that created the contemporary Chinese party-state. Beginning in the late 1970s, his successor, Deng Xiaoping, oversaw a self-proclaimed "second revolution," in which he ushered in economic reforms and the low-profile foreign policy that produced China's economic miracle. Now, Xi has launched a third revolution. Not only has he slowed, and, in many cases, reversed, the process of "reform and opening up" set in motion by Deng, but he has also sought to advance the principles of this new China on the global stage. Moreover, in a striking move made in March, the government eliminated the constitutional provision limiting the president to two terms, allowing Xi to serve as president for life. For the first time, China is an illiberal state seeking leadership in a liberal world order.

THE REVOLUTION BEGINS

Xi began his revolution as soon as he took power. For more than three decades, the Chinese political system had been run by a process of

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collective leadership, whereby decision-making authority was shared among officials in the Politburo Standing Committee, China's top ruling body. But Xi quickly moved to centralize political authority in his own hands. Within the first few years of his tenure, he assumed leadership of all the most important committees overseeing policy, such as those concerning cyber issues, economic reform, and national security. He secured public pronouncements of loyalty from top officials, such as People's Liberation Army generals and provincial party secretaries, as well as from the media. And he has used an anticorruption campaign to root out not just self-serving officials but also his political enemies. In July 2017, for example, Sun Zhengcai, a rising star within the CCP who served as party secretary of the municipality of Chongqing, was charged with corruption and removed from office; months later, a senior official announced that Sun had plotted with others to overthrow Xi.

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At the 19th Party Congress, Xi further cemented his hold on CCP institutions and consolidated his personal power. His name and his ideology—"Xi Jinping Thought on Socialism With Chinese Characteristics for a New Era"—were enshrined in the party's constitution, an honor previously granted only to Mao. More allies of his were added to the CCP's 25-member Politburo and its seven-member Standing Committee, such that more than half of each group is now composed of Xi loyalists. Then came the change that left open the possibility that Xi could serve as president indefinitely.

Xi has matched the dramatic growth of his personal power with an equally dramatic intensification of the CCP's power in society and the economy. The China scholar David Shambaugh once noted, "If one of the hallmarks of the Maoist state was the penetration of society, then the Dengist state was noticeable for its withdrawal." Now, under Xi, the pendulum has swung back toward a greater role for the party. No element of political and economic life has remained untouched.

In the political sphere, the CCP has taken advantage of new technology and put greater pressure on the private sector to restrict access to forbidden content online, sharply diminishing the vibrancy of China's virtual public square. Even privately shared humor can trigger police action. In September 2017, authorities detained a man for five days

after he sent a joke about a rumored love triangle involving a government official to a group over the messaging app WeChat. The government is also developing a massive biometric database that, thanks to state-of-the-art voice- and facial-recognition technologies, could be married to its vast telephone and video surveillance network and used to identify and retaliate against party critics. By 2020, Beijing plans to have rolled out a national system of "social credit," integrating information from online payment and social media apps into a database that would allow it to punish or reward citizens based on their supposed trustworthiness. Those whose behavior falls short—defaulting on a loan, participating in a protest, even wasting too much time playing video games—will face a range of consequences. The government might slow their Internet connections or restrict their access to everything from restaurants to travel to jobs, while giving preferred access to those who abide by the CCP's rules.

On the economic front, Xi has defied expectations that he would accelerate market-based reforms. He has strengthened the position of state-owned enterprises, assigning them a leading role in economic development campaigns, and he has empowered the party committees that sit inside every Chinese firm. In recent years, those committees had only ill-defined roles, but thanks to a new requirement under Xi, management must seek their advice—and, in some cases, their approval—for all major decisions. The CCP has called for similar rules to apply in joint ventures with multinational corporations. Even private companies are no longer outside the party's purview. In 2017, Beijing announced plans to expand an experiment in which the party takes small stakes in media and technology companies, including such giants as Alibaba and Tencent, and receives a degree of decision-making power.

AMBITIONS ABROAD

While Xi has limited political and economic openness at home, on the international stage, he has sought to position himself as globalizer in chief. At a meeting of the Asia-Pacific Economic Cooperation in November 2017, for example, he proclaimed, "Opening up will bring progress, and those who close down will inevitably lag behind." Such rhetoric is misleading. In fact, one of the most distinctive elements of Xi's rule has been his creation of a wall of regulations designed to control the flow of ideas, culture, and even capital between China and the rest of the world.

