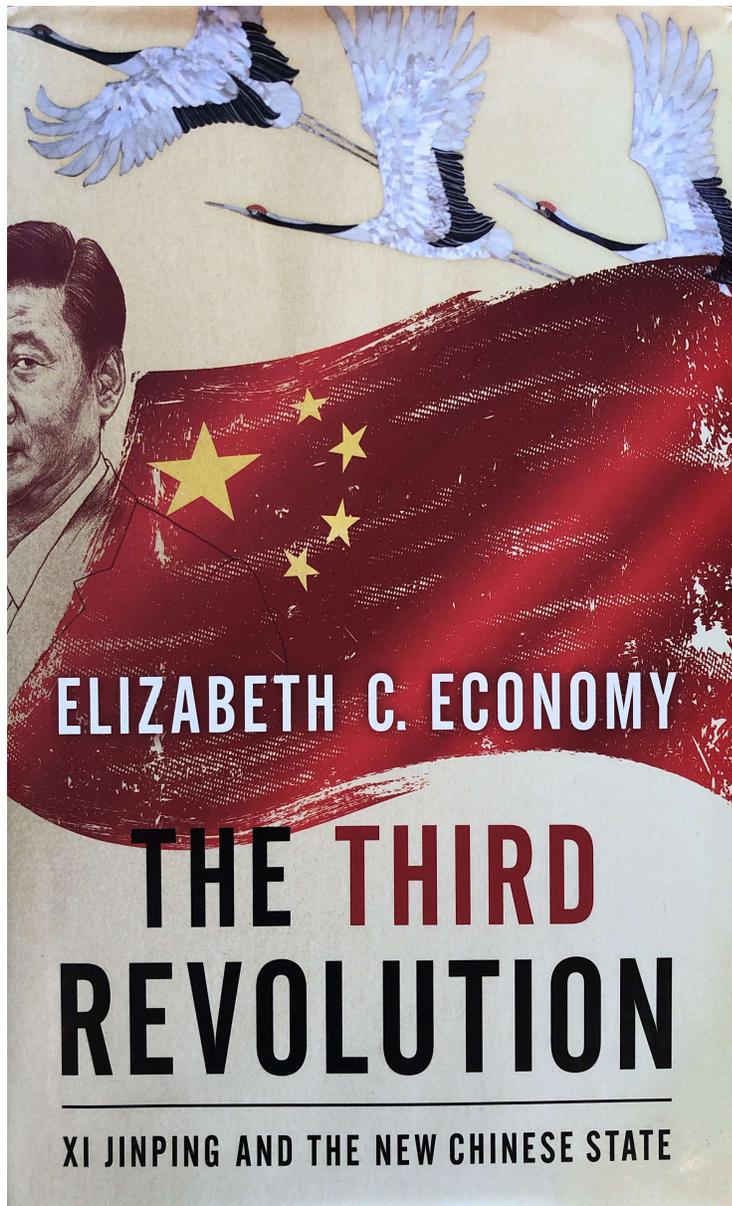


CLM Insights: Interview with Elizabeth Economy, C. V. Starr senior fellow and director for Asia studies at the Council on Foreign Relations and distinguished visiting fellow at Stanford University's Hoover Institution.



China Leadership Monitor interviews Liz Economy on her latest book, *China's Third Revolution: Xi Jinping and the New Chinese State* (Oxford University Press, 2018).

CLM: What initially inspired you to write this book? What were the questions and assumptions you had before beginning your research?

Thanks, Minxin. I appreciate the opportunity to chat with you about my new book. My motivation was simple: I wanted to make sense of the emerging Xi Jinping era. In the first few years of Xi's tenure as general secretary of the Communist Party and president of China, no one seemed to have a clear picture of his political and economic orientation. Some China watchers argued that Xi was going to reinvigorate the process of political reform and opening up because his father was reform-oriented. Others, particularly in the financial community in New York where I live, were convinced after the Third Plenum of the Eighteenth Party Congress in November 2013 that Xi was going to relaunch serious market-based economic reforms. I, myself, did not see much evidence of either of these trends. So I decided to investigate, to try to do justice to the different viewpoints, and hopefully to bring some clarity for myself as well as for others.

