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China's future under Xi Jinping: challenges ahead

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ABSTRACT

No development in international politics is attracting as much attention as the emergence of China as a great power. But many questions and uncertainties attend China's rise. What are the long-term goals of Chinese power? Does Beijing view the international system as fundamentally beneficial to its goals or as an impediment to them? Will China emerge as a more open, prosperous, just and sustainable society or less so? As China's paramount leader Xi Jinping is the single-most powerful individual shaping his country's answers to those questions. It is therefore important to illuminate and understand the forces which are likely to affect his thinking and his responses to them. With that in mind, this essay will delve into Xi's background, his stated vision for China's future and the challenges which confront that vision. From there, the essay concludes with an assessment of how these factors are likely to play out in Chinese domestic and foreign policy in the years ahead.

KEYWORDS

China; Xi Jinping; China's foreign policy

Introduction

As a scholar, military strategist, decorated officer, a direct participant in the twentieth century's greatest conflicts and proud son of New Zealand, Sir Howard Kippenberger would no doubt be keenly aware of the dynamic shifts of power in the Asia Pacific today and the growing opportunities and challenges which these changes present for New Zealand, the region and the globe.¹

Standing out as one of the largest of these opportunities and challenges is the emergence of China as a great power in regional and, increasingly, global affairs. But many questions and uncertainties attend China's rise. Strategists around the world are asking, 'What are the long-term goals of Chinese power?' 'Does Beijing view the international system as fundamentally beneficial to those goals or as an impediment to them?' 'In pursuing these goals, will China emerge as a more open, prosperous, just and sustainable society or less so?' 'If we can come to some conclusive answers to those questions, what strategic policies should China's neighbours adopt in response?'

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China's paramount leader Xi Jinping is the single-most powerful individual shaping his country's answers to those questions. It is therefore important to illuminate and understand the forces which are likely to affect his thinking and his responses to them. With that in mind, this essay will delve in Xi's background, his stated vision for China's future and the challenges which confront that vision. From there, the essay concludes with an assessment of how these factors are likely to play out in Chinese domestic and foreign policy in the years ahead.

The paramount leader of China Xi Jinping has been in this high office for more than 4 years, nearly halfway through his expected 10-year term. In the view of many Western analysts – not to mention many in China – Xi has achieved a quasi-cult-like standing within China reminiscent of the 1960s when the 'Great Helmsman' Mao Zedong lorded over the Chinese masses.

According to relatively reliable polling, Xi is enormously popular amongst the *laobaixing* – the common folks on the street in China.² He is the subject of dozens of laudatory videos and other social media messaging cranked out by Chinese propaganda organs. His declared 'China dream' of realising 'the great rejuvenation of the Chinese nation' resonates across all sectors of a proud and ambitious society.

Riding this popularity, Xi has overseen a far-reaching anti-corruption campaign, bagging extremely well-connected political, military and business figures, as well as potential political rivals. Along the way, he has marginalised the authority of the country's Premier Li Keqiang leading to some speculation that Li would not be given the normal second 5-year term in office when his current term expires later this year.

Meanwhile, Xi has put himself in charge of numerous 'leading groups' and other central bodies to direct policy on sensitive issues such as internal security, economic reform and foreign affairs. According to one analysis, as of early 2017, Xi held 12 different leadership roles, as shown in [Table 1](#) (Chan 2017). In October 2016, at a plenary meeting of the Chinese Communist Party Central Committee, Xi was named as the 'core' of the Party, an accolade which granted no specific powers, but appeared to solidify his unrivalled position as paramount leader. Neither of his two predecessors, Jiang Zemin and Hu Jintao, received such recognition.

Table 1. Xi Jinping's leadership roles, 2012–2017.

Title	Year of appointment ^a
General Secretary, Central Committee, Communist Party of China	2012
Chairman, Central Military Commission	2012
Leader, Central Leading Group for Foreign Affairs	2012
Leader, Central Leading Group for Taiwan Affairs	2012
President, People's Republic of China	2013
Leader, Central Leading Group for Comprehensively Deepening Reforms	2013
Leader, Central Leading Group for Financial and Economic Affairs	2013
Chairman, Central National Security Commission	2014
Leader, Central Leading Group for Internet Security and Informatisation	2014
Leader, Central Leading Group for National Defence and Military Reform of the Central Military Commission	2014
Commander-in-Chief, Joint Battle Command, People's Liberation Army	2016
Chairman, Central Commission for Integrated Military and Civilian Development	2017

Source: Chan (2017).

