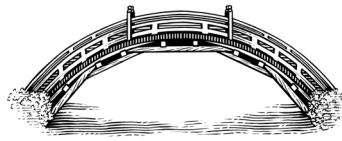


BOOK REVIEW ROUNDTABLE

Elizabeth C. Economy's
*The Third Revolution:
Xi Jinping and the New Chinese State*

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David Shambaugh

Liselotte Odgaard

Yongjin Zhang

Michael Auslin

Elizabeth C. Economy

Xi Jinping's China: Going Backward to Move Forward

David Shambaugh

Trying to gain a comprehensive, in-depth, balanced, and nuanced understanding of the dynamics at work in China is never easy. Many China specialists understand individual pieces of the puzzle, but they often have difficulty putting the pieces together to “see the forest for the trees.” Elizabeth Economy is one of those precious few who can do this. China specialists like her only arrive at this point in their careers after many years of working from the bottom up and across multiple issue areas. Becoming a true China generalist requires first being a China specialist in multiple areas.

Economy's marvelous new book *The Third Revolution: Xi Jinping and the New Chinese State* is an example par excellence of both the breadth and the depth of her China knowledge. She has demonstrated this piece by piece over the years—beginning in 2010 with her pathbreaking and searing examination of China's environmental degradation.¹ She followed that up in 2014 with another pathbreaking (co-authored) study of China's global quest for energy and natural resources.² Both works demonstrated Economy's real understanding of science and political economy. Along the way, she has established herself as one of the leading scholars in the world of China's foreign relations—in particular, China's role in global governance. In so doing, she has mastered the minutiae and complexities of issue areas as diverse as climate change, arms control, and development assistance. She has also become one of this country's leading and respected experts on U.S.-China relations and U.S. policy toward China. Her sweep has extended to China's activities in Southeast Asia, South Asia, Latin America, and Africa.

I mention all this background because it is fully reflected in *The Third Revolution*—a book that ranges widely across, but also probes deeply, issues of elite politics, China's domestic economy and its international linkages, cyberspace, innovation, the environment, public health, labor, civil society

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¹ Elizabeth C. Economy, *The River Runs Black: The Environmental Challenge to China's Future* (Ithaca: Cornell University Press, 2010).

² Elizabeth C. Economy and Michael Levi, *By All Means Necessary: How China's Resource Quest Is Changing the World* (New York: Oxford University Press, 2014).

and NGOs, foreign relations, and other complex subjects. It is an impressive work. The book is also clearly organized, very well-written, and highly informative, with lively subheadings that help guide readers through the text. For anyone seeking a well-informed, well-researched, up-to-date “one stop shop” on China in the Xi Jinping era, this is it.

The Third Revolution is, however, far more than a survey and summary of multiple issue areas. Economy plunges deeply into the complicated governance challenges that China faces and does not whitewash their severity. Despite the metanarrative that China under Xi is experiencing something of a renaissance and is striking out boldly on several fronts, her careful dissection of different policy spheres leaves the reader deeply aware of the challenges and difficulties facing China and its leaders. Chapters 5 and 6 (on innovation and the environment, respectively) are the best compressed assessments I have read on these subjects that are so fundamental to China’s future. If China cannot master the innovation challenge, it simply will not move up the value-added product ladder and escape the middle-income trap. If the country can successfully do so, it will be the first nondemocracy to become a developed economy. At the same time, if China cannot arrest and reverse its environmental degradation—something Economy seems duly skeptical about—all other governance challenges will become secondary.

Another gem is her discussion in chapter 4 of the complex problems associated with reforming state-owned enterprises (SOEs). This is one of the clearest discussions I have read on the subject. Again, it leaves the reader not only sensitive to the nuanced complexities but aware that this problem will never be “solved.” As she notes, efficiency gains can be achieved through mergers, consolidation, and partial privatization, but SOEs are hardwired into the DNA of the Chinese Communist Party (CCP). Indeed, from the perspective of its leadership, “big is beautiful” (p. 110): Xi is moving on multiple fronts not to devolve economic and political power (as Deng Xiaoping did) but rather to recentralize it. This applies to SOEs as well. Economy notes that in 2016 there were 83 Chinese SOEs on the Fortune Global 500 list (p. 111). SOEs are central to Xi’s vision for China’s global economic dominance.³

This brings us to one of the central elements and arguments of the book—the reassertion of the party-state over society under Xi (p. 11). Chapter 2—and in a derivative way chapter 3—are devoted to mapping the

³ For another astute examination of the SOE issue, see Paul G. Clifford, *The China Paradox: At the Front Line of Economic Transformation* (Amsterdam: De Gruyter Press, 2017), especially chap. 5.

parameters of the repressive political atmosphere that has descended over China during Xi's tenure.⁴ There are multiple elements of this "darkness" (as Economy terms it) that are presented in chapter 2: crackdowns on culture, media, social media, intellectuals, universities, NGOs, dissent, minorities, and other actors and sectors.