Although restrictions on foreign influence are nothing new in China, they have proliferated under Xi. In January 2017, Beijing enacted a stringent new law requiring nongovernmental organizations in China to register with the Ministry of Public Security, obtain permission for every activity they engage in, and refrain from fundraising within China. By March 2018, only 330-odd groups had registered, about four percent of the total that had been operating in China before the law. Meanwhile, Beijing has begun the process of formally blocking foreign-owned virtual private networks that allow users to circumvent China's so-called Great Firewall.

A similar pattern has emerged in the economic realm. In 2015, in order to prevent China's currency from depreciating and its foreign reserves from plummeting, Beijing placed strict controls on Chinese citizens' and corporations' ability to move foreign currency out of the country. That same year, the government launched its "Made in China 2025" program, a self-sufficiency drive that sets out ten key industries, from materials to artificial intelligence, in which Chinese firms are expected to control as much as 80 percent of the domestic market by 2025. To ensure that Chinese companies dominate, the government not only provides large subsidies but also puts in place a variety of barriers to foreign competition. In the electric car industry, for example, it has required Chinese automakers to use batteries made in Chinese factories that have been operating for more than a year, effectively eliminating the major Japanese and South Korean competitors.

Meanwhile, Xi has moved China further away from its traditional commitment to a low-profile foreign policy, accelerating a shift begun by his predecessor, Hu Jintao. Under Xi, China now actively seeks to shape international norms and institutions and forcefully asserts its presence on the global stage. As Xi colorfully put it in a 2014 speech, China should be capable of "constructing international playgrounds"—and "creating the rules" of the games played on them.

Xi's most notable gambit on this front is his Belt and Road Initiative, a modern incarnation of the ancient Silk Road and maritime spice routes. Launched in 2013, the undertaking now encompasses as many as 900 projects, more than 80 percent of which are contracted to Chinese firms. But the effort goes far beyond mere infrastructure. In Pakistan, for example, the plan includes not only railroads, highways, and dams but also a proposal to develop a system of video and Internet surveillance similar to that in Beijing and a partnership with a Pakistani television

channel to disseminate Chinese media content. The Belt and Road Initiative has also given China an opportunity to advance its military objectives. Chinese state-owned enterprises now run at least 76 ports and terminals out of 34 countries, and in Greece, Pakistan, and Sri Lanka, Chinese investment in ports has been followed by high-profile visits from Chinese naval vessels. Beijing has also announced that it will be establishing special arbitration courts for Belt and Road Initiative projects, thereby using the plan to promote an alternative legal system underpinned by Chinese rules.

Indeed, China is increasingly seeking to export its political values across the globe. In Ethiopia and Sudan, for example, the CCP is training officials on how to manage public opinion and the media, offering advice on what legislation to pass and which monitoring and surveillance technologies to use. Perhaps the most noteworthy effort is China's campaign to promote its vision of a closed Internet. Under the banner of "cyber-sovereignty," Beijing has promulgated the idea that countries should be allowed to, as one official document explained, "choose their own path of cyber development, model of cyber regulation and Internet public policies." It has pushed for negotiations about Internet governance that would privilege states and exclude representatives from civil society and the private sector, and it hosts an annual conference to convince foreign officials and businesspeople of its view of the Internet.

China also dangles access to its massive domestic market to coerce corporations to play by its rules. In 2017, for example, Apple was convinced to open a data center in China in order to comply with new rules requiring foreign firms to store certain data inside the country (where it will presumably be easier to monitor). That same year, the company removed from its app store hundreds of programs that helped people get around the Great Firewall.

Ironically, for all the talk of sovereignty, part of Xi's more assertive foreign policy involves unquestionable violations of it. The government's Confucius Institutes and Confucius Classrooms, which purvey Chinese language and culture abroad, have come under increasing scrutiny in the United States and elsewhere for spreading CCP propaganda, although they probably pose a lesser threat to U.S. interests than is commonly thought. More challenging is China's effort to mobilize its overseas communities, particularly students, to protest visits by the Dalai Lama, inform on Chinese studying abroad who do not

follow the CCP line, and vociferously represent the government's position on sensitive issues such as Hong Kong and Taiwan. This effort contributes to a climate of intimidation and fear within the Chinese overseas student community (not to mention the broader university community), and it threatens to tar all Chinese students as representatives of the Chinese government. Of even greater concern, Chinese security officials have on several occasions abducted former Chinese nationals who are now citizens of other countries. After a Chinese Swedish bookseller was snatched from a train in China and detained earlier this year, the state-supported *Global Times* editorialized, "European countries and the U.S. should educate their newly naturalized citizens that the new passport cannot be their amulet in China."