^aSome of the years are approximations.

Casting his eyes abroad, Xi has visited more than 40 different countries and through 2016, in his first 4 years in office, has spent more than 150 days abroad – more than 1 month of foreign travel every year ('Xi Jinping's 154 days', 2016). In doing so, he has set out an ambitious foreign policy agenda. Among his major undertakings, Xi has launched the Asia Infrastructure Investment Bank (AIIB) and the 'One Belt, One Road' initiative, while overseeing China's massive land reclamation activities in the South China Sea, expanding China's military footprint thousands of kilometres offshore. Xi made the first-ever appearance as China's paramount leader at the 2017 World Economic Forum gathering in Davos, and was feted by the world elite as the champion of globalisation and free trade.

It seems he has had a remarkable run. Or has he? Just how powerful is Xi Jinping? What do we know about his leadership style and his vision for China's future? Will he be able to deliver on the Chinese dream or is he in fact far more constrained and vulnerable than he seems? And what will this mean for China's neighbours in the future?

A red princeling's life

It is worthwhile to begin at the beginning and review what we know about Xi's background.³ In the country that was China in June 1953, he was born to great privilege, less than 4 years after the founding of the People's Republic, as the son of a vice premier and revolutionary hero, Xi Zhongxun, and his wife, Qi Xin. The relative comforts of the young man's early life – attending the August 1st School for high-ranking cadres' children and spending time inside the walls of Zhongnanhai, the Communist leaders' compound adjacent to the Forbidden City – came to a precipitous end in 1962 when his father was purged from his leadership positions, accused by Mao of being an anti-party rightist.

At first held in detention at the start of the Cultural Revolution in 1966, he was sent to safer conditions in the countryside in 1968, living near relatives in Yan'an in Shaanxi Province and working alongside the local peasantry. He did not leave Yan'an until 1975 – seven formative years between the ages of 15 and 22. In 1975, he entered Tsinghua University and studied chemical engineering. But, as a 'Worker–Peasant–Soldier' student, prior to the full opening of Chinese universities, he spent considerable amounts of his time studying Marxist–Leninist–Mao Zedong thought and the virtues of the People's Liberation Army (PLA) as well as doing farm work in the fields near the university.

From 1979, at the age of 26, and with his father rehabilitated, he began his 30-year ascent through the party and government ranks, serving in county-, municipal- and provincial leadership roles in the more prosperous and growing eastern provinces of China. It was during this period that he made his now-famous visit as a mid-career official to Iowa in the United States in 1985.

By 2007, he became the Party Chief of Shanghai, a posting that traditionally means a national-level appointment is in the offing. Indeed, he was only in that post for 7 months before being elevated to the Politburo Standing Committee in October 2007 – making him one of the nine most powerful men in China. Five years later, in November 2012, he became General Secretary of the Chinese Communist Party and Head of the Communist Party Central Military Commission. Several months later, in early 2013, he assumed the title of President, thus fully confirming his status as paramount Chinese leader just shy of his 60th birthday.

On the personal side, he has been married for 30 years to Peng Liyuan, his second wife, who is 9 years his junior. She is today a major general in the PLA, and a well-known singer and celebrity entertainer who for most of their marriage was more famous in China than her husband. They have had one child together, Xi Mingze, a girl, born in 1992, who graduated in 2014 from Harvard University. Xi and his wife are a true Chinese power couple and are wildly popular in China.

By most accounts, this life experience – a princeling, a survivor and resolute devotee to the Party – adds up in ways that make him more confident, decisive, insistent on ideological adherence and focused on pursuing Chinese interests than his most recent predecessors.

Xi takes charge

Now in office for over 4 years, Xi has used this time to consolidate power and remove potential rivals, generate popular support for his leadership and take control of the policy apparatus across a broad spectrum of domestic and foreign issues. He has done this by launching intensive anti-corruption and Party discipline campaigns, reviving ideological zeal, stepping up propaganda, stifling nearly all dissent and strongly discouraging even mildly contrary thinking.