Xi came to power with a keen awareness of the fragilities of the CCP. Within weeks of assuming office, he gave a speech in Guangdong about the dangers of a Soviet-style meltdown and the need to systematically address the CCP's weaknesses.⁵ Since then, Xi has set about to systematically clean up corruption in the party, state, and military; strengthen party organs at all levels; ferret out wavering party members; reinfuse the party rank and file with Marxist-Leninist ideology; reinvolve the party in economic and enterprise decision-making; recentralize decision-making at all levels in the party; and concentrate party power in himself. Xi's "party first" perspective and initiatives have certainly succeeded in strengthening the CCP in the short term. The party is definitely stronger and more disciplined today than it was five years ago when Xi came to power. But I would observe that his actions may be weakening the party in the longer term. As Economy aptly notes, "By enhancing the role of the state and diminishing the role of the market in the political and economic system, as well as by seeking to limit the influence of foreign ideas and economic competition, the leadership has deprived itself of important feedback mechanisms from the market, civil society, and international actors" (p. 15).

Xi's words and actions also harken back to a much earlier era in China—the 1950s and 1960s—a period he apparently holds genuine nostalgia for. All this makes one wonder if his blueprint for ruling China in a complex globalized world is appropriate to the 21st century. Another juxtaposition is striking: the draconian repression unleashed domestically (under Xi) and the confidence of China (and Xi) on the global stage. How does one reconcile the obvious insecurity exhibited internally with the apparently secure confidence (bordering on hubris) that China and Xi exhibit externally? If the regime were truly so secure, why the need for the worst repression Chinese society has experienced since the aftermath of the Tiananmen Square massacre in 1989?


⁴ I believe that this atmosphere began in 2010, two years before Xi became the top leader (though he was already successor designate and a powerful leader at the time). See the discussion in David Shambaugh, *China's Future* (Cambridge: Polity Press, 2016), chap. 4.

⁵ Economy mentions Xi's trip to Guangdong (p. 97) but does not refer to the speech.

This leads me to the one nitpick I have with this important and marvelous book: the title. I am not convinced that the evidence and elements that Economy marshals add up to a “third revolution.” I do not find this term apt to describe China under Xi. First of all, much of the rhetoric associated with his regime is not all that new. As Economy herself notes, “The ultimate objective of Xi’s revolution is his Chinese Dream—the great rejuvenation of the great Chinese nation...Xi’s predecessors shared this goal as well” (p. 10). Then in the following sentence she neatly encapsulates the contradiction:

What makes Xi’s revolution distinctive is the strategy he has pursued: the dramatic centralization of authority under his personal leadership; the intensified penetration of society by the state; the creation of a virtual wall of regulations and restrictions that more tightly controls the flow of ideas, culture, and capital into and out of the country; and the significant projection of Chinese power. It represents a reassertion of the state in Chinese political and economic life at home, and a more ambitious and expansive role for China abroad. (p. 10)

I will certainly grant that under Xi China is striking a much more confident and assertive presence on the world stage (discarding Deng’s “hide our brightness and bide our time” dictum)—but, to this observer, what Xi has been doing internally is profoundly retrogressive, not progressive. He is thus taking the country backward rather than forward. This does not add up to a third revolution—if we think of revolutions as progressive and truly transformative in nature—and certainly not one of the magnitude of either Mao’s revolution after 1949 or Deng’s after 1978.

Thus, I think there is a mismatch between the title of the book (and its core argument) and the substance of the study. If anything, where Xi has been leading China may set up the country—and subsequent leaders—for just such a real “third revolution” in the future. If and when that occurs, we may look back on this period, and all that Economy has so ably catalogued, as a transitional period and the harbinger of real change in China. 