RETHINKING XI

Many observers view Xi as an economic reformer who has been thwarted by powerful opposition, as the best hope for positive global leadership, as overwhelmingly popular among the Chinese people, and as committed to stability abroad in order to focus on affairs at home. In fact, such assessments miss four fundamental truths about him.

First, Xi is playing a long game. His preference for control over competition often leads to policies that appear suboptimal in the short run. For example, his centralization of power and anticorruption campaign have slowed decision-making at the top of the Chinese political system, which in turn has led to paralysis at local levels of governance and lower rates of economic growth. Yet such policies have a long-term payoff. Chinese leaders tolerate the inefficiencies that come with nonmarket policies—say, slow Internet connections or money-losing state-owned enterprises—not only because the policies enhance their own political power but also because they afford them the luxury of making longer-term strategic investments. Thus, for example, the government encourages state-owned enterprises to invest in high-risk economies in support of the Belt and Road Initiative, in order to gain controlling stakes in strategic ports or set technical standards, such as railway track gauges or types of satellite navigation systems, for the next wave of global economic development. Decisions that may appear immediately irrational in the context of a liberal political

system and a market economy often have a longer-term strategic logic within China.

Second, although he harbors ambitions on the global stage, Xi has only rarely demonstrated true global leadership, in the sense of showing a willingness to align his country's interests with—or even subordinate them to—those of the broader international community. With a few exceptions, such as when it comes to UN peacekeeping contributions, China steps up to provide global public goods only when doing so serves its own short-term interests or when it has been pressured to do so. Moreover, it is increasingly seeking to ignore established norms and set its own rules of the road. In 2016, when the International Court of Arbitration rejected Chinese claims to wide swaths of the South China Sea, Beijing simply dismissed the ruling and carried on with its land-reclamation and militarization efforts there.

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Third, Xi's centralization of power and growing control over information make it hard to assess how much consensus there really is in China about the direction in which he and the rest of the Chinese leadership are taking the country. There may be more pushback against Xi than is commonly thought. In academic and official circles, a wide-ranging debate over the merits of many of the regime's policies rages, even if it is less robust than during previous times. Many of China's wealthiest and most talented citizens, concerned about the state's heavier hand, have moved their money and families abroad. Chinese lawyers and others have condemned many of Xi's initiatives, including the recent move to eliminate term limits. Even his signature Belt and Road Initiative has generated criticism from scholars and business leaders, who argue that many of the proposed investments have no economic rationale.

Finally, Xi has eliminated the dividing line between domestic and foreign policy. There may have been a time when the political and economic implications of China's authoritarian system were confined largely to its own society. But now that the country is exporting its political values—in some cases, to buttress other authoritarian-leaning leaders, and in others, to undermine international law and threaten other states' sovereignty—China's governance model is front and center in its foreign policy.

CHALLENGE AND RESPONSE

At the heart of Xi's revolution is a values-based challenge to the international norms promoted by the United States. The Trump administration must now advance an equivalent challenge to China—one that begins with a forceful assertion of enduring American principles. This means not only maintaining a strong military presence in the Asia-Pacific but also demonstrating a continued commitment to free trade and democracy. At the same time, the United States must mount a vigorous defense at home. Because it can no longer count on China to continue the process of reform and opening up, it should stop sacrificing its own economic and political security. In the past, Washington tolerated a degree of intellectual property theft and unequal market access because it believed that China was making some progress toward market principles and the rule of law. With that logic off the table, there is no reason the United States shouldn't adopt more restrictive policies toward China.