In contrast to his two immediate predecessors, he has put forward a number of bold initiatives and visionary ideas at home and abroad. At home, his vision is probably best encapsulated in the concept of the 'China Dream'. This phrase has more than any other come to define Xi's leadership and has become ubiquitous in China – in the media, billboards, advertising, peppered throughout Party pronouncements and in school textbooks. As part of the China Dream, official statements point to the goal of China becoming a 'moderately well-off society' by 2021 (the 100th anniversary of the Chinese Communist Party) and becoming a fully developed country by 2049, the 100th anniversary of the founding of the PRC.

This hopeful vision for China's future has been accompanied not only by the well-known anti-corruption campaign but also by the toughest crackdown on dissension since the Tiananmen Crisis of 1989. Broadly speaking, controls over all aspects of civil society have tightened over the past 4 years of Xi Jinping's leadership. Under Xi Jinping, China has seen a growing incidence of harassment, detentions and disappearances of activists, journalists, lawyers, intellectuals and publishers. This trend has been reinforced by the passage of new, tougher security and surveillance laws in China, stepped-up monitoring of foreign organisations working in China and much more extensive policing of the Internet and social media.⁴ This crackdown has not only unfolded in mainland China, but has encompassed Hong Kong and beyond, to encourage loyalty through outreach and at times intimidation aimed at persons of Chinese descent living abroad, both Chinese citizens and otherwise.

Meanwhile, Xi's tenure has also seen a far greater effort to ensure ideological adherence while warning Party members and other Chinese citizens away from so-called Western ideas. The issuance by the Party of a document entitled 'Communiqué on the Current State of the Ideological Sphere', or Document No. 9, in April 2013, listed seven 'false ideological trends, positions and activities' which threaten CCP authority. These

include promoting Western constitutional democracy, universal values, civil society, neoliberal economics and freedom of the press.⁵

These concerns extend to school and university classrooms in China, where, according to a statement by Xi Jinping in December 2015, there is a need for more 'ideological guidance' and a greater emphasis on Marxism. The Chinese Minister of Education put it more forcefully a month later, saying that China should '[n]ever let textbooks promoting western values enter into our classes' and '[a]ny views that attack or defame the leadership of the party or smear socialism must never be allowed to appear in our universities'. According to Chinese media sources, some universities were later investigated for their use of foreign textbooks, with the humanities, political science, economics, sociology, history and journalism coming in for special scrutiny (Anderlini 2015; Tang and Zhao 2015).

Xi Jinping has also sent a clear signal to the media in China that its role is to serve the Party. Under his leadership, press freedoms in China have further declined from an already-low base. Reporters without Borders (2016) ranked China 176th out of 180 countries in its 2016 World Press Freedom Index, ahead of only Syria, Turkmenistan, North Korea and Eritrea.

Mr Xi has also overseen a sweeping restructuring of the PLA. The restructure, which took effect in early 2016, significantly streamlines the organisation, empowers the naval, air and strategic rocket forces and introduces a new 'strategic support force' to improve the 'informatisation' of the PLA, all with the aim of transforming it from a bloated and untested military traditionally concerned with the invasion of China to a force increasingly capable of conducting joint operations and projecting power farther from its shores.

Alongside these reforms has been an expanding military footprint for China, most obviously in China's island building and construction of military facilities in the South China Sea and the Chinese takeover of Scarborough Shoal from the Philippines in 2012. In another advance for China's military presence, it was announced earlier this year that China would build a naval logistics base in Djibouti, primarily intended to service China's contribution to international anti-piracy operations in the Gulf of Aden.

On the foreign policy front, Xi Jinping has initiated such new plans as the AIIB and the 'Silk Road Economic Belt' and '21st Century Maritime Silk Road', the latter two more commonly referred jointly as 'One Belt One Road'. These initiatives look to invest some \$1.4 trillion dollars to build roads, railways, airports, harbours, energy plants, telecommunications networks and other critical infrastructure to link China to inland and littoral markets across Asia, to the African east coast and in to Europe. These efforts, if successful, will not only generate economic benefit, but, it is hoped in Beijing, will also promote Chinese political influence and 'soft power' abroad.

And now for the bad news ...

