

THE BROOKINGS INSTITUTION

WEBINAR

XI'S SWEEP: BEYOND CHINA'S 20TH PARTY CONGRESS

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Jamie Horsley [00:00:16] Good morning, everybody. Welcome to all of those of you around the world who are joining us today and here in the United States. My name is Jamie Horsley, and I'm a nonresident senior fellow at the John L. Thornton China Center here at Brookings. And I'm also a senior fellow at the Paul Tsai China Center at Yale Law School. On behalf of my colleagues at Brookings, I'm thrilled to welcome you to today's very timely and important events as we here in the United States are digesting and waiting for some of the final results of our midterm elections, we hope here to shed some light for you all on Chinese style elections, the election of the new party leadership at the recently concluded 20th National Congress of the Chinese Communist Party. It produced a new party leadership lineup and the policy framework for the next five years.

As expected, Xi Jinping was reappointed for a third term as both general secretary of the party and then head of the Central Military Commission, and he seems set to be elected as well as the president or head of state of China in March at the meeting of the National People's Congress, which is the state counterpart of the party Congress. So, this meeting took place amidst very turbulent times. We have a struggling domestic and global economy. China's continuing its zero-covid policy that has been isolating it and its people from the rest of the world. And, of course, amidst the war in Europe and a sharply deteriorating US-China relationship. It was also preceded by a really striking protest in Beijing the week before, where a lone individual managed to hang a banner from the Sitong bridge in Beijing calling for political change, which was widely spread for a while and then around the world. And then it also involved a mysterious and totally unexpected removal of former party secretary and President Hu Jintao from the final days' proceedings. However, most of the outcomes were more or less expected, although they disappointed markets in China and around the world, with the leadership lineup of Xi loyalists devoid of any known reformers and no apparent new prescriptions to address China's economic, COVID, and other challenges.

But to place these advanced in a little context, before we turn to the panel, I just wanted to give a bit of background about the Party Congress for those of you who may not follow this. Again, these Congresses meet every five years, and they primarily have three basic functions. The first is to review the work of the past five years of the party and all the achievements. And at this Congress, of course, Xi also looked back over his last ten years because he's just concluded two terms. Then the Congress will also establish guidelines for party work in all the major policy sectors for the next five years. And these tasks are laid out in a report that was delivered by Xi Jinping on the first day of the

Congress and then was discussed, ultimately voted on, and approved on the last day of the Congress. Moreover, the Congress elected a new central committee which will hear more about which in turn elected the party's general secretary, Xi, the Politburo, and the Politburo Standing Committee. And then, as I mentioned again, the Party Congress is followed every year by an annual meeting of the state's elected legislature, the National People's Congress, and that will be the 14th People's Congress that will convene in March to announce the state leadership.

Now, most observers found the results of the party Congress, including the leadership lineup, to be depressing and even alarming in some cases because of its implications for the economy and investment in China's foreign policy, law and governance, and human rights, and for China's trajectory generally. To discuss all this and maybe some possible other interpretations of the results, today's event will have two panels. The first will focus on Chinese domestic politics, and I'll be the moderator for that. Our second panel will focus on implications for China's foreign policy, and that will be moderated by my colleague Jonathan Stromseth.

So please join me in welcoming the first group of panelists. We'll focus on domestic political issues. The first will be Cheng Li, director and senior fellow at the Brookings China Center and director of the National Committee on US-China Relations, followed by David Dollar, also a senior fellow at the Brookings China Center and host of Brookings trade podcast Dollar and Sense. And last but not least, Diana Fu, a nonresident fellow at the Brookings China Center, as well as an associate professor in the Department of Political Science and the Munk School of Global Affairs and Public Policy at the University of Toronto. We'll begin with brief opening remarks by each of these panelists; then, we'll move into an open discussion and include questions from the audience. If you have any questions for our panelists, please email them to events@Brookings.edu, and you can also join the conversation on Twitter with the hashtag 20th Party Congress. Without further ado, I now turn the program over to our first panelist, Cheng; the floor is yours.

Cheng Li [00:05:57] Thanks, Jamie, for your insightful introductory remarks and for moderating this panel. First, I would like to join you in welcoming viewers from around the world to this important discussion of China's 20th Party Congress. In my presentation today, I would like to share with you three major takeaways from the leadership changes at the Party Congress. The first echo, the title of today's webinar, Xi's Sweep, last month, prior to the Party Congress, I engaged in a fireside conversation with the New York Times columnist Thomas Friedman entitled "Will China's

Strongman Become Even Stronger.” We now have a very clear answer. President Xi Jinping has completely replaced collective leadership or what I used to call one party two coalitions in the post-Deng era. One coalition, of which Xi was a member, was once led by Jiang Zemin, and the other was led by Hu Jintao, which was mainly comprised of leaders who had advanced careers from the Chinese Communist Youth League ranks known as *tuanpai*.

During Xi's first term, he ran the country largely through his political allies on the Politburo Standing Committee, most notably Wang Qishan, and had to work with rival *tuanpai* leaders like Li Keqiang. During his second term, Xi promoted his two proteges, Li Zhanshu and Zhao Leji, to the Politburo Standing Committee. But his political allies, like Wang Huning and Han Zheng, and the rival *tuanpai* leaders, like Li Keqiang and Wang Yang, still occupy the two seats each. But this time, five of the other six Politburo Standing Committee members are Xi's long-time proteges. The other member is his like-minded political ally, Wang Huning, who has long advocated new authoritarianism as the appropriate form of governance for China. The CCP experiment with collective leadership in a post-Deng era has now been relegated to the past as ineffective and inappropriate, leading to fragmentation, vicious internal infighting, party leadership split, and a loss of civilian control over the military.

Now my second main takeaway is that economic development, while still important, is no longer seen as the top priority at a time that Xi Jinping described as involving profound changes unseen in a century. National security and socio-political stability have unambiguously taken the driver's seat. Xi Jinping's confidante and intelligence chief, Chen Wenqing, has entered the Politburo, a move unmatched in the past four decades. Two vice chairmen of the Central Military Commission, both known for their deep experience in military modernization and the preparation for war in the Taiwan Strait. While this priority shift from economic growth to security and socio-political stability may cause some concerns in some corners, both at home and abroad, this is not a uniquely Chinese phenomenon. In today's world, many countries, especially major powers, have placed priority on national security and politics over economic development.

Now, if my first and second takeaways are straightforward and unambiguous, my third takeaway is more paradoxical. So, to a certain extent, I disagree with Jamie's introductory remark about all the negative comments. I think now let me, you know, I wanted to, I would like to elaborate on my third point. Some Chinese social and educational backgrounds and the leadership experience

of most members of the new Politburo Standing Committee are mediocre. But this generalization can be challenged on several fronts. If one looks at the Politburo and the entire Central Committee, there's an unprecedentedly high number of foreign-educated returnees, internationally renowned scientists, and university administrators. We should not miss that broader trend. Some critics have expressed concerns about the lack of market reform advocates in the new leadership, as Jamie said in the beginning.

But I want you to recognize that the overall economic development strategy already shifted a few years ago from single-minded GDP growth and free market competition to common prosperity with the overarching goal of expanding the middle class. Many members of the new leadership are known for their advocacy and experience in that regard. Also, more than half of the Politburo members, including three powerful standing committee members, were directly promoted from provincial chief positions. Most of them previously served as the top leaders in Guangdong, Fujian, Zhejiang, Shanghai, Beijing, and Tianjin, the most market-friendly regions and cities with strong foreign investment.

Finally, as many China watchers, including myself, predicted, President Xi Jinping will not identify a successor this time because he does not want to become a lame duck during his third term. And he will likely also plan to have a fourth term. By positioning both younger leaders Li Qiang and Ding Xuexiang in the state council as premier and executive vice premier, Xi has successfully prevented public speculation at home and abroad about his possible successor. Yet it should be noted that these two younger leaders in the superior decision-making body are well-positioned for future succession. Also, more than half of the Politburo members were born in the 1960s; among the 376 members of the Central Committee, only three leaders were over age and born before 1955. They were the vice chairman of the CMC Zhang Youxia, top diplomat Wang Yi, and Xi Jinping himself. Notably, no single 7G or seventh generation leaders were born in 1970s are counted among the 205 full members. No single 8G, eighth-generation so-called leader serves on the Central Committee as an alternate. This shows that the generational transition of power is still in progress because of the paramount nature of the Chinese leadership echelons in terms of age composition. It is unlikely that Xi Jinping will jump the sixth generation and look for a successor in the seventh generation or younger.

