

THE AUDACITY OF XI XINPING

Xi is now seeking to further entrench his legitimacy as unchallengeable ruler of China through international prestige, reports **Rowan Callick**

We have all watched agog these last 18 months the shaking up of America by President Donald Trump. But closer to home, a far more significant, radical and enduring transformation has been underway. The nature and scale of Chinese President Xi Jinping's ambition, and the extent of his success in implementing it at home and increasingly internationally, are breathtaking.

China has in recent months written into both its Communist Party and national constitutions 'Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era'. How to parse this Xi Thought? His three-hour speech at last October's five-yearly Party conference provides the key text. Those who seek to engage with China today need to read it closely if they are to be taken seriously.

When Xi emerged as general secretary in 2012, he was viewed as a consensus kind of guy like his immediate predecessors. This proved wrong. Instead, Xi has destroyed individual rivals, rival families, power blocs, cliques and factions. He is now called by state media 'helmsman of the nation'. Songs praising him have been performed—with choreography—on television. The new ubiquitous documentary feature film 'Amazing China' is really about Amazing Xi.

Politics professor at Oxford Stein Ringen wrote recently¹ that under Xi's leadership, the People's Republic is coming into its own. Xi is promoting its 'model' in the world as superior in delivery and problem-solving to what is seen as dithering democracy. Xi believes in the red aristocracy's right

and duty to rule, in the Leninist state as the right instrument of governance. He believes in the mission of Chinese greatness in the world. The world looks to China and sees an economic giant. But the China they ought to see is a *political* giant. Xi's political project is audacious.

Ringen calls Xi's rule a 'controlocracy'. Most people go about their daily lives as they please—provided they are able to accommodate to limitations on liberty. There is no single institution in China that is not led by the Party.

The 'New Era' at home

China today is of course no longer the poor cloistered society of the 1970s. But nor is it the country it was pre-Xi. Xi's China is supremely purposeful. In this New Era, Xi wants China's economic heft to be reflected in international influence and respect, and in a capacity to transform global institutions to better suit its own ambitions. Its



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population is travelling, studying and investing globally; Xi is assuring that population that Beijing will promote and protect them and their interests in full.

This New Era and its socialism are remarkably predictable, which is of great value for those doing business with China. It is economically robust and increasingly sophisticated. Xi's new economic team is orthodox and experienced. No sudden shift is to be expected, fiscally or monetarily. Indeed, as one of the best economic analysts of China, Arthur Kroeber, says China has entered a post-reform era. Kroeber also stresses that 'the management of China's economy is entirely subordinate to politics' in this New Era. For instance, the salaries of executives at the largest state companies—which are being merged rapidly to create National Champions—are now linked to their efforts in 'party building'. Liu He, China's new vice premier for economic policy, said recently that 'strengthening the party's overall leadership is the core issue'.

The greatest economic concern remains corporate debt, still growing against GDP, with overall debt reaching towards three times GDP. The IMF says 75% of the increase in world debt since the Global Financial Crisis has come from China. Some economists believe this is unsustainable. The Chinese government acknowledges it is an issue, but whether it succeeds in wrestling it down remains to be seen. GDP growth above 6.5% is being sustained by stimulus in order to reach Xi's ten-year target of doubling the size of the economy in the decade to 2020. An unknowable amount will inevitably be misallocated. But even if the warnings of the global ratings agencies are not sufficiently addressed and China does suffer a serious correction—perhaps in four years or so—it's important to stress that this does not mean that engaging substantially with China has been some kind of mistake, that it's time to move on to some new sector or other country, say, India. No one said 'abandon America' because of the Global Financial Crisis a decade ago. China is in the same position—its economy is massive and will remain massive; it is, simply, essential.

Xi is not as wedded as old-school communists to ownership of the means of production. What matters more is loyalty to the Party. Thus almost all private companies in China, locally- or foreign-

owned, now contain Party branches, which expect to be consulted on strategic business decisions.

Xi's personal distance from the private sector—in contrast with Deng Xiaoping, who loved tycoons—has three clear exceptions: Robin Li, Jack Ma and Pony Ma, the founders of BAT, Baidu, Alibaba and Tencent, China's online giants, which have been assisted to see off all foreign competitors such as Uber. Other competitors such as YouTube, Google, Facebook, Twitter have simply been banned. BAT has helped the shift towards consumption-led growth by taking over retail payment systems from the big state-owned banks. Most people in China now pay for everything by swiping a QR code with their mobiles. The massive media coverage of Mark Zuckerberg's defence of Facebook's record on privacy was viewed with puzzlement in China, where all online providers, the first line of censorship, must be responsive to the authorities.