In spite of these apparently successful developments, Xi faces a range of challenges, many which are reflective of his own leadership. A review of these challenges – first on the domestic front and then in China's foreign relations – demonstrates they have the potential to undermine his vision for the 'China Dream' and the 'rejuvenation of the Chinese nation'. Whether Xi is able to overcome these challenges or not, his approach to

dealing with them will have profound implications for China's neighbours in the Asia-Pacific and beyond.

Domestic challenges

Xi Jinping and all of China face greater economic uncertainty today than at any time since the introduction of Deng Xiaoping's transformational strategy of '*gǎigé kāifàng*' [改革开放] – 'reform and opening' more than three decades ago. According to Arthur Kroeber, one of the world's leading analysts of the Chinese economy, this uncertainty is most clearly in evidence by the facts that China's pace of economic growth is slowing; this slowdown is structural in nature, and not merely cyclical; the slowdown reflects difficult transitions that other fast-growing economies failed to navigate in the past; and, perhaps most importantly, it is entirely unclear whether Beijing's policies are able to adequately deal with the fundamental economic challenges China faces.⁶

At its core, the slowdown results from a reduction in the long-utilised platform for Chinese growth: investment in its capital stock. China's remarkable growth over the past three decades has relied primarily on its great success in constructing the building blocks of a modern, export-led, industrial economy: freeways, railroads, harbours, airports, power-generation systems, telecommunications networks, manufacturing facilities, urban agglomerations, housing and the like.

This period of booming 'capital investment' or 'resource mobilisation' is now coming to an end. Building yet another high-speed train or airport or new urban centre will add marginally less value to China's growth than in the past. This is all the more so as China increasingly faces the problem of overcapacity: too much heavy industry, too much housing and too much underutilised capital stock. The challenge for Xi Jinping's economic future will be to rely less on resource mobilisation and capital investment and more on extracting efficiencies from the resources already in place, all the while shifting towards a greater consumption-led growth model.

But this is a very difficult transition, fraught with both economic and political risk. Whereas the past growth model could benefit from state-led and state-owned investments and decision-making – and with less concern over efficient uses of capital – China's future growth model will need to get the state out of the way, be more focused on efficiency and allow the market, for all of its vagaries and unpredictable ways, to have a far larger role in determining the allocation of resources.

To put that more sharply, such a transition will require massive layoffs in the state-owned sector and breaking the rice bowls of powerful stakeholders across the top of much of the inefficient state-owned sector who have strong personal incentives to keep the system just as it is. More broadly it means lessening the grip on the economy and allowing greater openness, transparency and market-oriented forces to take the lead. According to many economists, a fully successful transition to a fully developed and wealthy country which avoids the 'middle-income trap'⁷ will also require greater political openness, good governance and the rule of law.⁸

But it is far from clear under Xi Jinping's leadership that the Chinese party-state is prepared to take these kinds of steps. Instead, the default response seems to be more debt and capital investment on the economic side, and less openness on the political side.

China is a big and resilient economy; so it may take some more years before some of these tough decisions will need to be taken. But no less authority than the former Chinese Minister of Finance and one of China's most acclaimed economists Lou Jiwei said in 2015 that China has a 50–50 chance of getting stuck in the middle-income trap if serious reforms are not implemented soon (Chen 2015).

This politico-economic challenge Xi faces – but which he could address with the right policies – is even further exacerbated by a challenge against which he has little recourse – China's aging population. China's working-age population peaked in 2015 and will, over the remainder of this century, continue its steady decline both quantitatively and as a proportion of the overall population. At the same time, with improvements in health, Chinese can expect to live longer. This means that in just 10 years, by 2025, approximately 1 in 4 persons in China will be over the age of 60 – that will be approximately 367 million persons. Over the next 25 years, the ratio of working-aged persons to retirees will rapidly shrink from about 6 to 1 today to 2 to 1 in 2040 (He, Goodkind, and Kowal 2016). In a nutshell, China will grow old before it grows rich. That will add further downward pressures on Chinese growth, and all the more so if much-needed economic reforms go unimplemented under Xi Jinping.