Now, I provided my comprehensive assessment and quantitative data detailing the scale and

scope of the leadership turnover at the event held three days of the Party Congress by the National Committee on US-China Relations, the video of which can be found on YouTube and also on the National Committee's website. Over to Jamie.

Jamie Horsley [00:13:44] So that was great. As I said, we might have some different alternative interpretations of what went on, and we thank you for that, and we'll have questions for you later. But now we turn it over to David Dollar for some comments on economics and finance implications. David.

David Dollar [00:13:59] Okay. Thank you very much, Jamie. It's a real pleasure to join this panel. You know, as the economist in the group, I would say my first reaction, you know, to the results of the party Congress was somewhat depressed. As I see it, you know, China has some extremely experienced technocrats, and the striking thing is that many of them disappeared from the list of the Central Committee. So, it's clear they're being pushed into retirement. And I'm thinking of people like Li Keqiang, Wang Yang, Liu He, Guo Shuqing, Yi Gang. So pretty extraordinary amount of talent that seems to have been pushed aside. Some of them were pushing up against, you know, age restrictions, but it's not clear the age restrictions mean as much now as they did in the past. So that was my first reaction.

You know, China has some very daunting economic challenges, demographic decline, you know, real estate problems, the spillover into the financial system, productivity slowdown down. So, they certainly need some good economic policymaking. And on the personnel side, it does seem that they have pushed aside some of the most talented technocrats. Now, the second point I want to make is things are not so black and white. It's a nice storyline to think of Xi Jinping as relatively statist, favoring state enterprises and industrial policy. And the more market-oriented technocrats I just mentioned, you know, have been pushed out of the leadership. So, you could tell a somewhat depressing story of China likely turning away from economic reform toward a more statist approach.

But I think that that idea is really overdone. The world is more complicated than that. I give Xi Jinping credit for having made some important moves in terms of opening up the economy over the last ten years. China has joined the Regional Comprehensive Economic Partnership, which is the biggest free trade deal in history. They've negotiated this investment agreement with Europe that's on hold for the moment but could easily come back within the next couple of years. They've applied to join the Trans-Pacific Partnership. So, in terms of their actual external policy-making, you know, I

would say things accelerated, liberalization actually accelerated to some extent under Xi Jinping. So, it's not, it's not such a simple story of, you know, of statism versus market-oriented reform.

In the report that Xi Jinping made at the beginning of the Party Congress, there was a fair amount of material about continuing to open up the economy. And they used the phrase high-quality opening. Well, you know, the devil, of course, is in the details. So, it's not clear to me exactly what is high quality opening versus low-quality opening. I'm hoping that following through on the Trans-Pacific Partnership would be an example of high-quality opening, because that's a trade agreement that sets standards and addresses issues like investment and intellectual property rights, protection, and trade and services. So I do think it's a complicated moment where lots of forces are going to be pushing China to open up more. And certainly, Xi Jinping and this new leadership want to see the economy grow well; there's no way to expand the middle class without having the economy grow consistently well for another few decades. But on the other hand, it is a little discouraging to see the seasoned reformers on the Chinese side essentially pushed out of the leadership.

And then the third point I make, Jamie, is just that there is something of a contradiction between pursuing the more statist approach, subsidizing state enterprises, subsidizing particular technologies with industrial policy. A lot of the interventions in the Chinese economy. There's something of a contradiction between that and opening up the economy, you know, because China's partners are going to want to see a level playing field. And it might be attractive for China to continue to have the interventionist industrial policy in many sectors, but also have a wide-open world economy where they can exploit the technologies that they're developing. But China's trade partners are not necessarily going to put up with that. And I realize our primary focus is not US-China relations. But I'll just end by saying it's hard to see a recipe for much better economic relations between China and the U.S. I think we'll see ongoing friction between China and the U.S. on the economic side and that's actually a less favorable environment for China's economic development than we've seen over the past ten or 20 years. So, I'm going to stop there, Jamie, and look forward to the interaction. Thank you.

Jamie Horsley [00:19:32] Well, thank you, David, for those very nuanced and complex remarks. And we'll be back with you, many questions, I'm sure. But first, we turn to Diana Fu, Professor Fu, floor is yours.

Diana Fu [00:19:46] Thanks very much, Jamie. And it's nice to see a large and diverse

audience joining us this morning. So as a scholar of contentious politics and civil society, I want to offer a societal angle on the 20th Party Congress, and specifically from the perspective of people inside and outside China who may be unhappy with the regime and its policies. So, in the lead up to and in the aftermath of the Party Congress, there were two incidents of public defiance that were quite surprising. The first one is one that Jamie mentioned in her introduction, which is that there was a loan protester in Beijing, later dubbed as the bridge man, who engaged in a solo flash protest of the regime and its policies. And his protest act and slogans were actually widely circulated in Chinese social media before the authorities censored it. Now, this first act of dissent actually inspired a subsequent emergence of a transnational youth movement that is still ongoing across an estimated some 350 campuses in approximately 30 countries, including in the US, Canada, UK and other places. And this transnational youth movement involved students, Chinese students studying abroad who are echoing the slogans of the bridge man by sticking up posters across university campuses. And their slogan is that an individual's courage should not be met with no response.

So, I want to talk about how this squares with the pattern of contention in China and these, and analyzing these two incidents. One of the things that these two incidents share is that they're small scale, they're very small scale. And this is not surprising because it's extremely risky to express public dissent in any sort of large-scale way. And even in the Hu-Wen era, rights activists in China had to engage in what I call mobilizing without the masses. So, in the Xi era, the scale of dissent remains very, very small. In the case of the bridge man, it was literally a single protester. And even in the case of the student protester movement, the scale is also relatively small. It's a wide geographical scope of protest, but the scope of protest doesn't equate to scale. And I want to emphasize that the Chinese student movement, part protester, poster movement, isn't equivalent in scale at all to what we're seeing with the Iranian protests, where tens of thousands abroad have joined in. So, the small scale, as I said, is not surprising.

But one thing that is surprising may be the framing of the recent dissent. And so, what we're seeing in these recent two episodes is rather unbridled and blunt critique of the regime and of the leader. And this kind of framing is very unusual in the pattern of contention in China, with the exception of the following goal, Chinese protesters normally have long learned to couch their grievances in the language of economic issues. We want wages. We want our land back, we want less pollution, etc., etc. And you'll often find normally that Chinese protesters often target local level

officials while holding up banners reaffirming their support for the central state and affirming their support for the CCP and asking for the benevolent central state to step in to intervene in whatever local affairs or local corruption that has resulted in grievances among the people. But this time, the critique of the regime went right to the top. There's no mention of local abuse. It's directly calling for regime change and for Xi to step down. And with some poster saying, "He's not my president," which is extremely bold and unusual.

So of course, these two incidents represent only the polar extremes of dissatisfaction. They're not representative of Chinese public opinion writ large, whether domestically or abroad. However, I think they give some indication of the pressure points in society that the beginning of Xi's third term should address. And the first pressure point is the frustration with the persistence of the zero COVID policy. And this is captured in the protest slogan, "We want food, not PCR tests; we want freedom, not lockdowns." And the second pressure point is extensive social media censorship. After the bridge man's protest was censored, people started circulating: I saw it, we saw it. And some of these WeChat accounts that had been circulating these posts were suspended. So, ratcheting up censorship measures can increase societal frustration, especially among the younger generation.

And the third pressure point relates to the economy, which is that the urban unemployment rate among the youth is at an all-time high. According to CNN estimates, it's currently about one out of five urban youth. And when I'm talking about youth, I'm talking about people between the age of 16 and 24, are unemployed. So, to the extent that this is an accurate estimate, addressing youth unemployment is going to be key. Otherwise, the regime may face a bunch of angry young people at home and abroad, which can be a formidable social force. So, I'll end it there.