CLM: What were the most difficult challenges you faced in gathering materials that could help illuminate the vision, strategy, tactics, and policies undertaken by the Chinese leadership under Xi Jinping since late 2012?

The greatest difficulty was getting any access to information about Xi Jinping before he became leader of China. I did not know people who knew him as he was growing up, and there was not a significant public record of his policy initiatives or thinking. So I had limited—albeit not nonexistent—insight into Xi as he moved up the party ranks. I did discover that corruption was an issue about which he felt strongly early on in his career and certainly it has been a priority issue for him as CCP general secretary. In addition, he was not known for bold initiatives related to political or economic reform and opening up; that, too, continues to hold true today. The good news—from a research perspective—is that from the minute he assumed power, he was a man on the move, delivering scores of speeches and new policy initiatives. I could then compare what he was saying with what he was doing; overall, the two tracked very closely. In addition, after Xi was in power for several years, I was able to interview people in the China business, scholarly, and policy-making circles who had insights into him and were willing to share their thoughts with me.

CLM: Many scholars have written about Xi's leadership and have tried to put a label on the man. Is this the right way to think about him? After examining his policies and the changes he has made since late 2012, what might be the most useful way of understanding Xi in the context of Chinese history and, indeed, the experiences in other authoritarian and Communist regimes?

Both a historical and a comparative perspective help us understand that Xi Jinping is not as unique as he might appear. One of the fun things about working on this book was exploring Xi's policy initiatives in the context of Chinese history. I found, for example, that elements of Xi's China, such as the anti-corruption campaign, fear of foreign influence, censorship, heavy government intervention into the economy, and controlling access to China's market, all date back centuries. Of course, there were also periods where civil society flourished and there was openness to foreign ideas and influence—although these were perhaps fewer and shorter in duration. Xi also represents a certain set of characteristics that are commonly found in other authoritarian (or even totalitarian) regimes: one-man leadership, elements of a cult of personality, control of the sources and the flow of information with limited space for alternative views,

limited opportunities for foreign ideas and economic competition to shape the domestic landscape, a demand that business and social organizations serve the state, the penetration of the party into the everyday political and economic lives of the people, and a desire to promulgate a Chinese model globally. A tag line for Xi's China to date might be: more repressive and authoritarian at home and more ambitious and expansive abroad. In crude terms, one might have said the same thing about the Soviet Union in its heyday.

CLM: What is Xi's political vision? Has he been successful in translating it into policy and political reality?

I find it easiest to understand Xi's political vision in the context of his Chinese dream: the great rejuvenation of the Chinese nation. In practical terms, I think this means a robust Communist Party at the forefront of the political system, a military that is capable of "fighting and winning wars," a Chinese economy that is on par with those of the United States, Germany, and Japan, and that has transitioned from manufacturing to the innovation center of the world, and a China that has reclaimed its centrality on the global stage. He has yet to accomplish any of these objectives in full, but he has made progress on all of them.

CLM: What are the three most consequential domestic changes Xi has made since 2013?

I would point first to his consolidation of institutional power through the anti-corruption campaign, the elimination of the two-term limit on the presidency, and his control of many of the most important committees and commissions that oversee large parts of Chinese policy making. Second, I would underscore the reassertion of the Communist Party into Chinese political and economic life. If you look at any number of initiatives, from the massive surveillance system to the experimentation with a social credit system to evaluate Chinese citizens' trustworthiness to the growing role of the party in private enterprise, it is extraordinary the degree to which Xi has been able to reduce the space for independent action and thought. Third, I think Xi has managed to constrain the influence of foreign ideas and competition by clamping down on the Internet, dramatically limiting the number and range of activities of foreign non-governmental organizations in China, and adopting policies such as Made in China 2025, which make it more difficult for multinationals to compete with Chinese firms in a range of important leading-edge technologies.

CLM: What are the three most significant foreign policy adjustments Xi has made? He has often been credited with the abandonment of Deng Xiaoping's "hide and bide" grand strategy? Is such an assessment justified?