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Urbanisation still drives growth but in a new way. Under changed land-lease laws, farms are being consolidated, pushing more farmers into cities while making agriculture more efficient. One can already see signs, when travelling by high speed rail, of a changing landscape. Xi seeks to direct exiting farmers towards China's 'second tier' and 'third tier' cities. He is personally supervising the creation southwest of Beijing of Xiong'an as a huge new green/clean/high-tech city. He also wants to restrain the growth of the biggest municipalities, shaking out from them hundreds of thousands, maybe millions, of 'di-duan', lower-class people who lack permanent registration documents for those cities. Large numbers were driven out from Beijing last December; they were only allowed to take what they could carry and their homes were bulldozed.

Xi is also taking strong steps to reverse China's massive degradation of air, soil and waterways. Beijing's clearer air last winter won him much applause.

China's New Era will remain globally economically engaged—it is, for instance, in November hosting its first great Import Expo in Shanghai. The Made in China 2025 project is at the same time developing domestic capacity in all key tech sectors—while Xi has vowed that foreign investors will no longer be required to share their intellectual property. China spends more every year on importing semi-conductors than on oil, and is trying to build its own autonomous high tech sector. The risk is that this will break the Asian value chain that has reinforced economic interdependence and peace in the region.

Yet for all the pressure to adhere to party verities, diversity survives in this New Era. That's inevitable. I would describe Chinese people as the most individualistic in the world, alongside Americans.

Xi's New Era is one of centralisation of decision-making, restructured around party commissions such as on security and on the Internet, six of which Xi personally chairs. There is no separation of powers in China. Xi has just dragged a lot of important areas from government to direct party control. He is installing a National Supervisory Commission to extend to every government official the purge within the party of rivals and of 'disloyalty'—under the formal goal of 'anti-corruption'—that has delivered him even greater authority than Mao Zedong. As an unintended consequence, though, this campaign has broken up many networks of trust that had driven business activities for decades.

Xi is sincere. He is not a pragmatist or 'realist'. He has a relentless work ethic and has taken over day-to-day direction of every important policy area. In the short-term, he has identified as China's 'three tough battles' preventing financial risks, reducing poverty and tackling pollution. These are popular goals.

Xi has transformed the Internet in the name of 'cyber sovereignty' into a tool of surveillance. In the 'real world' each 200 Chinese households are to be monitored closely by a security manager

via the 'grid management' system. This is being paralleled in the 'virtual world' by the new 'social credit' system whereby people who jaywalk, smoke on trains, sign petitions, post critical items online and so on will be tagged by CCTV and by facial recognition software, and may be banned from travelling, forbidden state jobs, denied promotion, etc. Those who act worthily will gain advantaged 'green channel' access to jobs, travel and leisure.

China's intellectual direction is clearly determined in this New Era. Many universities have recently opened Xi Jinping Thought Centres. Marxism is back on every course. Cameras are being installed in universities to view and record lectures as well as each student's responses and questions. Touring Peking University recently, Xi called for universities to nurture people to join the socialist cause. A law has just come into effect banning the defamation of those deemed party or national heroes and martyrs.

China led the recent global celebrations of the bicentenary of Karl Marx's birth. Speaking in the Great Hall of the People, Xi described Marx as 'the greatest thinker in human history', and vowed that Marxism, in which he has a doctorate, would always be the guiding theory of China and the Communist Party. It's a 'powerful ideological weapon for us to understand the world, grasp the law, seek the truth, and change the world.' But class has been effectively abandoned as a marker of probity or otherwise, replaced by party and family.

Xi has placed the State Administration of Religion directly under the party's United Front Work Department, which is also responsible for ensuring the loyalty to Beijing of overseas Chinese. He has said that the practice of all religions must be 'sinocised', defined in a new White Paper as 'conforming to the reality in China'. Online sale of Bibles has just been banned.

Yet for all the pressure to adhere to party verities, diversity survives in this New Era. That's inevitable. I would describe Chinese people as the most individualistic in the world, alongside Americans. Today, more people worship in the approved churches in China—let alone those involved in underground groups—every Sunday than in all the churches in Europe.

But Xi has smashed domestic dissent, in part through the example of the grim fate of China's

leading independent thinker and Nobel Peace Prize winner Liu Xiaobo who died in prison, but chiefly through a single masterstroke three years ago with the nationwide overnight arrest of hundreds of lawyers and their staff whose practices had focused on rights cases. They are now barred from practice, and most are in jail or under house arrest. The marginalised have lost their intermediaries, while China's once lively civil society is cowed and in retreat. Half a million Uighurs have been detained in new re-education camps opened in Xinjiang just in the past year. A further former source of vulnerability for the party, the middle class, has instead become particularly loyal as it has received crucial economic rewards, especially through access to state assets—although the stock market bubble burst of 2015 still rankles for some. While the younger generation is less willing to ascribe their prosperity to the party, this is unlikely to lead to any political change.

The 'New Era' abroad

As prosperity becomes more routine within China, Xi has needed to identify a fresh channel of legitimacy for party rule—China's international authority and prestige, which can be audited readily by the hundreds of millions of Chinese who travel internationally. This involves effectively weaponising the economic interdependence through which China has become the number one partner in trading goods of most of the world. It also means reshaping the global hierarchy and building ideational influence consonant with its power.