Jamie Horsley [00:25:14] Okay. Thank you so much for those very interesting comments as well. And now we'll turn to handling some questions going back to you, Cheng Li, with your interesting take on the lineup and maybe there's more going on in the leadership group than some analysts have recognized in the past. I wonder if you can comment on, you know, the different characterizations of this cabinet that Xi has put together of like-minded people. On the one hand, some people call it a war cabinet, you know that they see it all "yes-man," and they're ready to take on all these domestic issues in China as well as overseas. Others have questioned whether maybe what Xi is doing by reducing these contentions and fragmentation that you mentioned, at least within his immediate group, that he's prepared now to take on some of these really tough reforms like property tax and

other things that he's not been able to do and go up against the vested interests. You know, maybe going back to all those economic reform proposals from the third plenum of the 18th Party Congress. So, I wonder if you could comment on whether you think, you know, what, what do you think of this kind of speculation that we may, in fact, be surprised by something?

Cheng Li [00:26:34] I think that both views are kind of extreme and the war cabinet, certainly Xi Jinping made a recent speech, talk about preparation for war. I mean, this is, he spoke at a military, you know, group. And it's very clear that, you know, we know that the top priority shifted to national security, including preparation for a war over Taiwan, and also domestic stability as Diana, you know, so insightfully explained, the challenges, the pressure and etc. So, these are the major shifts. But also the other thing that Xi Jinping will, you know, use his control to carry out the market reform. I think that's also groundless. I actually echo what David said early on. It's not just black and white. You know, so you will keep some of the market components at the same time, the industrial policy state enterprises, particularly in aerospace, shipbuilding, and that these kinds of all of, you know, so-called national flagship companies you will continue to promote. So, he will target some of the gigantic private companies like what he did in the past two or three years. It was Alibaba, Tencent, Evergrande and (inaudible). But the same time, I think that the appointing Li Qiang and some other people in important positions. These are people have usually been seen as market-friendly, because they work in Zhejiang, Jiangsu, Shanghai, Guangdong, and especially Guangdong, Zhejiang and Shanghai, I mean, Guangdong, Zhejiang, and Jiangsu, and also Fujian are very market-friendly, and to a certain extent, also have a huge community of businesspeople from Taiwan. So in a way that it's not going to the extreme that completely anti-market, I think a bigger challenge at the moment in the near future, also Diana, you know actually talk about, is the unemployment of young people and, and also the unemployment resulting by, partly by the covid, you know, draconian nature of the policy that the Chinese small businesses are not doing well and huge unemployment pressure.

But at the same time that the economic structure changed, I think that would be a challenge for Xi Jinping and Li Qiang in the next few months. So, my view is they will start to talk about how to improve in this area. Li Qiang already made a speech talk about China will continue to engage with foreign companies in light of some critical concerns David so rightly answered. So, I just want to add one thing that to echo David, sometimes the immediate reaction certainly is quite negative that reflects the stock market and etc., both in China and outside China. I think outside China, I would say.

But this immediate reaction may change as time goes on. People have a better understanding, and the Chinese new leadership had more exposure to the outside world.

So, this is my kind of hope that new leadership will adjust to some of the, you know, currently kind of, for very negative views and to prove themselves that, at least in some areas, that they will continue to carry out some of the foreign engagement. And also, the private sector development, particularly for small businesses, is part of common prosperity. I do not see that common prosperity is against the market. To a certain extent, common prosperity could be a push for three ways of economic development: consumption, investment, and foreign trade. Over.

Jamie Horsley [00:30:23] Okay. Well, thanks for that, Cheng, it leads me to some of my questions for David, and I had more than one. So, since Cheng sort of ended on common prosperity, I want to follow up and ask you about that. But the first question I really wanted, do you agree with this reading of, you know, the party report, what came out of it, the economic development has been, you know, de-emphasized to national security and social stability because I see them all related. And if you read the report and count words like a lot of us do, development was mentioned about 240 times, national security 91. And they said, you know, economic development, development, high-quality development still remains the priority that they have to deal with because, of course, that helps ensure social stability and national security as well. So, they seem to be more balanced in my view. But what is your take on it? What is, do you agree it's been downplayed now?

David Dollar [00:31:21] Well, I agree with, I agree with your assessment, Jamie. I think, you know, I think when we get into the word counting, you know, probably the economic side has been downplayed a little bit. But the main thing I would emphasize is what you just said is that, you know, national security, domestic security, economics, they all go hand in hand. You can find examples of Chinese leadership talking about, you know, managing the financial risks is a national security issue for China because if they have a big financial crisis that's going to set back their national aspirations, it's going to set back their military, etc., etc. So, it is somewhat artificial to divide these things up. And I, you know, I do think Xi Jinping inevitably and his, you know, top people, they're very much concerned with continuing to make the economy grow.

The point about youth unemployment, I think that's very interesting. I believe it was Cheng just now, you know, who was alluding to the main sources of Chinese growth have been infrastructure investment, real estate investment, exports, and consumption. And of those, if you're talking about

college-educated youth, they are mostly going to go to work in consumption-oriented businesses. Most consumption is services. Those sectors employ a lot of college-educated, whereas manufacturing actually employs very few college-educated, construction, almost no college-educated. So, if you look at some of the traditional sources of China's growth, they don't generate the kind of jobs that China needs now, you know, which is essentially high skilled work for college-educated. So, I think they do face a big challenge, a really interesting challenge of, on the one hand, demographic decline, you know, that the overall labor force is going to be declining.

But, you know, within that, they're graduating so many young people every year that they've got an enormous pool of underutilized college graduates. And it would be good economics to be putting those people to work productively and probably good for political stability and social stability. And that's all about involving the development of the consumer industries, you know, innovation, private sector. That's where those young people are going to go to work. They're not going to go to, they're not all going to go to work in state enterprises. They're not going to be enough employment there. So, you know, so I do think the economic agenda is still obviously important, and I think Xi Jinping and his top people know that. That's why, you know, I led with the disappointment of seeing so many talented technocrats pushed out of the leadership. But let's not interpret that to mean that economics has gone away as a key issue for China.

Jamie Horsley [00:34:22] Okay. Well, thank you so much for those very thoughtful comments, too. It's a very complicated situation that China is facing, as we are all. And I'm going to come back to you on the common prosperity piece, too. But first, I want to turn back to Diana and pick up on the youth unemployment and all that and ask you more generally, do you see anything in terms of prescription of where what all of this means for the development of civil society over the next five years? I mean, youth tend to be very involved in charitable activities and volunteering and could find some employment in NGOs if they were allowed to grow. But I'm looking at the statistics out of the Ministry of Civil Affairs, and the number of registered NGOs is going down, and yet there are other ways people can participate. So, what do you kind of foresee under this new trajectory as the development of civil society in China?

Diana Fu [00:35:17] Yeah, I'm really glad you brought up that angle, Jamie, and connecting it to some of the aspirations of youth who may not want to go into either the private sector or the state sector, but our youth are idealistic right, youth everywhere are idealistic. And China is no exception.

And so, a lot of youth who want to craft, or want to pursue a trajectory of a career in social change, whether it be working on issues of LGBTQ rights or labor rights or media or environment, a lot of them are rather depressed because they see Xi Jinping 3.0 as sort of a continuation and a prolonged winter— to use an analogy— for activism. And I think that their characterization of this is quite correct. We've already seen the passage of a number of regulations and laws, including the Overseas NGO law of 2017, that have really restricted INGOs that had been able to operate in China from operating there.

And there's also been a tightening in terms of funding to domestic NGOs, as well as crackdowns that we've seen early on in Xi's term across all kinds of grassroots civil society. And so what we're seeing with NGOs in China and people who want to engage in NGOs is they've taken up two paths. Either they've stayed in China, and some of them have actually studied abroad and actually want to go back to China, even though the environment is not great. They think this is where, you know, this is my home, this is where I want to see change. So they've either stayed in China but have had to lay low, meaning not do many activities or even find a job in another sector for now, but do some volunteerism on the side. Or they've taken a different path, which is they've, some of the NGO activists within China have left China.