For my money, Xi has been a game-changer in Chinese foreign policy. First, he has moved from staking claims around Chinese sovereignty—the South China Sea, Hong Kong, and Taiwan—to realizing them. For example, he has called for the reunification of China by 2049, militarized seven artificial features in the South China Sea, encouraged increasingly repressive political policies in Hong Kong, and moved to narrow Taiwan's international space. Second, the Belt and Road Initiative (BRI) is probably his signature foreign policy initiative. Since 2013, when he first announced it, the BRI has evolved from an effort to connect China to the rest of Asia, the Middle East, Europe, and Africa through infrastructure—while taking care of China's overcapacity

problems—to an effort to spread Chinese military and political influence. In some African countries, such as Tanzania for example, Chinese officials are training their counterparts on how to control the Internet and media. Finally, China has become more assertive in trying to shape norms and institutions of global governance, whether on issues of human rights, the Internet, or development finance. I don't think anyone inside or outside of China would claim that Xi is a “hide and bide” kind of guy.

CLM: Xi's critics think that, despite producing an ambitious blueprint in late 2013, he has accomplished little real reform. Are the critics right? Apart from his consolidation of power through an anti-corruption campaign, what are his accomplishments? What explains the lack of progress in economic reform under his leadership?

Xi has not shied away from economic reform. It is just not a market-based reform or a Deng Xiaoping-era “reform and opening up.” Xi surrounds himself with market reformers, but his policy initiatives inevitably seek to advance his control over the economy. Among other “reforms,” Xi has tried to tighten regulations around lending and deleveraging the economy, to enhance the role of the Communist Party in private enterprise and joint ventures, and to enforce tough regulations to control capital outflows. I don't believe he trusts market forces to arrive at the best outcome for the Chinese economy.

CLM: China apparently has gone through a transition from collective leadership to centralized personalistic rule. What are the most salient characteristics of the current system in terms of the decision-making process and style?

What I have gleaned of Xi's decision-making style is that his desire to be in charge of all policy areas means that there are many bottlenecks in the policy-making process; it is difficult for even some of his closest advisers to get time with him; he is a fan of initiatives that project Chinese power and influence globally; and he does not like to be embarrassed, as he was during the stock market crash in 2015. I think one of the most interesting elements of his style is his overwhelming desire for control.

CLM: What are the sources of strengths of the new political order that Xi has constructed? What are its key vulnerabilities?

I think the greatest strength of the Xi regime is also its greatest weakness. Xi's consolidation of power, dramatic increase in the role of the Communist Party in the lives of the Chinese people, and new technological capabilities, such as artificial intelligence, provide him with a degree of control over people's behavior and ability to express themselves that I could not have imagined in 2011. At the same time, this type of political and economic repression is at odds with a globalized world, a rising Chinese middle class that wants a greater voice in how it is governed, and a dynamic and resilient economy and society. At some point, he either loosens his grip or he risks a significant backlash.



Elizabeth Economy is the C.V. Starr senior fellow and director for Asia studies at the Council on Foreign Relations. She has published widely on both Chinese domestic and foreign policy. She is the award-winning author of [The River Runs Black: The Environmental Challenge to China's Future](#) (Cornell University Press, 2004; 2nd edition, 2010; Japanese edition, 2005; Chinese edition, 2011). She is also the author, with Michael Levi, of [By All Means Necessary: How China's Resource Quest is Changing the World](#) (Oxford University Press, 2014). Dr. Economy has published articles in foreign policy and scholarly journals including *Foreign Affairs*, *Foreign Policy*, and the *Harvard Business Review*; and op-eds in the *New York Times* and *Washington Post*, among others.

Dr. Economy serves on the board of managers of Swarthmore College and the board of trustees of the Asia Foundation. She is also on the advisory council of Network 20/20 and the science advisory council of the Stockholm Environment Forum. She served as a member of the World Economic Forum (WEF)'s Global Agenda Council on the United States from 2014 to 2016 and served as a member and then vice chair of WEF's Global Agenda Council on the Future of China from 2008 to 2014. She has taught undergraduate and graduate level courses at Columbia University, Johns Hopkins University's Paul H. Nitze School of Advanced International Studies, and the University of Washington's Jackson School of International Studies.

Dr. Economy received her BA with honors from Swarthmore College, her AM from Stanford University, and her PhD from the University of Michigan. In 2008, she received an honorary doctor of laws degree from Vermont Law School.