The Rise of an Illiberal China in a Liberal World Order

Liselotte Odgaard

Elizabeth Economy's *The Third Revolution: Xi Jinping and the New Chinese State* is a compelling book explaining the paradox that, under Xi Jinping, China has become an increasingly illiberal state fighting Western liberal values, while at the same time positioning itself as a champion of the fundamental institutions of a liberal world order. China's profile as a proponent of anticorruption, provider of significant public goods such as international development and humanitarian aid, and champion of globalization has won it wide acclaim as a force for responsible international leadership. Economy demonstrates that the rise in China's international legitimacy has occurred alongside domestic institutional change that seeks to reverse many of the political, social, and economic developments that emerged from 30 years of liberalizing reform. The objective of this institutional change is to restore the central role of the Chinese Communist Party (CCP) within the Chinese polity.

This contradictory development has been facilitated by China's ability to take advantage of the political and economic openness of other countries through policies such as the Belt and Road Initiative while providing considerable overseas political and financial commitments. At the same time, China does not provide countries with similar opportunities to engage within its borders. Even if the Trump administration does not succeed in changing China's unfair investment and trade practices, it has rightly pointed to the need to redress the imbalance between the country's easy access to overseas markets and its restrictive domestic policies.

The anticorruption campaign has strengthened the CCP and deepened the party's integration into Chinese society. At the same time, issues such as price levels, wealth distribution, and educational opportunities that could improve people's basic livelihood have not been addressed. Under Xi's presidency, the rule of law has been strengthened on the pretext of preventing the abuse of power and the dereliction of duty for personal gain. However, in contrast to Western interpretations of the rule of law, in China it is not a means of restraining arbitrary actions by those in power. Instead, it is equated with ruling the country according to the law and is used as

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an instrument to both ensure the continued dominance of the CCP and strengthen the coercive power of the state.

The book traces what might rightly be termed the totalitarian policies of the current regime back to ancient Chinese history and the politics of the People's Republic of China. Economy argues that Xi's form of totalitarianism constitutes a revolution due to its strategy of intensified penetration of the party-state in domestic political and economic life combined with an ambitious and expansive role for China abroad. She touches on totalitarianism when describing the leadership's development of a social credit system that will provide benefits for good behavior and penalize bad behavior, as defined by the party. The thinking behind this form of social control is rooted in the dossier that all Chinese citizens have, which includes information such as their education, grades, workplace assessments, and political liabilities. Although the deep delving into citizens' personal lives has resulted in some Chinese describing the system as "big brother," numerous Chinese citizens support the effort, seeing it as a means of enhancing societal trust. In a future edition of the book, it would be interesting to include a foreword discussing the extent to which Xi's brand of authoritarianism constitutes a totalitarian form of government, and if so, whether this type of regime indicates that China is headed toward a Sino-centric form of hierarchical government with little room for international liberal institutions.

The fascinating analysis of how the party-state and its logic of control and planning creep into all corners of Chinese society begs the question of whether China's rise will be accompanied by the use of coercive power abroad as well as at home. Indeed, Beijing may aspire to recreate a Chinese sphere of influence in Asia if the United States' reliance on its system of democratic alliance partners unravels and is replaced by narrow U.S. interest protection. We are already quickly approaching a world order in which it is difficult to determine who is a friend and who is an enemy. This makes security much more expensive to obtain because it is difficult to determine the sources and targets of threats. Such a complex environment may not be easy to navigate if China continues to prioritize party interests.

Totalitarian states have been dysfunctional in the long run because they have repeatedly failed to provide for individual welfare and opportunity, or at least the prospect of achieving a better life. Characteristics such as severe restrictions on individual initiative and discouragement of profit-seeking behavior are inherent to totalitarianism and make it a high-cost form of government. Economy gives many examples of this. For example, she

describes how the CCP's ambitious government program for electric cars, designed to make China a world-class leader in this field, has been marred by corruption, as well as internal trade barriers, inflated performance assessments, and an oversaturated market caused by government intervention and subsidies. A citation from renowned artist Ai Weiwei illustrates well the problem of dysfunctional economic and institutional dynamics: "it would be impossible to design an iPhone in China because it's not a product; it's an understanding of human nature."¹


More seriously, the repression in totalitarian states engenders a thriving disloyalty toward the regime and a widespread lack of trust between people at a time in history when there are alternative forms of government not based on fear and control but on opportunity and individual initiative. These alternatives exist not only in the Western hemisphere but also on China's doorstep in Asia. It is hard to imagine that China will continue to rise if Xi's policies persist, engendering barriers to a robust and growing economic power base.