So even those that have been able to operate in Hong Kong, they've left China. Some have left for North America, including the States, including Canada, some for Europe, while others have actually gone to Taiwan. And so, what we're seeing is this sort of an exit of activism and of NGO— of people in the NGO sector— from China. And if I might add a little bit more about how civil society is seen and talked about in the report— the Party Congress report— you don't see mentions of the word civil society. Correct me if I'm wrong, Jamie, but you know, the civil society, it's not surprising that civil society as a word is not mentioned because it was deemed politically sensitive all the way back in 2012, 2013, considered to be one of the deadly Western perils. And so instead what is talked about is sort of what the permissible term is, is social governance *shehuizhili*. And this is what you find in the report. And *shehuizhili* social governance entails many different components, from grid management to mobilizing community groups and individuals to participate in social governance.

But I want to emphasize that this kind of participation that the state is seeking from society is not exactly public participation, public debate in policy issues. Rather, what they are asking the public to do as part of social governance is asking the public individuals as well as community groups to

report to state functions, report to the government on any elements in society that they see as straying or violating rules and regulations. So, I have a coauthor research on how the party-state is actually using the social credit system to control civil society. And one of the mechanisms that has been installed has been setting up channels for individual people in society to actually report to the Ministry of Civil Affairs on social organizations that are suspected of being operating illegally. So, what you're seeing is not just an emphasis on social stability but also an emphasis on mobilizing the public to engage in societal governance in a way that the party is able to fully control and lead.

Jamie Horsley [00:39:37] Well, I think we could do a whole new program, maybe on all these interesting developments, you've been talking about. But I was struck, too, another term that you will not find in the report is the word private enterprise because they call it everything but, you know, non-government owned or not, or other terms, but, but never use the word or private per se. But obviously, common prosperity has implications for youth and civil society. It also does for the private sector, which, David, you talked a little bit about.

But I want to ask both you and Cheng to comment more on this common prosperity, which is often viewed, at least from outside China, people focus on the aspect that was mentioned in the report of seeking to regulate excessive income and wealth accumulation. So, they see it as sort of a forcible redistribution from the wealthy, i.e. private sector to the public. I thought in the report, too, they were giving a much more nuanced view that actually common prosperity involves a lot of policy things like, you know, equal employment opportunity, fair competition, a new tax structure, etc., etc.. So first, I wanted, you know, Cheng, you mentioned common prosperity in your remarks, what you think of this policy because you see it as a major driver now. And then I'll turn it over to David for his comments.

Cheng Li [00:40:58] Well, first, we should understand the mindset of the Chinese leadership, they interpret what happened in the past few years, if not longer, happened in Hong Kong, happened in Chile, happened in Paris, happened in the United States. These countries experienced some kind of rise or protest. They think this is, in large part, the economic disparity. And there are some super-rich people, but many people are left behind. So that kind of mindset made the Chinese leadership, whether they used that excuse or were really concerned about the future, they think that even China has a middle class, probably the largest in the world. I mean 400 to 500 million people, according to He Lifeng, the new vice premier replacing Liu He. So but still, as we know, as Li Keqiang mentioned,

there's still a huge number of people, you know, who really just got rid of poverty, but their income is still very, very low. So, the policy wanted to help these people, certainly wanted to control the super-rich people, these gigantic companies, etc., now. So that's the mindset. That's the political motivation and also economic policies.

So, at the moment, I think they still need to explain, still need to deliver to really help those, you know, low middle-class people and also that, the more people to join the middle-class rank. It's tough, it's a very tough, you know, situation, especially you see the COVID lockdown, and also David said, the unemployment, and also Diana also mentioned that. But that's the overall thinking. But I think ultimately, probably, you know, this is related that Xi Jinping constantly talks about the [speaking Mandarin] you should really originally think about China's socialist revolution. Of course, I would not go that far to talk about communism, but that keeps some of the socialist compassion. This is certainly, it's very much in the leadership's mind. So they want to restrain. They also want the rich people to have so-called the third redistribution of wealth, basically, to do, you know, philanthropy and many other things, and a lot of policy will crackdown. So, we do not expect that in the past, the, you know, during the Zhu Rongji era, or during even Wen Jiabao era, this kind of a private sector, these gigantic IP firms, and many other things. To a certain extent, we also see the United States. There's some control about the monopoly, you know, by Democratic parties and also by some of our politicians. So, to a certain extent, there's some similarity; the difference is, is China wants to use state power to carry out all these things. So, I certainly share Diana's concern about the lack of civil society. I think civil society can take a lot of responsibility in today's world. But unfortunately, as that has been marginalized over the past few years, largely because of fear of the so-called color revolution. Over.

David Dollar [00:44:11] Yeah. I'll just add, Jamie, I think common prosperity is not a very well-defined phrase. And in the Chinese context, you could take it in a bad direction, or you could take it in a good direction from the point of view of economic policy. The bad direction is beating up on the rich and making it discreditable to, you know, be innovative and successfully develop a big firm and earn a fortune. And I think that's really put something of a chilling wave on the whole innovation environment in China.

But turning it in a good direction will involve more systemic change. You mentioned, I believe, the property tax along the way. You know, it's really pretty outrageous that China doesn't have a

significant real estate tax, which, of course, would affect the billionaires, but it would affect lots of ordinary upper-middle-class people as well who own multiple apartments. And just more generally, there's not that much taxation of capital in China and not that much taxation of the wealthy. You know, so if you're introducing more progressive taxation and then using that to fund social services, improve rural education and health, take care of migrants who moved to the cities, you know, that's a more social democratic kind of agenda, you know, that we've seen in lots of advanced capitalist countries. So, I think there's the potential for common prosperity to be taken in a direction that is not, is not bad for growth and actually addresses a lot of social concerns. But it's also possible to make it an excuse for beating up on the private sector, and that's almost certainly going to lead to capital flight and the flight of talent.

Jamie Horsley [00:45:58] Indeed. And I just, I've noted, I've followed, too, what's happening with the private sector given everything, all the shake-up and the regulatory crackdowns as well too. But I was struck that, of course, another thing this Congress did was revise the party constitution or party charter as it's more accurately translated. And one thing they did not touch, and they have not touched the last two times, is the language about the role of the party in the private sector, which is very different from the role of the party in SOEs and even in NGOs or social organizations, as they're called too. So it's interesting to me that still, the fundamental thing is it's a much lighter hand of the party; they don't require the party to be sitting on the board of directors or involved in major decisions of private companies, etc.

So, it seems to me the party has never been comfortable with the private sector, just like they're never comfortable with civil society, but they're both things that they need and that are contributing to China's economic growth and social stability as well. We had a question from the audience, or did you want to respond to that or not? Okay. Going back to this idea of Xi having lined up people who agree with this point of view, this so-called war cabinet, as some people were calling it, Sean Murphy, who's vice president of Dolby, points out that Putin was known to have done kind of the same thing that Xi is now being accused of doing by having a circle of sort of yes men who won't give him the real story, and they're afraid of making mistakes. And clearly, we think that that helps explain the Kremlin's miscalculation about the invasion of Ukraine. Is this an accurate parallel for what's happening with Xi's cabinet? And if so, he's smart and strategic. What explains this potential misjudgment on his part? Cheng Li.

Cheng Li [00:47:56] Well, there are some similarities and in terms of promoting proteges to important positions. But we should know that the Chinese leaders, they differ profoundly from Russian leaders in a number of ways, partly because they deal with two different countries. China is an emerging power that benefits from the post-Cold War international order and economic globalization. But Russia is a declining power that really suffers from the post-Cold War international order. And also, one of the important things that we did not have time to discuss. Many Chinese leaders are Western-educated. I mean, including this time, even more than last time, last time four members. This is based on the definition of one year of study overseas or a degree candidate. Last time, four people: Wang Huning, Liu He, Cheng Xi, and Yang Jiechi. This time, actually, it's double, you know so you can see that the increase— this is actually very interesting or ironic, at the time US-China relations deteriorated but the educated western elites continue to emerge, and they enter the Politburo and the and etc.

Now, also in five years, some of them will be, more people will enter the Politburo standing committee, for example, the Shanghai party secretary Chen Jining; if you look at the previous track record, the Shanghai party secretary got a chance to be in the Politburo Standing Committee. This is a guy who spent ten years in London and, including six years studying at the Imperial College, got his degree in environmental science and etc. So, there are several other people in that kind of category. So, I'm not overly pessimistic about that. Yes, some, some people they say, yes man, but we should understand that Xi Jinping defeated the powerful two factions in the **tanpai** and (inaudible). But the faction of politics, as Chairman Mao said, always exists. You know, then a new faction will start to emerge. And we should remember Xi Jinping was a protege of Jiang Zemin and Zong Qinghou. So the same thing, the same dynamic will continue in the Chinese political process. So, in that regard, I'm not overly pessimistic.

