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„Xi Is Facing Enormous Opposition“



*Over the course of the past 40 years, as China has transformed itself from a poor country into a major player on the global stage, the West has grown increasingly wary of China's rise and its government's assertive behaviour. What are the drivers behind these developments? And is China a threat for the existing rules-based international order? At a [stars Switzerland alumni chapter meeting](#), China expert Prof. Dr. **HUANG Jing** shared his unique view of China's internal politics and what it means for Europe and the world.*

Michael SETTELEN: The rise of China has led to an increasingly wary West. Is China a threat?

HUANG Jing: China is a threat if you look at the country from the perspective of rivals, especially in terms of Western values or the political system. The fundamental difference is that the Washington Consensus – the neoliberal policies propagated by the West – upholds that, first, the individual's right is more important than the collective good, and the well-being of the individual determines the well-being of society; second, the development is driven by a capitalist market economy in a – third – liberal democratic system. The Beijing Consensus – or China's model – on the other hand believes that, first, the collective good, i.e. national interests, trumps everything. By this logic, individual rights can be sacrificed if necessary. Second, the development is driven by the “socialist market economy”. Some call it state capitalism. Third, the system is a socialist system under one-party rule.

Do we need to expect a clash of values, or a clash of civilizations? Or is it more a transitional phenomenon on China's way back to wealth and strength?

That is what the Chinese government is trying to make everybody believe: “In order to reach a certain level of development, we have to prioritize development over individual rights”. The Chinese government always says that survival was a fundamental right of everyone, before one can have the luxury to talk about rights such as human rights. I think

eventually the Chinese leadership and the people will realize the fundamental problem between China and the international system China has been integrating itself into is that China's political system is not compatible with the political mainstream of the international system.

So eventually we will see more participation in a democratic sense?

Yes, I think that is inevitable. If you look at the Chinese or the Swiss people, in essence they are all the same. What people want is essentially prosperity and freedom. Few would argue that a market economy based on the rule of law is the best and the only way to achieve prosperity in a given society. The prevailing view today is that liberal democracy is a system that can maximize our freedom. The problem is which one should come first, if we cannot achieve both at the same time. History has taught us that a nation tends to prioritize prosperity over freedom at the beginning when development is at a lower level. Even though China is the second largest economy now, in terms of its economic, social, political or civilizational development, it is like Europe 100 years ago. It will take time.

Under the current President Xi Jinping, we see the opposite, a return to authoritarian governance.

When President Xi Jinping came to power in 2012, he had to deal with several bottlenecks in China's development. Externally, US President Obama's rebalancing strategy in the region substantially deteriorated China's security environment. After 2011 we saw tensions in the South and Eastern China Seas. Few countries around China at the time were friendly to China due to territorial disputes and, more profoundly, anxiety over China's fast development and alleged assertiveness in international and regional affairs. China felt insecure and isolated at the time. An even more substantial bottleneck was China's economy. The investment-driven model had run out of steam. China had accumulated huge industrial overcapacities. The increasingly deficient investment internally as well as externally was serious. Also, disparities in the country had grown.

Are these the two fundamental priorities of Xi Jinping?

Internal stability is fundamental. Externally, China needs a peaceful environment which is necessary for sustaining development. And the unbalanced development and the widening gap between rich and poor also require a restructuring of the economy. To do that, it needs to redistribute resources. But this is a huge political struggle. I did a comparative study of the US at the end of the 19th century and China, and there are certain similarities between the two. After the civil war in the US, the country had several decades of rapid development, driven by the demand side, i.e., energy, transportation, mining, infrastructure etc. By the end of the 19th century, this had created monopolies in these fields, families like the Vanderbilts, Rockefellers, Smiths, or Stones. Starting with the Sherman Act in 1894, it took nearly 30 years for the US to overcome these monopolies, when the Anti-trust Act was passed in 1910. The anti-monopoly movement in the US was also a fierce political struggle. In China nowadays, Xi is undertaking a massive anti-corruption campaign. But economically it is also an anti-monopoly struggle: all these corrupted officials and officers are backed by the "privileged interest groups" that have benefited tremendously from the investment-driven economy under the single-party rule since the 1980s when China embarked on the road of reform and openness.

But so far, little reform has been made for instance with state-owned enterprises (SOEs).