Keeping up with Xi's many new initiatives is not easy, and it is tempting to respond to each one as it arrives. In March, for example, reports that Djibouti—home of the U.S. military's only permanent base in Africa—was planning to give China control over a port prompted senior U.S. officials to sound alarm bells and press Djibouti to reverse course. Yet the United States offered no constructive alternative, such as an economic development package. More important, nor did it put forth a broader U.S. strategy to address China's ambitions in Africa and other places covered by its Belt and Road Initiative. (As events played out, Djibouti awarded management of the port to a Singaporean company.) Such a reactive and piecemeal approach will do little to respond to the longer-term challenge posed by Xi's revolution. At the other extreme, although it may be tempting to react to Xi's changes by demanding that Washington come up with an entirely new China strategy, what is actually required is not an outright rejection of the past four decades of U.S. policy but a careful rethinking of that policy so as to incorporate what works and reevaluate what does not.

An effective China policy must rest on a robust demonstration of the United States' commitment to its own principles. Despite U.S. President Donald Trump's protectionist impulses and praise for autocrats, recent moves suggest that the White House has not entirely forsaken its commitment to liberal values in Asia. On his trip to the

region in November 2017, the president articulated his support for a "free and open Indo-Pacific" and revived the quadrilateral partnership with Australia, India, and Japan, a dormant grouping of like-minded Pacific democracies that could start pushing back against Chinese aggression in the region. Indeed, the administration's National Defense Strategy calls for placing a renewed emphasis on alliances to counter "revisionist powers."

As a useful first step toward making good on its word, the administration should elaborate on the substance of the renewed quadrilateral partnership and establish how it will work in conjunction with other U.S. partners in Asia and elsewhere. One potential area of collaboration centers on high-stakes security issues. That could mean undertaking joint freedom-of-navigation operations in the South China Sea, providing alternative sources of investment for countries with strategically important ports, or supporting Taiwan in the face of Beijing's increasingly coercive strategy.

Trump should also reopen discussions about the Trans-Pacific Partnership. Although he withdrew the United States from the deal days after his inauguration, more recently, he has expressed a willingness to consider a modified version of it. A revived agreement would not only promote market-based reforms in countries with largely state-dominated economies, such as Vietnam, but also provide a beachhead from which the United States could advance its own economic interests over the long term.

To compete with the Belt and Road Initiative, the United States should draw on its strengths in urban planning and technology. In the field of "smart cities," many of the world's top corporations and most innovative start-ups are American. Washington should partner with developing countries on urban planning for smart cities and help finance the deployment of U.S. firms' technology, just as it did in 2014, when it worked with India on an ambitious program to upgrade that country's urban infrastructure. Part of this endeavor should include support for companies from the United States—or from U.S. allies—to help build up developing countries' fiber-optic cables, GPS, and e-commerce systems. Doing that would undercut China's attempt to control much of the world's digital infrastructure, which would give the country a global platform for censorship and economic espionage.

China's push to shape other countries' political systems underscores the need for the Trump administration to support U.S. institutions that

promote political liberalization abroad, such as the National Endowment for Democracy, the International Republican Institute, the National Democratic Institute, and the Asia Foundation. These institutions can partner with Australia, Japan, and South Korea, along with European allies, to help build the rule of law in quasi-authoritarian states and buttress nascent democracies. Legal, educational, and structural reform programs can provide a critical bulwark against Chinese efforts to project authoritarian values abroad.

Of course, strength abroad begins with strength at home. China's willingness to subordinate its short-term economic interests for longer-term strategic gains means that Washington must redouble its investment in science and technology, support the universities and national labs that serve as a wellspring of American innovation, and fund the development and deployment of new technologies by U.S. firms. Without such support, U.S. companies will be no match for better-funded Chinese ones, backed by Beijing's long-term vision.

China is eager to restrict opportunities for outsiders to pursue their political and economic interests within its borders, even as it advances its own such interests outside China. Accordingly, it's time for the Trump administration to take a fresh look at the notion of reciprocity—and do unto China as China does unto the United States. U.S. policymakers have long considered reciprocity a lose-lose proposition that harms relations with China without changing its behavior. Instead, they have acted under the assumption that if the United States remains true to its democratic values and demonstrates what responsible behavior looks like, China will eventually follow its lead. Xi has upended this understanding because he has stalled, and in some respects reversed, the political and economic reforms begun under Deng and has transformed the United States' openness into a vulnerability.