Evidence of the higher priority given by Xi to international affairs was the election by the National People's Congress in March of Wang Qishan—there were no other candidates—as vice president. Wang is Xi's closest political ally. The vice presidency, like the national presidency, is a meaningless position domestically but potentially important internationally. One might surmise that Wang is taking on such a role because foreign affairs is climbing to the top of Xi's priorities, as happened five years ago when Xi made Wang chief of the central commission for discipline inspection, signalling that the corruption purge would be his main aim.

Last year a patriotic Chinese Rambo-style movie, *Wolf Warrior 2*, smashed box-office records.

The film's slogan is: 'Whoever offends China will be punished, no matter how far they are.'

Xi has modernised the People's Liberation Army—restructuring its command to reflect capabilities not geographical areas, cutting its size by 300,000 to two million while it establishes overseas bases in Djibouti, the first, and patrols distant oceans such as the Baltic Sea, as China's dependency on Middle East oil grows. China's fleet is now bigger than America's in sheer numbers. Under Xi's 'Chairman Responsibility System' he has the power of a true commander-in-chief.

Xi is also boosting massively China's diplomatic resources. Since 2013, its foreign affairs spending has almost doubled—while last year, the White House cut such US spending by 30%. Xi recently established China's first aid agency tasked 'to better serve China's diplomacy and the Belt and Road Initiative' (BRI). In September this year, African leaders will fly to Beijing for the second Africa-China Summit, underlining whose power wields most influence in that continent.

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Xi was applauded wildly by the international elite at Davos 16 months ago as the new champion of economic globalisation, the acceptable alternative to Trump. China has recently persuaded the UN's 47-member Human Rights Council to accept as its new template Xi's formula of 'a community of shared future for human beings', supplanting the former adherence to universal values and instead affirming each government's interpretation of rights in its own country. The co-sponsors of China's motion included Syria, Cambodia, Venezuela and Pakistan, while only the US voted against. Xi has also presented himself as the global champion in areas from climate change and global health to international peacekeeping and anti-piracy.

Xi's BRI is a geopolitical masterstroke, acting as a great magnet for countries short of capital and infrastructure. The process of badging projects as

BRI, and of constructing the consortia to fund and implement them, remains challenging for foreign firms to access—though as always with China, you have to knock on the doors in Beijing if you are to stand a chance of participating. In certain strategic cases, as massive loans prove unworkable, and as China's dependence on Middle Eastern oil increases, Beijing has begun to forgive the debt but assume the assets such as ports in key locations including Sri Lanka and the Maldives. A recent paper pointed to 16 countries that are particularly vulnerable to Chinese demands. The BRI ensures that not only all roads but also all rail, air and sea routes, all compliance arrangements and technical standards, all telecommunications carriers, all leading Internet platforms, lead not to Rome as of old but to Beijing, as Eurasia's connectivity hub.

I'd add that in this new era China has become so complex and so changed that despite the controlocracy, unintended consequences proliferate. Thus the BRI is also becoming a silk road along which Chinese churches are sending Christian missionaries to evangelise central Asia, the Middle East and Africa.

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The emperor risk

Xi's power elite has little space for women, or for people from China's ethnic minorities. His party resembles a religion more than a Western political party. Mao's former secretary Li Rui has expressed surprise at the 'low level' of Xi's own education, his high schooling lost to the Cultural Revolution. But Xi is personally popular, powerful and effective. By

announcing his New Era, he stressed the break from the Deng Xiaoping era.

Xi rules a vast and complex empire—the only country of size that is not federally governed—with only a tiny group of trusted advisors. The party constantly polls the public, but such a closed system always risks losing touch. It was Deng who, after Mao had almost destroyed China in his senility, fixed retirement ages for party and state officials, and set a personal example by refusing to serve as head of either party or state. Such changes constrained the accumulation of personal power and rejuvenated the party-state with younger officials. The recent abolition of those term limits marked Xi's first explicit repudiation of that orderly system of succession. And although Xi is a healthy looking 64, and may well wish to continue ruling for a further 15 years—look at Mahathir!—he is not grooming a successor.

Chinese people are naturally proud of what China has achieved. So long as Xi continues to score successes, they will be grateful. But sinologist Andrew Nathan warns that 'if he stumbles, they will turn on him.' I must stress there is no hint of that so far, but the centralisation and personalisation of power in Xi does create risks.

China's history has been one of dynastic imperial rule. There's been a sense of continuity in what the Party has been doing, with no change in its ambition to retain the right to be pervasive. This makes today's China and the Chinese Communist Party different to any other political party in the world. But the Party elites have unknowingly bet the Party's future on Xi and this changes the game, everything now depending on Xi's continued personal success.

Endnotes

- 1 See 'The Maozedongism of Chinese Politics and the Xi Factor' (Aljazeera Centre for Studies, 26 April 2018), <http://studies.aljazeera.net/en/reports/2018/04/maozedongism-chinese-politics-xi-factor-180426093144055.html>