Jamie Horsley [00:50:13] Okay, great. Good way to end. We're out of time. So perfect way to do it. And clearly, we still have a lot to digest and learn and watch for in the coming months. And especially the upcoming National People's Congress meeting in March may tell us some more. So, I'll turn it over now to my colleague Jonathan Stromseth. And thank you, everybody, for being here this morning.

Jonathan Stromseth [00:50:36] Hi, everybody. I'm Jonathan, the Lee Kuan Yew chair at Brookings focusing on Southeast Asia and China. Now, we will kind of turn our lens outward like a

projector to try to understand how these domestic political trends that we've just discussed are likely to be projected outside of China and affect Chinese foreign policy in the years ahead, including toward the Asia-Pacific region, the United States and the world at large. We have already seen a very active couple of weeks of Chinese diplomacy since the party Congress ended, with Xi Jinping hosting leaders from Vietnam, Germany, Pakistan, and Tanzania as they all paid official visits to Beijing.

We are also convening this discussion just as Xi Jinping is getting ready to join other regional and world leaders for a series of summits in Southeast Asia, including a possible in-person meeting with Joe Biden at the G-20 summit, which will be in Bali, Indonesia. Meanwhile, tensions continue to simmer over Taiwan, and foreign policy experts are trying to discern what the new personnel appointments or the language of the Party Congress report could mean for the future of Taiwan and, perhaps by extension, for U.S.-China relations and the stability of the surrounding region. So, suffice to say, a lot is going on.

Fortunately, we have a very experienced and talented group of experts who can offer their analysis today and help us to disentangle all the threads, so to speak. They are Yun Sun, Patricia Kim, and Jonathan Pollack. So let me start with Yun Sun, who is a nonresident fellow at Brookings with our Africa initiative. She also serves as co-director of the East Asia Program and director of the China Program at Stimson Center. She is a specialist on Chinese foreign policy, US-China relations, and China's relations with neighboring and authoritarian regimes. Yun will kick off this discussion by looking at the foreign policy leaders who were promoted at the Party Congress and what their elevation could mean for China's foreign relations going forward. She will also discuss the recent charm offensive or flurry of diplomacy, as I mentioned, that we've seen in the aftermath of the Congress. So, Yun, over to you.

Yun Sun [00:53:08] Thank you, Jonathan. Thank you for the invitation to be here. So, we have seen a lot of foreign policy activities after the Party Congress and that was expected. We know that the year 2022, this year has not been particularly easy for China's foreign policy given the COVID restriction, given the continued lockdown, and also given the Russian war in Ukraine. And a lot of the activities have been suppressed in terms of foreign engagement because of the anticipation of the Party Congress, which remained to be the top domestic priority. So now that the Party Congress is over, we see the Chinese foreign minister, Wang Yi, reaching out to his counterparts all over the world and Xi Jinping hosting Western and Asian leaders in Beijing. So, I suspect that we're going to

see a pretty grandiose comeback party when Xi Jinping takes his trip to Southeast Asia later this month.

On the issue of the key foreign policy leaders within the foreign policy apparatus, for people who are observing the development of the personnel changes, there have been quite some surprises. So first, among the 205 newly elected members of the Central Committee, we know five of them are from the foreign policy apparatus. They are Wang Yi, Liu Jianchao, Liu Haixing, Qi Yu, and Qin Gang. And Wang Yi has already passed the previous age limit in terms of the other members, for the members of the Politburo since he is already 69 years old and by the end of the current tenure he will be 74, which is quite senior upper age coming to China's foreign policy leaders in recent decades. Liu Jianchao has been appointed to be the head of the CCIDs, the international liaison department. So that basically, well, Qi Yu comes from a primarily domestic political background. He currently serves as a party secretary of the foreign ministry. So that leaves two candidates for the foreign minister's position, Liu Haixing and ambassador Qin Gang. So, the rumor currently in Washington is that ambassador Qin is not coming back to Washington and the expectation is that he will get a promotion to become the foreign minister. If you look at some of the characteristics of these five people, they do share some commonalities.

I think the first one is that none of the five top foreign policy officials really came from a traditional sense of US background. And that means coming from the Department of North America at the Foreign Ministry and being responsible for managing U.S.-China relations. So, the only person, Wang Yi and Liu Jianchao have been more of an Asianist, having served as ambassador in Asia while Liu Jianchao, Qin Gang, Liu Haixing, they all have relatively strong European backgrounds. So, what that means is that Xi's foreign policy down the road continues to depart from the focus of his predecessors who prioritized the relationship with the United States. Most manifested in the appointment of—at least in the past—of U.S. heads as top foreign policy officials, including, for example, Li Zhaoxing and Yang Jiechi as foreign ministers. Secondly, since the selection of the top foreign policy officials also demonstrates China's emphasis on public relations and public diplomacy, I think it's no coincidence that two of the five top officials, Liu Jianchao and Qin Gang, have served as foreign ministry spokesperson, as well as the heads of the Information Office of the Foreign Ministry. And it is also no coincidence if Liu and Qin are appointed to be the top official in charge of party diplomacy and also the nation's diplomacy. So, there is a dire need for, from Beijing's perspective, the

ability to shape the international narrative and influence global public opinion about China. So having officials who specialize in public relations, I think, is a clear push in this direction. Thank you.

Jonathan.

Jonathan Stromseth [00:57:20] Thank you very much, Yun. And we'll come back to some of the topics you mentioned when we get to the discussion phase. Now we'll hear from Patricia Kim, who is the David Rubenstein fellow at Brookings, where she holds an appointment in the John Thornton China Center and the Center for East Asia Policy Studies. Her areas of expertise include Chinese foreign policy, US-China relations, and East Asian politics and security, more generally. Patricia will share some broad takeaways from the Party Congress and what these takeaways could mean for the future trajectory of Chinese foreign policy. And we'll also touch on China's policy on Taiwan and China's relations with Russia. Patricia?

Patricia Kim [00:58:04] Well, thanks very much, Jonathan. It's really nice to join you and Yun and Jonathan Pollack and other China Center colleagues for this timely conversation. Watching the outcomes of the 20th Party Congress, from the intense concentration of power in the hands of President Xi to the themes featured in his work report, suggests to me that we can expect more continuity than change and essentially a doubling down on the more assertive foreign policies that have characterized Xi's previous two terms for the foreseeable future. While I don't think anyone was expecting a dramatic shift in China's approach to the outside world following the 20th Party Congress, China's relations with many major and middle powers, including the United States, Europe, and states in the Indo-Pacific, have suffered during Xi's rule in recent years. And I think the fact that the centrality of Xi and his signature policies were amplified rather than moderated at the Party Congress suggests that the Chinese political system is unwilling or unable at this time to engage in any sort of course correction.

With regard to Taiwan, Xi's work report at the 20th Party Congress consisted largely of familiar talking points. He made the case that Taiwan's independence must be opposed and that all Chinese patriots must advance the cause of national reunification. He also gave the standard line that while China will do its utmost to strive for peaceful unification, it will not renounce the use of force and that it reserves the option of taking all measures necessary to achieve unification. Now, while Xi's work report didn't shed much new light, if any, on Beijing's policy direction on Taiwan, I actually found China's new white paper on Taiwan that was published this past August, right around Speaker

Pelosi's visit to Taiwan and the PLA's expansive military exercises that followed this visit, are useful in understanding Beijing's latest thinking on its Taiwan policy. And I thought one of the most striking aspects of this paper was its elaboration on the one-country, two-systems model. And if you look at the paper, it makes the case that the two systems are subordinate to and derive from one country and that the practice of one country, two systems, has been a success in Hong Kong where, quote, order was restored and prosperity returned, end quote. So, I found this formulation quite notable and quite a claim, given Beijing's actions in Hong Kong are precisely what have discredited its one country, two systems framework in the eyes of the people of Taiwan and around the world. And I think it demonstrates to the vast perception gap that exists between Chinese leaders views and their foreign counterparts, particularly, in Europe, in the US, Europe and key Asian states.