Other domestic economic and socio-economic challenges loom for Xi Jinping and the Party leadership. One of the biggest remains the continuing and endemic challenge of official corruption. In spite of Xi Jinping's anti-corruption drive, graft remains a big problem for the Party. Xi Jinping himself openly acknowledges this. In July 2016, in his speech commemorating the Party's 95th anniversary, he identified corruption as the 'biggest threat' to Party rule and warned, 'If we cannot manage the Party and govern it strictly – leaving prominent problems within the Party unsettled – our Party will sooner or later ... be consigned to history'. ('95 years on', 2016). In a poll taken in 2015, 84% of Chinese respondents said that 'corrupt officials' are either a 'very big' or 'moderately big' problem in China (Wike and Parker 2015).

Not unrelated, the income gap in China continues to widen between rich and poor, another potential problem for a Party concerned with representing the needs of the masses. China's income inequality has steadily worsened over the past decade. Among the Group of 20 (G20) countries, China ranks as among the most unequal in terms of income disparity, with more and more wealth going in to fewer and fewer hands. On this scale, China ranks higher than the United States, but below such countries as Brazil and Mexico. Studies by Chinese scholars claim China's income disparity ranking is far higher and at a level similar to South Africa, among the highest in the world ('Income Gini coefficient', no date; see also Hsu 2016). Approximately 130 million Chinese, about 10% of the population, live on less than US\$3.10 per day.⁹ At the same time, as of early 2016, there were more than 3 million US dollar millionaires and nearly 600 US dollar billionaires in China (more billionaires than in the United States). In the poll noted above, 75% of respondents in China said the 'gap between rich and poor' in their country is a 'very big' or 'moderately big' problem in China (Wike and Parker 2015).

China's monumental environmental challenges are as big and complex as the country itself. China's air pollution is legendary and Beijing is not even the worst of the country's major cities. Surface and groundwater is widely contaminated, in some places even unsuitable for irrigation or even industrial use. Deforestation, desertification and dwindling arable land result from centuries of intensive agriculture and, more recently,

intensive urbanisation. These challenges not only pose a political problem as pollution and toxins endanger people's lives. The poll noted earlier finds that three-quarters of Chinese find air and water pollution to be a 'very big' or 'moderately big' problem for China (Wike and Parker 2015). Moreover, the scale of environmental damage also imperils China's economic growth.

In the face of tougher disciplinary measures, stepped-up ideological campaigns, enhanced surveillance, slowing economic prospects, persistent corruption, greater income disparities and worsening environmental conditions, it is no surprise to find evidence of growing disgruntlement across Chinese society. At the very top of the pyramid, there are signs that Xi Jinping must still assert his legitimacy within the upper leadership of the Party and stake his claim to power. The Chinese leader himself took the highly unusual step of publicly acknowledging that several recently ousted top-level political and military leaders – including the flamboyant rising star 'princeling' Bo Xilai and former internal security chief Zhou Yongkang – were involved in not just corruption, but 'political plot activities to wreck and split the Party' (cited in Tatlow 2016). To admit this speaks volumes about the machinations at the uppermost reaches of Chinese politics.

Xi's sweeping anti-corruption drive against the highest levels of the Party and military means he has generated a lot of fear and no doubt enemies. The shake-up, reorganisation and streamlining of the military has not only upset high-ranking brass stripped of powerful positions, but also foresees the demobilisation of 300,000 rank and file soldiers for whom jobs will need to be found. Intellectual elites at universities, think tanks, cultural institutions and in the media are often surprisingly open in criticising the country's turn towards a harder form of authoritarianism which increasingly suppresses even modest attempts at contrarian or out-of-the-box expression.

Amongst the broader population, there is also evidence of growing discontent. The Chinese Academy of Social Sciences published a study in 2012 stating that there are over 100,000 'mass incidents' and protests in China every year (Xuyei, Peilin, and Guangjin 2012, cited in He 2016, 114). More recent data have been compiled by an enterprising Chinese blogger, Lu Yuyu, who meticulously combed Chinese social media to archive dozens and dozens – sometimes up to several hundreds – of mass incidents a day in China.¹⁰ Lu was detained in June 2016 by authorities in Yunnan for 'provoking disturbances' and remains imprisoned. Plans to shut down wasteful and unproductive state-owned enterprises will generate millions of unemployed workers in China's major cities, a potentially quite volatile problem for Chinese leaders.