Reciprocity could take a number of forms. In some cases, the punishment should be relatively light. For example, the Trump administration could bar China from establishing additional Confucius Institutes and Confucius Classrooms in the United States unless China permits more American Centers for Cultural Exchange, organizations funded by the U.S. government on Chinese university campuses. Currently, there are fewer than 30 such centers in China and more than a hundred Confucius Institutes and over 500 Confucius Classrooms in the United States. U.S. universities, for their part, could refuse to host Confucius Institutes or forge other partnerships with Chinese

institutions if any member of their faculty is banned from travel to China—a punishment Beijing has often meted out to critical scholars.

Washington should also consider constraining Chinese investment in the United States in areas that are out of bounds for U.S. businesses in China, such as telecommunications, transportation, construction, and media. That might take the form of limiting Chinese stakes in U.S. companies to the same level that Beijing permits foreign firms to have in Chinese companies. More provocatively, the United States could tacitly or explicitly support other Asian countries' efforts to militarize islands in the South China Sea in an effort to raise the costs for China of doing the same. Reciprocity need not be an end in itself. Ideally, in fact, a reciprocal action (or even just the threat of one) would bring China to the negotiating table, where a better outcome could be reached.

While Xi poses new challenges for the United States, he also offers a distinct new opportunity: the chance for Washington to hold him publicly accountable for his claim that China is prepared to assume greater global leadership. In 2014, the Obama administration achieved some success in leveraging Xi's ambitions when it pressured China to adopt limits on its carbon emissions and to increase substantially the amount of assistance it provided African countries struck by the Ebola crisis. Similarly, the Trump administration successfully pushed China to adopt tougher sanctions to try to rein in North Korea's nuclear program. More such moves should follow. The administration should call on China to play a bigger role in addressing the global refugee crisis, particularly the part of it taking place in the country's own backyard. In bordering Myanmar, more than 650,000 refugees from the Rohingya ethnic minority have fled to Bangladesh, overwhelming that impoverished country. China has offered to serve as a mediator between the two countries. But it also blocked a UN Security Council resolution to appoint a special envoy to Myanmar and has downplayed concerns about the plight of the Rohingya, focusing more on protecting Belt and Road Initiative projects from the violence in Myanmar. The United States and others should say it loud and clear: with global leadership comes greater global responsibility.

WILL XI SUCCEED?

Does China's third revolution have staying power? History is certainly not on Xi's side. Despite a weakening of democratic institutions in some

parts of the world, all the major economies—save China—are democracies. And it is possible to map out, as many scholars have, potential paths to a Chinese democratic transition. One route is through an economic crisis, which could produce a demand for change. China's economy is showing signs of strain, with Chinese household, corporate, and government debt as a proportion of GDP all having skyrocketed since the 2008 global financial crisis. Some Chinese economists argue that the country faces a sizable challenge from its rapidly aging population and massively underfunded pension system, coupled with its persistently low birthrate, even after the end of the one-child policy.

It's also conceivable that Xi could overreach. At home, discontent with his repressive policies has spread within large parts of China's business and intellectual communities. The number of labor protests has more than doubled during his tenure. Moreover, although often forgotten in China's current political environment, the country is not without its champions of democracy. Prominent scholars, activists, journalists, retired officials, and wealthy entrepreneurs have all spoken out in favor of democratic reform in the recent past. At the same time, Xi's move to eliminate term limits stirred a great deal of controversy within top political circles. As Chinese officials have admitted to the press, there have even been coup and assassination attempts against Xi.

Abroad, Beijing's aggressive efforts to expand its influence have been met with frequent backlashes. In just the past year, widespread protests against Chinese investments have erupted in Bangladesh, Kazakhstan, Kenya, and Sri Lanka. As China presses forward with its more ambitious foreign policy, more such instances will undoubtedly crop up, raising the prospect that Xi will been seen as failing abroad, thus undermining his authority at home.

Nonetheless, there is little compelling evidence that Xi's revolution is in danger of being reversed. Many of his accomplishments have earned him widespread popular support. He has survived past crises, such as a major stock market crash in 2015, and at the 19th Party Congress, his consolidation of institutional power and mandate for change were only strengthened. For the foreseeable future, then, the United States will have to deal with China as it is: an illiberal state seeking to reshape the international system in its own image. The good news is that Xi has made his revolutionary intentions clear. There is no excuse now for the United States not to respond in equally unambiguous terms.