Now turning briefly to China, Russia, so Xi's work report did not elaborate upon China's policies towards Russia or other specific states, which makes sense because the report was intended to set the direction of the party rather than China's foreign policies. Xi did not specifically reference the war in Ukraine while reiterating Beijing's standard line that it supports the sovereignty and territorial integrity of all states. And his work report notably did not include a reference to the principle of indivisible security, which is this notion that states should not strengthen their security at the expense of the security of other states. And this is a principle that Moscow has leveraged to make the dubious case that the West and NATO had violated this principle, and therefore it had no choice but to act in the way it has.

The concept of Indivisible Security also made an appearance in that China-Russia joint statement from February of earlier this year, and it was cited as a key pillar in Xi Jinping's new global security initiative that he proposed at the Boao Forum in April of this year. Now, this global security initiative remains a rather vague concept, and it was mentioned just once without elaboration in Xi's work report for the Party Congress. But I think the fact that Indivisible Security wasn't explicitly mentioned at the Party Congress demonstrates that Beijing is sensitive to the criticism that it's received for refusing to clearly condemn Putin's war on Ukraine and to distance itself from Moscow. But nevertheless, I think a strong conviction remains in China that the US is strengthening its security at the expense of China through various coalition-building efforts in the Indo-Pacific. And this is the conviction that continues to underpin the strategic alignment that we see between China and Russia today. And again, this partnership was reconfirmed in a phone call between Foreign Minister Wang Yi

and Russian Foreign Minister Lavrov just days after the conclusion of the Party Congress, during which both sides expressed China and Russia's intentions to deepen exchanges and continue elevating their relationship. So let me stop here for now, and I'll turn it back to you, Jonathan.

Jonathan Stromseth [01:03:16] Thanks very much, Patricia. Finally, I'm delighted to bring in Jonathan Pollack to the discussion. Jonathan is a nonresident senior fellow, also at the Thornton Center and Center for East Asia Policy Studies at Brookings and is affiliated with Loyola Marymount University in Los Angeles, from which he's coming to us now, where he teaches courses on Chinese foreign policy and international relations in Northeast Asia. Jonathan will discuss the implications of the Party Congress for China-Japan relations, as well as China's approach to the Korean Peninsula. Jonathan.

Jonathan Pollack [01:03:53] This is a two-Jonathan panel, I guess. It's a delight to see all of you this morning and hope we can have a productive discussion on what I would have to describe as unanswered questions about China's foreign policy directions. Since a lot has been left unsaid. And of course, you could argue that in any foreign policy context, China or anywhere else, you have the circumstances that you confront. But then the question becomes, what are the possibilities of in a, I always have difficulty with the word, initiative in foreign policy relative to circumstances that are readily confronted or relatively recognizable. I don't know that we have answers here. What we have, of course, is a certain amount of code language for how to restrict activities of others. That is specifically the United States that could potentially impede on Chinese, impinge on Chinese interests. And given the centrality of the relations with US core allies in Northeast Asia, specifically Japan and the Republic of Korea, it raises the inevitable question of is there any possibility for meaningful shifts in direction, etc., etc.

And on that basis, I would say in a near-term sense, there doesn't seem to be much, shall we say, eagerness for undertaking activities, new activities or new language that could suggest a longer-term trend in Chinese foreign policy, at least as it pertains to Northeast Asia. It doesn't mean that that Northeast Asia is missing in action. But the tone I got from the political report really suggested to the degree that you could infer anything about, about specific foreign policy questions is that there's a larger security context that China is confronting right now with the United States being far more active, far more engaged in ways that do impinge as the leadership in Beijing would say, on Chinese interests. The question is whether any of these developments compel China to rethink policy

directions. So, if I could, I would argue that you've got three very, very different systems here that China is operating with.

You've got, again, as a legacy of the past relations with North Korea, but then you've got these much more consequential relationships that have evolved now with Japan and with South Korea, but at a time that the United States is far more engaged with both of these partners to the degree that it opens the door for other kinds of possibilities. I don't see China in that context at this point, at least, undertaking riskier strategies. But there's, in a way, the undercurrent of foreign policy deliberations, to the degree that we can determine, suggests that China is trying to find a way to keep things steady if you will. But in the realm like foreign policy, with the kinds of actors we're talking about here, that's going to be a very, very difficult thing to do. So, it's a question of what resources China does or does not put to use in these initiatives.

Now, obviously, with Wang Yi's background experience, few have been as involved over the years in China's foreign policy. I suspect that those trends will continue with a heightened role for Wang Yi. But it doesn't really tell me or tell any of us what might evolve over a period of time if things don't work as planned, shall we say. And in foreign policy, they seldom do. And so, the challenge that China is confronting is how do you manage these very separate kinds of relationships you have with these key actors in Northeast Asia? And can you do it in a way that underscores, number one, China's centrality to any of the larger questions that might emerge with time? And number two, frankly, to limit, wherever possible, a much more vigorous and frontal relationship or role of the United States in Northeast Asia. Now, there's no evidence that I can detect that suggests that the U.S. is about to back off its involvement here. But the tools that we, that the U.S. has or doesn't have, are going to affect the resources that China brings to bear and whether or not and how China rethinks or reassesses its overall directions.

I think the consequences may be greatest with respect to North Korea. North Korea is an endlessly frustrating interactor or interlocutor for everyone involved, including the Chinese. And now North Korea has been increasingly— to say that they're being increasingly isolated is kind of an understatement— but given their own version of Zero-Covid policy, North Korea has just been, other than its activities with respect to military development, its trade, although its, its bumped up the little tiny bit, it's really kind of the missing actor. And I guess what I ask is, is North Korea, can North Korea sustain its international position and its domestic circumstances with such a problematic set of

policies if they are policies? So, this is, this is the hand that China has been dealt. The question I would like to raise is simply whether or not China, in the coming months or years, begins to do more in Northeast Asia relative to what might be just, you know, the other opportunities on other fronts, which will we'll talk about today. But I think I'll stop at that point, and we can come back.

Jonathan Stromseth [01:11:35] Yes, thank you very much, Jonathan. And I think we'll maybe take a little tour of the region with respect to sort of China's neighborhood diplomacy and how that might be affected by what we saw at the Party Congress. But let me start, Patricia, with you and ask you a little bit about the rumors or the expectations that there might be an in-person meeting at the G-20 coming up in a week or two in Bali between Xi and Joe Biden. Do you see, well, what are the prospects of that meeting? And if it happens, do you see some possibilities for a lowering of tensions or perhaps for any new bilateral initiatives? Or is that maybe too much to expect?

Patricia Kim [01:12:22] Thanks, Jonathan. As you said, the meetings have still not been officially confirmed, although the expectations are that they will happen. At a minimum, I expect both leaders to use their first in-person conversation since Biden took the presidential office to put their key concerns on the table, and for the US in recent months, the priority has been warning China about not aiding Russia's war efforts in Ukraine and for China, this has included objections to the United States' Taiwan policies. So, I expect this sort of putting the key issues on the table as they have been on the virtual calls. I imagine export restrictions and other hot-button issues will also be on that list. I would personally count the meeting as a success or, as you know, more than just sort of a laundry list of airing grievances if the two leaders are able to signal a willingness to resume working-level discussions in areas of mutual interest, and this could be restarting official exchanges on climate change that were paused by Beijing after Speaker Pelosi's visit to Taiwan, or elevating discussions on nonproliferation and in particular, addressing another critical hot spot that Jonathan Pollack began to talk about. And that's the Korean Peninsula, where North Korea's unabated expansion of its nuclear and missile program is raising the risk of conflict in the region.

Last December, when Biden and Xi had a virtual dialogue, one promising area that I saw come to the forefront was this potential agreement for working-level consultations on advancing strategic stability, which is this broad term that includes risk reduction and crisis management, particularly in the nuclear realm. But before we saw any real working-level efforts come to fruition, Russia invaded Ukraine. China was seen as complicit in this invasion, given its declaration of a no-

limits partnership with Russia just weeks before the invasion. And given Beijing's refusal to explicitly condemn Moscow and, I think all of this essentially shut down any hopes for strategic stability conversations with Beijing. But if we see sort of nods toward restarting this, I think I would count that as progress. And overall, I think just a lot of work is needed to move the US-China relationship in a more constructive direction that allows the two states to engage in healthy competition in a way that allows for risk reduction and conflict management, as well as coordination on existential and common global interests.