Ethnic unrest, particularly in China's West, remains a persistent problem for Chinese authorities and often takes on quite violent forms as in Xinjiang. In that respect it bears remembering that about half of China's landmass – 49% – is made up of just four provinces, Tibet, Xinjiang, Inner Mongolia and Qinghai – traditionally territories of non-Han peoples.

Foreign policy challenges

China's foreign relations, especially with many of its nearest neighbours, also pose very difficult challenges for Xi Jinping and China's future. To begin, with or without Xi Jinping, China sits in a very difficult neighbourhood. China has the world's longest

land borders (extending more than 22,000 km) and direct land frontiers with 14 states (the most in the world, tied with Russia). It also has maritime borders with several more countries such as Japan and the Philippines, over which there are unresolved disputes. Four of those land neighbours possess nuclear weapons – India, Pakistan, Russia and North Korea. American forward-deployed nuclear weapons arguably make the United States a fifth nuclear-armed neighbour for China. China's economy is highly dependent on its maritime approaches for exports and imports and its economic centre of gravity is highly concentrated on eastern seaboard, all of which highlight China's strategic vulnerabilities.

In addition to these immutable geostrategic realities, China has a range of difficult political, diplomatic and security relationships with key neighbours in the Asia-Pacific. Indeed, in terms of political, diplomatic and security ties, China's immediate external environment appears worse today under Xi Jinping than it was 10 years ago.

On the Korean peninsula, China–North Korea relations are at their worst in decades owing to Pyongyang's pursuit of nuclear weapons capability and other provocations in the face of international sanctions and opprobrium. In response to North Korea's missile test in February 2017, Beijing announced it would halt further coal imports from the country, pushing relations between the two to a new low. North Korea's provocative actions, worsening China–North Korea relations, and Beijing's apparent inability and unwillingness to force a change in Pyongyang's activities have implications well beyond the bilateral relationship itself. China's security environment and broader regional relationships are also negatively affected.

China's souring relations with South Korea are a case in point. This has been most recently demonstrated by Seoul's decision to jointly deploy with the United States batteries of Terminal High-Altitude Air Defense, or THAAD, systems to counter the North Korean nuclear and missile threat. This decision was taken in spite of vehement objections and boycott threats by Beijing, which claims these systems could undermine its own missile force and nuclear deterrent.

China's political and security relations with Japan are likewise at a low point sparked by a sovereignty dispute over the Senkaku/Diaoyu Islands, but sustained by decades of combative rhetoric towards Japan and especially towards the policies of the current Japanese Prime Minister Shinzo Abe. In recent polling by the Pew Research Centre, 86% of Japanese held an unfavourable view of China, a figure which has been consistently at or near this level since Xi Jinping became paramount leader of China. Eighty-one per cent of Chinese have an unfavourable view of Japan (Stokes 2016). Volatile China–Japan relations clearly have larger regional security implications, not least for China, especially given the US–Japan security alliance.

Elsewhere among China's closest neighbours, the story of increasing unease about Chinese intentions continues. In Taiwan, following 8 years of stable and steadily improving relations with China, Tsai Ing-wen, the leader of the Democratic Progressive Party, was elected President in January and took office in May this year. While she is not expected to take any contentious pro-independence steps, Beijing has taken a decidedly cooler position towards her leadership, and cross-Strait ties have become far less certain. China's ties with many of its Southeast Asian neighbours have likewise become more tense and uncertain, primarily a result of Chinese actions in the South China Sea, and especially since 2012. The July 2016

ruling by the Permanent Court of Arbitration in The Hague pointedly denied the legality of China's historical and economic claims in the South China Sea. Though Beijing has rejected and ignored the ruling, it has come at a cost to China's reputation in the region and internationally.

As for the United States, China's most important bilateral relationship, Beijing–Washington ties have worsened over the past 3–4 years of Xi's tenure across a range of issues including cybersecurity, trade and maritime security in the East and South China Seas. Relations between China and the United States were likely to remain tense no matter who won the US presidential election in 2016. With Donald Trump in the White House, it is not clear whether those tensions will be exacerbated or attenuated.

However, it does seem clear that Beijing will continue to assert its influence and interests in ways that will challenge and look to weaken American leadership around China's periphery including through wedge tactics with US allies and friends such as Australia, South Korea, the Philippines and Singapore. Such tactics thus far have not redounded to China's benefit, and instead have elicited a strong demand across most of the region for a stronger American diplomatic, economic and military presence as a counterweight to China's growing influence.