Right. That's because of the three major oppositions that I call "iron triangles": local governments, the SOEs, and the financial system. Xi has adopted some controversial measures to break these up and people think he is going back to the Mao era. The first is

his centralization of power. Simply put, he needs power to break the resistance from the local governments and various government agencies that stand to lose in Xi's supply-side structural reform and the restructuring of the economy by redistributing resources and power. Second, we saw massive state intervention in the economy, such as industrial and fiscal policies that favour SOEs at the expense of non-state businesses. This of course distorts markets. Third, to strengthen his legitimacy, his leadership has encouraged patriotism, which gives rise to nationalism in political affairs.

You paint the picture of a tough internal struggle for Xi against vested interests. Abroad he is perceived as very strong, as president for life even. Is that a wrong perception? Externally he is perceived as very assertive, anti-democracy, and anti-market-economy. But this is the only way for him to overcome the opposition in China. Foreign policy usually reflects domestic politics. You see, China is such a large country. So far, his anti-corruption campaign has indicted over 3000 high-level cadres. Xi is facing enormous opposition. I don't mean to defend him, but we have to understand where he comes from and why he has done what he has done. What we need to watch is how he is going to handle his increasing power. We know power is an addictive drug. All dictators started as heroes: Hitler, Stalin, Mao etc.

How strong is he?

I don't think he is weak, but I think his political power is not strong enough to overwhelm the opposition if he follows business as usual. When he came to power, his leadership team had been selected by the previous leaders. The 18th party congress produced the weakest leadership because five out of the seven-man Politburo Standing Committee – the supreme organ in decision-making – could only work for 5 years. Other than Xi and Prime Minister Li Keqiang, the other five leaders had to retire after one term because of age limitations. The struggle between former presidents Hu Jintao and Jiang Zemin prevented a functional leadership for 10 years as usual, based on merit. Until the 19th party congress in 2017, Xi worked very hard and established himself as the “core of the leadership” – he had earned it. Now he had enough power and confidence to build his own team. But Xi could only work for five years till 2022 while the team he built up would work for ten years, should the term limit be followed. Obviously, if he cannot see this through to the end, he would have an uncertain future given the political culture in China. So he wants to stay longer and work with the people he has chosen to finish what he started. That's his essential drive.

What does this all mean for Europe and the world? How to confront or engage China?

We – and by we I mean the West – have to claim that this house is ours. Although this claim seems to have been abandoned by Trump, the international community should insist on this. You see, the most positive part of China is that its development is not like the Soviet Union, trying to destroy the house. China is trying to join and to be a constructive force in this house. In other words, China does not really challenge the international order established since 1945. It is not us adopting a socialist economy, it is China adopting a market economy, and China is trying to reform and open up. But we should keep the pressure up. China is like a teenager who is growing up, now probably just finishing high school. China needs to continue growing up through reform and openness, so China can eventually go to college, and then graduate school if necessary. By the time China becomes a true adult, has a Bachelor and even a Master degree, China will become a responsible citizen like the developed countries in the world – our house. This is the right way. If we, however, take the Trump approach, we will not be able to win. That's a lose-lose situation. The US should work together with the

Europeans, Japanese and others to keep the pressure on. They should say: “either you join us and become part of our system, a real part, or else we will throw you out, together”.

So far, we don't see such a concerted effort.

Yes, Trump threw that away. I think that's why Paul Haenle wrote that Trump is the best asset for China. You know, the Chinese really wish Trump again wins the election. Trump and his trade war might also help Xi push through his reform agenda. But in terms of his approach, his political style, Trump is a dictator, maybe even more so than Xi. That's why the European countries should stand firm to hold on to the international order based on multilateralism. The EU can be a very important and indispensable strategic balancer. Eventually, China would be able to see in the EU an important partner to play that role.

What role can business play?

Business in my view really matters in so far that a lot of the rules and regulations are created and maintained by the business circles. It is not that businesses are idealistic. But in a market economy, without the rule of law, without a certain predictability, there is no business. The Chinese Communist Party under Deng Xiaoping adopted the market economy. This is the opportunity to tell China that the rule of law is the only way, otherwise there will be no business.



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The interview was conducted by stars alumnus Michael SETTELEN, Co-Head of the Asia Programme at the Swiss Forum on Foreign Policy (foraus), on the sidelines of a [stars Switzerland alumni chapter meeting](#) in 2019. The views expressed here are solely those of the interviewee and they do not necessarily represent or reflect the views of the stars Foundation.

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