And this is where I'd like to make a plug for a new report that I've just written with two of my Brookings colleagues, Ryan Hass and Jeff Bader. And in this report, we outlined five policy recommendations on how the US might recalibrate its China policy to better advance US interests. And so, I realize time is short and so I can't go over all of the details here. But I do urge members of the audience who are interested to check out the report on our website. We lay out ways of how the United States can establish a more favorable environment around China for U.S. interests while at the same time building a more durable and productive working relationship with China. And so, again, I encourage folks to check out the report.

Jonathan Stromseth [01:15:52] Thanks, Patricia. I looked at the report last night, and I would also urge all those who are interested to take a look and see how a policy rooted in U.S. interests, in particular, is laid out. And it's a very good report. I kind of want to ask a kind of fundamental question maybe first to you, Jonathan, but Yun if you want to jump in as well. The question is, with so much talk about Xi Jinping, you know, how important is Xi himself? I lived in China from roughly 2006 to 2014, and it was clear to me that China's domestic political environment was beginning to tighten before Xi came to power in 2012, 2013, suggesting that, you know, these domestic trends emerged from a kind of a broader institutional set of changes within the party itself and probably were not attributable to one man. So, sort of turning externally again, you know, could the same be said about the growing assertiveness of Chinese foreign policy in recent years and on into the future? To what extent is it a broader institutional trend if we're looking at the domestic sources of foreign policy, or is it really attributable largely to Xi himself? Did he just put, you know, the foot on the gas pedal? Any thoughts?

Jonathan Pollack [01:17:18] I'm going to ask Yun what she thinks about this, but maybe I'll jump in after that. But I think that this is something that very much fits in her, in her overall.

Yun Sun [01:17:29] Thank you, Jonathan. And thank you, Jonathan. That's a great question. I remember, I remember going to Beijing in 2015 and asking exactly the same question. I remember meeting with a group of officials from NDRC and we were talking about BRI. And my question was, I was being bold. I was young. I was asked— so I asked them the question and said, wow, had Hu Jintao had another four, another five years, another term, do you think that China would have launched BRI? And do you think that the Chinese foreign policy would be on the same trajectory as we are seeing today? I think the room just froze. They all stared at each other like, oh, we don't know how to answer this question, but I think it does say something about the leadership factor in the foreign policy making of China. Well, for foreign policy analysis, we all know there is a three-level analysis. There's a leadership level, there is the state level, and also there is international system level. And I don't think that any one factor will be, will be the sole culprit for where China is today.

But remember, these three factors, they influence each other. Once the foreign leadership personality sets a foreign policy in a certain direction, it will affect how the state acts and it will affect how the international system perceives that change and reacts to that change, which is why that I find it extremely difficult for China to reverse or change its direction, even if the top leader wants to have a change of direction because the international system or the international community may not be able to produce that reciprocity. So, it will be necessary to accelerate or to fit into that, that dynamic, that interaction cycle. So which is to say that I do think that Xi is important. I think a different Chinese leader would not have adopted maybe the same direction, but definitely not the same style. It's like when we talk about the difference between the China policy of the Trump administration and the Biden administration, are they really different? If you think about the essence of the policy and the context of strategic competition between U.S. and China, but people do agree that the styles are significantly different, and they do matter. Thank you.

Jonathan Pollack [01:19:46] Could I, Jonathan, could I jump in here based on something that Yun did raise and something I should have highlighted a bit more in my remarks, is that, in 2017 and 2018, again under Xi Jinping, we saw the extraordinary developments on the Korean Peninsula, which is specifically highlighted by North Korea's increasing weapons testing and the like. And, of course, Mr. Trump's own interventions in this. And it was Xi Jinping who, again, going back to code language, made statements or used argue, arguments or use language that we were not accustomed to with respect to China, in some measure, diverging from the time-honored traditions of policies

toward the Korean peninsula.

Now, Xi may have done this or those around him may have urged that there had to be a way that given the dangers that were imposed on China's borders by North Korea, that China had very little alternative other than to a) cooperate more with the United States and different kinds of U.N. sanctions and the like, and more generally, to impose costs on North Korea. And these were undertaken in a significant way, much more significant than we are used to in that precise period. But since that time, what we see is, in effect, China reverting in some measure to some of the, you know, standard language that is used, putting the onus on the United States and others to modify their policies with respect to North Korea, when, as we all know, China really doesn't have that kind of direct involvement and influence over North Korea, that some might assume that you can, in effect, you know, that the leadership in Pyongyang, given its dependance on China, would have no alternative but to accommodate in one way or another. But, you know, frankly, the, you know, the persistence of the nuclear weapons program, the expansion of the nuclear weapons program, and widespread expectations, at least as voiced by the Biden administration, that North Korea is on the cusp of another nuclear weapons test.

So, this would be an interesting question, more than interesting, about how and whether China would yet again, as in the 2017 period, impose costs on North Korea, despite the fact that superficially, at least, North Korea has drawn closer to China yet again. But the risk here, I think, for China in part, is if the United States deepens its involvement because of its own vital security interests, this puts China potentially back towards China to some extent. So what can China therefore do, if anything, to shift the terms of reference and how, if at all, does this affect China's dealings with both Korea, South Korea and Japan, which are core U.S. partners and where the U.S. has tried, at least on paper, to emphasize the increase in alliance or relations alliance involvement in ways that does begin to impinge on China's relative freedom of movement, if we could use that kind of terminology.

So, these are questions of, I think, that China and Xi Jinping himself has to be asked are those that he deputizes here to deal with what still is the risks of a much larger potential crisis on the peninsula. And I don't know that we have a clear indication yet of what they will do. But the last thing I think Xi Jinping and others in the leadership would want is to see Northeast Asia embroiled in a heightened crisis that really compels China to then react in significant ways to protect its own interests

and to avoid something, a larger, a larger crisis. Those are the kinds of things that I think we ought to be keeping our eyes on.

Jonathan Stromseth [01:24:59] Thank you. I'd like to continue with this theme in a broad sense, by which I mean kind of China's relations with its immediate neighborhood. And Yun, you and I share a strong interest in Southeast Asia, including China's relations with Southeast Asia. And, you know, I think what we've seen in the last decade or so since Xi came to power is a more assertive Chinese foreign policy there. It's possible one could see that in a broader framework where China has shifted away from hiding strengths and biding time or hide and bide, as it's sometimes called, a strategy of Deng Xiaoping, which emphasized relations with major powers, especially toward a shift toward a much more proactive neighborhood diplomacy, where, at least in my view, Southeast Asia is seen as a kind of testing ground or platform for China's rise in some ways, also a real hotbed of US-China competition and a place where all these summits are about to happen. I'm just wondering, you know, do you agree with that kind of sense of the trajectory and after the party Congress, do you see it continuing?

Yun Sun [01:26:18] Thank you, Johnathan. I think Southeast Asia, which the regions, you are one of the top experts in the whole world, I would say there is a difference between mainland Southeast Asia and maritime Southeast Asia. And given the maritime dispute in the South China Sea that, yes, the Chinese approach towards the South China Sea has been categorized as, as assertive and some would even say aggressive. But if you look at the development in mainland Southeast Asia especially, I'm sorry to say is a regression of liberal democracy in mainland Southeast Asia in the past couple of years. I would say that Southeast Asia might, including mainland Southeast Asia, might have a lot of concerns about China's growing assertiveness in their region.

But their relationship with the United States has not necessarily improved because of the domestic development and also because, I would say, all the distractions in the U.S. foreign policy. Well, we always said that Southeast Asia, is important for the United States. Yes, it always is important. But coming to, for example, the foreign travels schedule of Secretary Blinken or of top U.S. leaders in Southeast Asia yearly does not merit priority. So, I think that also sends a signal to the region. But at the end of the day, it depends on what kind of options the region has. Right. So, for example, when we discussed the Indo-Pacific economic framework, there was a lot of noises, a lot of anticipation about what the framework will bring to the region.