With China's growing power and presence globally and in the region have come greater complexities, challenges and constraints for Xi Jinping and Chinese foreign policy. Among them are dealing with transnational terrorism, assuring access to globalised markets for energy, raw materials and other key economic inputs, and protecting China's increasingly far-flung diaspora of Chinese nationals around the world. China's growing power, particularly military might, has also led to heightened concerns, particularly among China's nearest neighbours and especially those which have outstanding territorial disputes with China, about how China intends to use that power.

More pointedly, in spite of clear gains in relative power and examples of growing influence for China, Xi Jinping and his fellow Chinese leaders still struggle with transforming China's growing power more to its advantage. On balance, the international security and foreign policy environment remains more a challenge than an opportunity to Chinese leaders in spite of the changes in global, regional and national power dynamics. To draw from the title of a recent book by David Shambaugh (2013), while China has surely 'gone global', it nevertheless remains a 'partial power'.

Who is Xi?

On the basis of this brief review of Xi Jinping's background, his accomplishments and the challenges he faces at home and abroad, what can we say about his leadership style and the kind of China we will all be working with in the years ahead? Unfortunately, there is so much about China's leader that is simply unknown to outside analysts. But with that caveat in mind, the preceding analysis points to four key takeaways.

Party first and politics to the fore

Xi Jinping is a 'true believer' in the Chinese Communist Party, more inclined than his predecessors to look to the Party and its extensive apparatus of ideology, propaganda

and control, and their pivotal role – indeed indispensable role in his view – in the long narrative of reversing China’s humiliation and re-establishing Chinese greatness: the China dream. Hence his strenuous efforts to restore Party legitimacy and power through a combination of discipline and redoubled emphasis on ideological adherence.

This makes a lot of sense given Xi Jinping’s own life story as a privileged princeling son of the Party’s elite. He benefitted massively from those Party connections and his very life, arcing from the earliest days of the People’s Republic to today, parallels the incredible trajectory of China’s rise. For Xi, one abiding constant throughout that experience has been the committed leadership of the Party faithful.

As a result, the core domestic political imperative – survival of the Chinese Communist Party – is an even more pressing priority under Xi Jinping, and both domestic and foreign policies are changing in ways to support that priority.

A greater risk-taker

Given what is at stake from Xi’s perspective – the critical importance of maintaining the Party’s leadership and legitimacy in the face of growing challenges at home and abroad – he has proven to be a much bigger risk-taker. In numerous ways quite different from his comparatively low-key predecessors, Xi is determined to leverage the Party’s control at home and Chinese growing power abroad in more dogged pursuit of Chinese national interests as he sees them. It is a highly risky approach with potential for high rewards as well as high-profile failures.

Less peaceful, more rise

Xi has clearly moved away from the foreign policy *tifa*, or stock slogans, of his predecessors which were intended to reassure neighbours about China’s rise.

Under his predecessors Jiang Zemin and especially Hu Jintao, China clearly recognised the need for a generally peaceful external environment so that it could more readily access vital inputs for its economic growth – markets, capital, raw materials and technology – and stay focused on domestic stability and development. This was the core logic chain underlying such widely expressed concepts as China ‘peaceful rise’ and ‘peaceful development’ from the late 1990s to the late 2000s. In essence, these concepts conformed to Deng Xiaoping’s well-known axiom that China should be patient and not flex its muscles, in Chinese *tāoguāng yǎnghuì* [韬光养晦], often translated as ‘hide your capabilities and bide your time’.

In recent years, these formulations are heard and seen far less than previously. Why is this the case? One plausible explanation is that China’s domestic political, social and economic challenges have become more pressing and problematic in recent years. In response, Xi appears to have concluded that a stronger, more active and more nationalistic assertion of China’s interests abroad – even at the risk of serious deterioration in relations with key neighbours – is the best way forward for dealing with many of his domestic problems. Put another way, this means less ‘hiding and biding’ or perhaps ‘less peaceful, more rise’.

A powerful leader, but facing many constraints

Finally, this analysis underscores that Xi Jinping is a leader facing many constraints and vulnerabilities on both his domestic and foreign policy agendas. These challenges may be catching up with him.

