

Xi Jinping wards off China-style populism

by **Geoff Raby**

Australian Financial Review, 6 September 2021

Link: <https://www.afr.com/world/asia/xi-jinping-wards-off-china-style-populism-20210905-p58p0l>

The focus on egalitarianism and crackdown on conspicuous consumption is just Beijing's way of dealing with the inequalities associated with globalisation that have disrupted Western politics.

The door has now closed on 30 years of Deng Xiaoping's reform and opening policies. Xi Jinping's "common prosperity" is the new policy orthodoxy. [It now matters again whether the "cat is black or white" when catching mice](#); to "get rich" is no longer glorious.

Deng's simple policy prescriptions settled political arguments at the centre and energised a nation, which changed the world as China grew rich.

China was as poor as a church mouse when [Deng launched the economic reform and open-door policies](#). His first trip to the United States in 1979 was a financial squeeze for the country. As he said, "poverty is not socialism". Things had to change, and they did.

The reality of contemporary China is much more complex and multilayered than what most foreign commentators appreciate. It is facile to be talking of the [Cultural Revolution 2.0](#) or Xi wanting to create a new Soviet man. Policy both anticipates changes in society and the economy, and seeks to accommodate these changes.

China is today richer, more developed, technologically capable, more open, and more deeply integrated into the international system than anyone could possibly have imagined 30 years ago. Chinese society has changed profoundly as a result.

What has not changed is that the [Chinese Communist Party still rules the country](#), despite these extraordinary developments. It has been able to adapt to and accommodate the great transformation of China. In large measure this has happened despite the odds against it, because it is highly effective in running the system it has created.

For the West, this is an inconvenient truth. For the vast majority of Chinese, this is a reality [that they understand and support](#). They know that their lives are more prosperous, stable, and safe because of the Communist Party.

Xi Jinping Thought and 'common prosperity'

The origins of Xi's doctrine of "common prosperity", with its emphasis on a more egalitarian distribution of income, go back to the [19th party congress](#) in October 2017. Then Xi Jinping Thought was inscribed into the party's constitution. It was "socialism with Chinese characteristics for the new era".

Common prosperity is the policy platform that Xi will take into the all-important 20th party congress in October 2022, when he will be returned for a third lustrum.

A researcher in one of the State Council's think tanks explained to me that the doctrine of common prosperity is based on a view among the leadership that globalisation is in retreat around the world.

The leadership has seen that globalisation has become associated with rising income inequality, including in China, and it sees populist reactions against it that have disturbed elite politics from London to Washington and just about everywhere else in between. It fears the same in China.

The regulatory crackdown on the tech sector and the targeting of high-profile individuals such as [Jack Ma of Alibaba and a host of companies from Tencent to Didi Chuxing](#), as well as delivery services that treat their employees badly, serves the dual purpose of keeping in check any individual or group in the private sector that may challenge party rule and legitimacy, while also responding to popular sentiment about inequality and unfairness.

The government's [attack on private education providers](#) is part of the same policy. Access to education opportunities should be more equal and parents should be relieved of the pressure to pay for additional tuition for their children.

In all of this, the government has read the popular sentiment well. Little sympathy is expressed for the tech entrepreneurs or for educators who have amassed vast fortunes, or for the investors who have lost billions on the stock exchange in these companies. It is a moment of reckoning.

To many in the West, these interventions seem extreme and heavy-handed. But many governments in the West have also been trying to work out how to regulate the digital and new service industries that have grown rapidly, and which have avoided their responsibilities to pay taxes and look after the welfare of their workers.

China is governed by a system that relies on social engineering. From 1979, China had a one-child policy – at times brutally enforced. Faced with an ageing population, China now has a three-child policy. [It may not work because young Chinese now prefer consumption over children.](#) But that may also change if the pressures on families over the costs of education and housing are eased. That is how China works.

Stigmatising conspicuous consumption, [outing movie stars for tax avoidance, and targeting opinion leaders who flaunt extravagant lifestyles](#) are all part of changing the public narrative about what it means to be loyal, patriotic Chinese. Of course, it all serves the interests of the party, which remains the final arbiter of norms.

Restricting [time that young people can spend playing games](#) or condemning “sissy” media personalities are more extreme aspects of the new policy. Again, these play to popular sentiments. But those who lived through the real Cultural Revolution dismiss as absurd assertions that this is part of a Cultural Revolution 2.0.

Even in conservative and politically attuned Beijing, life has not changed much. China’s oldest and largest gay club, Destination, near the Workers’ Stadium, is still busy as usual. The late-night club districts are crowded, and congested with flashy European sports cars.

Nightlife is pumping and restaurants are packed, as China has avoided the COVID-19 restrictions experienced elsewhere. The 798 Art District is full of young people in provocative, alluring attire. Tattoos are in vogue among hipsters. If this is a new Cultural Revolution, no one in Beijing seems to have noticed.

The new policies do entail risks for China. The danger always is the over-interpretation at lower levels of policy pronouncements and, even more so, the central leadership’s sentiments. If this tendency is allowed to run too far, it could [throttle the entrepreneurship that was unleashed by Deng’s policies](#) – which has transformed China.

But although the state-owned sector is again privileged, there is no sign of that happening.

Geoff Raby was Australia’s ambassador to the People’s Republic of China, 2007-11. His book, [China’s Grand Strategy and Australia’s Future in the New Global Order](#), was published on 3 November by MUP. He is also an Associate of China Matters.