But by the end of the day, the region will judge its validity and value. And there are benefits to the region based on what is a dollar number that the U.S. is willing to put on the table. And that, unfortunately, is also where China, I would say, does a terrific job, because the Chinese are always willing to put cash on the table, especially in the region that is directly on China's border. So, I'm afraid that the competition will continue, and Southeast Asia will be stuck in the middle and refusing to make a choice. And you always hear them saying, do not force us to choose. But I would say that it's a pretty good place to have the options.

Jonathan Stromseth [01:28:24] Yeah, right.

Yun Sun [01:28:25] That's where they are. Thank you.

Jonathan Stromseth [01:28:28] I want to get to a couple of questions from the audience, but before we do, Yun I was wondering if you could touch briefly on whether the Party Congress shed any new light, you mentioned it earlier, so I'm coming back to it. You said, BRI, which of course, is the vaunted Belt and Road Initiative or infrastructure, Global Infrastructure Initiative, also very prominent in Southeast Asia. Did the Party Congress shed any new light on the future of that initiative or others like the Global Development Initiative that it announced about a year ago? But we're still trying to understand what that is.

Yun Sun [01:29:05] Absolutely. BRI was introduced in 2013 as a flagship foreign strategy of Xi Jinping. Right. In the past ten years, we've seen that BRI basically being the champion of China's foreign policy initiative and its engagement with the world, it's like the key word for China's overseas engagement. But we are also seeing that the genesis or the development of BRI is not static. So, I would say that BRI started very, was a very high bar, very high tide. And within three years, you see the Chinese swarming into foreign financing for major infrastructure projects all over the world. And that's for the first, I would say, the first stage of BRI, everyone was trying to, everyone in China, including the private sector, state-owned enterprises, and government agencies, tries to participate and think of what we can contribute towards BRI. So, we saw the peak of Chinese financing, especially loans—both commercial and concessional loans—being made to BRI countries.

But then, starting from 2017 to 2019, we see the Chinese becoming much more careful about their narrative. That it's not a feast of capital. Now we need to be more careful about how we make our loan decisions because I think by that point, China has already anticipated the debt sustainability issue, which has been exacerbated by the COVID crisis in the past three years. So, moving forward, I

think that BRI will continue to be a word—or a keyword—in China's foreign policy. Like in the 20th Party Congress report, we saw that BRI was only referenced twice: both in terms of China's, well, one in China's contribution to the world and the other one in terms of China's continued determination to open up to and engage the world economy.

So down the road, BRI and Xi Jinping's signature foreign strategy is not going to be declared a failure, one would say. But we do see that the narrative is morphing more and more towards Global Development Initiative since the caveat is, what is the difference between BRI and the Global Development Initiative? I think it's a mentality; it's a perspective. BRI is something Chinese. It has had a Chinese identity labeled on its head since day one. Right. So, it inevitably projects a perception of, well, this is Chinese, and it's China versus the world. But the Global Initiative changes that perception or that framing. Now, China is a part of the global community, and this is a global development initiative. So, you can hardly say that, oh, this is China's global development initiative. So, I think that framing is going to be a significant distinction where we will be seeing down the road. Thank you.

Jonathan Stromseth [01:31:55] Thanks, Yun. So, we have a few minutes left, and I want to make sure that we get a few questions from the audience. Let me direct this one to you, Patricia. So, Donald Shih of Kumamoto University asks, what are the best and worst scenarios for US-China relations as Xi Jinping enters his third term? How can the worst be avoided and the best-case scenarios possibly be achieved?

Patricia Kim [01:32:24] Well, thanks very much, Jonathan and Donald. That's good, that's a very great question. I think the worst-case scenario, obviously, is walking into a war that neither side wants or benefits from. And, of course, the area where the world's attention is on is the Taiwan Strait, where we've seen growing Chinese military activities, as well as growing pressure on leaders here in the United States and in the leaders of Taiwan to do more to sort of counter this Chinese pressure. And that's leading to rising tensions. And so, walking into a war in that, in the Taiwan Strait would be devastating for all involved, and it's something that we really need to avoid. What is the best-case scenario? Again, I think it would be establishing a productive working relationship between the United States and China, even as competitive dynamics remain front and center in this relationship.

And I think, you know, this is where there's a question about what is the best way to frame the US-China relationship. And the proposition that the Biden administration has made is that the US-China relationship should really be multifaceted. Right. It should involve elements of, of competition,

confrontation, when necessary, as well as cooperation in areas of common interest. And I think this is a very realistic formulation. It's one that could be used to describe any relationship; frankly, whether you're dealing with friendly states or adversaries, you will always have conflicting interests and common interests as well. It's a fact of life. And so, I think making sure that we can move in this direction will be very important.

I think where we've seen a lot of progress under the Biden administration is really beefing up the cooperation among like-minded allies and partners, especially in the Indo-Pacific. Where we've seen less progress is in building a more productive US-China relationship, as I said. And so I want to be clear that this is not because the Biden administration hasn't tried. In fact, I think a lot of the resistance has come from Beijing, which has rejected this notion that you can both cooperate and confront at the same time. I don't think this works well, but I think if it's a framing question, we need to figure out how do we find a framework that everyone can agree to. But it's really the substance that matters. And I think it's not in China's interests, not in the United States' interest, nor the rest of the world's interests if two of the largest powers are not talking.

And this is where I'll make one last point. I think there's this oversimplified narrative here in Washington that has taken hold that the United States' decades-long policy of engagement with China failed because China didn't turn out to be a liberal democracy. And I think this is a very historically inaccurate view of what engagement was supposed to be about. Engagement somehow has become a dirty word, but really, engagement is just another word for communication, negotiations between states, and the original intent of opening relations between the United States and China in the second half of the Cold War was based on the recognition that it made no sense for the two— for two of the world's greatest powers— to have no working ties, and that it was necessary to have open channels of communication so that both sides could advance their respective interests. So, I would hope that we can move in this direction. I would hope that if there is a Biden-Xi meeting at the G20, the two leaders could take the initiative to really build up this track that has been neglected.

Jonathan Stromseth [01:36:03] Thanks, Patricia. We have just about 2 minutes left. Looking at you, Jonathan, there's another question from Lise Corson of the Bridge Institute, which is very simple. What is the most effective deterrence against China? Would you like to answer that or play off of Patricia's very interesting response to all of these questions are kind of about US-China policy in a way. What are your thoughts?

Jonathan Pollack [01:36:32] The question here, obviously, and the comparison here with the earlier years of U.S. engagement with China, bears reference as, as Patti Kim has noted, that those were fueled, the old engagement strategy was fueled, of course, by a common perception of threat coming primarily from the Soviet Union, or at least that was the way it was presented. Now we're in a situation where there is no common perception of threat, although you could argue that other kinds of initiatives, climate change, what have you. But they don't quite have the same, they just don't have the same resonance. And we are in this era now of a much more competitive relationship with China.

At the same time, we do not have the kinds of meaningful interaction with China in face-to-face dealings; it's, it's just not the same. So, if it becomes more a kind of a slogan, if you will, dueling slogans, then we're really stuck. And you can only hope that there is no breakdown. But, you know, that's one of the causes of concern for my unease. If we agree that major powers have to have tools at their disposal where they talk to one another, interact with one another on a regular basis, communicate. And when you don't, that's when really, really miserable stuff happens. And I just wonder whether if we proceed at a level that we are not dealing, they are, Chinese are not dealing with us, we are not dealing with Chinese, that's a recipe, frankly, for very, very negative stuff down the road and maybe not in the far too distant future. So, you hope all great powers will restrain their activities, communicate when they see their vital interests at risk and do whatever you can to limit the dangers and to limit the risks. It seems like a modest sum, an almost self-evident proposition. But it's almost like we need to relearn this because a lot of it is not evident right now. And that is a real, a real loss.

Jonathan Stromseth [01:39:10] Thank you, Jonathan, for those cogent and wise thoughts as we look to the future of the US-China relationship in the context of the Party Congress that we've been discussing for 2 hours now. I want to thank you, Yun and Patricia, for your wise thoughts across the board. And I particularly want to thank the audience for joining us today, offering good questions. We hope this has been a useful discussion and look forward to seeing you again here at Brookings in the future. Thank you very much.