Perhaps the biggest constraint on Xi's power is the same unresolved conundrum faced by all of his predecessors since Deng Xiaoping. Any serious effort to introduce the economic and political reforms necessary to ensure China emerges as a secure, prosperous and contented society will almost certainly weaken the one-party authority of the Chinese Communist Party – a pathway Xi would be loath to take for a range of reasons. But to eschew those reforms and instead further tighten the Party's grip – which seems to be Xi's preference to date – puts China's stability and prosperity at risk.

Looking ahead

The big question for China's future is will Xi Jinping double down or moderate the approach his leadership has taken thus far? For the near-term – that is, the next year or two – Xi will almost certainly see the former choice as a necessary – though not always winning – formula to solidify his standing and take greater advantage of China's growing power.

It is possible over the medium term – meaning out to 2022 when Mr Xi would complete his expected second and final 5-year term as China's paramount leader – that he might loosen the Party's grip at home and walk back some of China's assertiveness abroad. But that is highly uncertain at this stage and will depend in large measure on how China's domestic and external challenges unfold in the years ahead.

Focusing on the here and now, Xi Jinping's current directions in foreign and domestic policy have serious implications for New Zealand and the wider Asia-Pacific. At a minimum, they warrant a more cautious approach in capitals all across the region.

Xi's domestic economic predilections in favour of a strong role for the state and which protect much of the state-owned sector raise serious medium-term concerns about China's future growth prospects as well as the prospects for foreign businesses seeking greater access to the Chinese market. He advances a more muscular nationalism in China's relations with foreign governments as well as businesses, with an increased use of economic coercion as an instrument of statecraft. The tightening grip of Party authority and associated crackdown on dissenting voices both at home and even abroad – including in New Zealand – also runs counter to New Zealand interests and values. These concerns are shared by most countries around the region and with many others in Europe, North America and beyond.

New Zealand's national interests clearly seek a more open, stable, productive and mutually beneficial relationship with China, and a China which is increasingly prosperous, stable, just and constructively contributing to regional and global security. China should seek the same. But under China's current leadership, this may prove more challenging than ever.

Notes

1. For a biography of Kippenberger, see McLean (2008).
2. See, for example, the survey results from a Harvard study in Saich (2014).
3. The biographical information for China's senior-most leaders is carefully controlled and crafted by the country's propaganda organs. Greater information emanating from unofficial sources will be the work of historians many years from now. In English, see the excellent article about Xi's background and world view by Evan Osnos (2015). Brown (2016) provides a more in-depth primer on Xi's biography and ascent to power. See also China Vitae (n.d.).
4. The law governing overseas non-governmental organisations was passed in April 2016 and came in to effect in January 2017. Among other provisions, the law requires foreign NGOs to: register with and provide extensive documentation, plans, budgets and other information to local public security authorities; avoid 'political activities'; not 'engage in or finance religious activities' or activities which 'threaten China's national reunification and security or ethnic unity'; and only engage in work concerned with 'economy, education, science, culture, health, sports and environmental protection, as well as in the areas of poverty and disaster relief'. An English-language version of the law was released by the Chinese Ministry of Public Security in November 2016 (Chinese Ministry of Public Security 2016).
5. An English translation of the document was prepared by China File (n.d.).
6. These points on the Chinese economy draw from Arthur Kroeber (2016). See also Kroeber (2017).
7. The middle-income trap refers to when a country reaches middle-income levels, and then fails to further advance to become a high-income country. A World Bank (2013) study shows that of the 101 middle-income countries in 1960, only 13 went on to become high-income countries by 2008.
8. For an explanation and literature review of the correlation between 'institutional quality' and breaking through the middle-income trap, see Witt (2016). Of the 13 countries noted in endnote 7 which transitioned successfully out of middle-income status, the vast majority – including Chinese neighbours such as Japan, South Korea and Taiwan – also became democracies.
9. Estimating from 2013 data from World Bank Development Research Group (n.d.).
10. Lu Yuyu's data are archived (in Chinese) at: <https://newsworthknowingcn.blogspot.com.au/search/label/%E7%BB%9F%E8%AE%A1>. For more information on Lu Yuyu, see the Chinese Human Rights Defenders web page, <https://www.nchrd.org/2017/02/lu-yuyu/>.

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