Signs of discontent are emerging as Donald Trump's trade war exposes China to economic problems, such as a drop in exports and falling consumer and investment confidence. The trade war's exposure of political problems, such as the fear of Chinese officials to implement reforms, their unwillingness to pass bad news on to the leadership, and their tendency to rigidly carry out orders, may have more serious long-term repercussions for the regime. And despite censorship, people now openly debate how Xi's hard-line policies result in a widespread sense of uncertainty and anxiety in Chinese society, and how his rhetoric about China's rise as a global power has raised the suspicions of countless other countries and encouraged the United States to challenge China economically. Although these criticisms do not indicate widespread discontent with the Chinese state, in the long run societal insecurity and fear may undermine the legitimacy of the CCP if combined with slow economic growth and insufficient opportunities for social and economic advancement in the population at large.

A widespread social force in the Chinese population under Xi's rule (and before that) is nationalism. Although China's leaders use nationalism as an instrument of social control—for example, by encouraging anti-Japanese and anti-American sentiments through media such as movies and news reports—the leadership cannot easily control it. At times, nationalism

¹ Ai Weiwei, "China's Censorship Can Never Defeat the Internet," *Guardian*, April 15, 2002 ~ <https://www.theguardian.com/commentisfree/libertycentral/2012/apr/16/china-censorship-internet-freedom>.

has encouraged Chinese leaders to change tack or become more hawkish toward other nations. For example, China's assertive behavior in the South China Sea is encouraged by nationalist voices in the political establishment and the general public that call for more aggressive behavior to defend the country's alleged maritime rights. These pundits express their opinions on television, on social media, and in tabloid papers, while moderate generals issuing reassurances that China will never recklessly resort to the use of force are called cowards on social media. Hawkish voices in the political establishment, such as retired Major General Luo Yuan, who argue that China should show that it is willing to use military force to safeguard national sovereignty and territorial integrity, and that the courage of war can only make peace, receive a lot of media coverage both inside and outside China. It would be helpful to learn from Economy her thoughts on the interplay between the forces of social control and nationalism, and how this interplay influences the legitimacy and policies of the Chinese leadership.

Economy has written a thought-provoking and thoroughly researched analysis of the CCP's pervasive influence throughout Chinese society and politics. She convincingly demonstrates how Xi's dismantlement of liberal elements of the past three decades, including growing freedom of speech, market economic mechanisms, and enhanced international exchanges, has consolidated the party as an indispensable structure influencing all aspects of Chinese life. This policy may weaken the legitimacy of the Chinese leadership and harm the country's social and economic development. However, the book also seems to suggest that the party is a robust and fundamental element of the China we are facing for the foreseeable future. Worryingly, this characteristic of the polity makes it highly unlikely that the country will continue its support for liberal international institutions in the years to come. Instead, Economy's analysis seems to suggest that China will slowly attempt to revise these institutions in accordance with its domestic model of control and coercion. 

Revolution? What Revolution?

Yongjin Zhang

Wars and revolutions, Hannah Arendt once famously claimed, “determined the physiognomy of the twentieth century.”¹ For one thing, the two World Wars had devastating and destructive impacts on the historical development of the century. Think also of the systemic challenges to the international order presented by the Bolshevik Revolution and the Chinese Communist Revolution, which attempted to create and sustain different domestic political and economic orders founded on a rival socioeconomic system and ideology. Furthermore there was the 1952 Egyptian Revolution, the 1959 Cuban Revolution, and the 1979 Iranian Revolution, and one could also point to anticolonial revolutions that delegitimized imperialism and made the sovereign order global.

China had its own share of wars and revolutions in the twentieth century. The modern transformation of the country is characteristically marked by the 1911 Republican Revolution, which ended its dynastic history and changed the Chinese body politic. It is also marked by the deadly contest between the Nationalist and Communist revolutions in what are often called the “revolutionary civil wars,” leading to the Communist victory and the establishment of the People’s Republic of China in 1949. Mao Zedong and his comrades continued to wage revolution after 1949, culminating in the disastrous Cultural Revolution of 1966–76. As a revolutionary power in the postwar international system, China actively promoted revolution worldwide, exporting it as one thrust of the country’s foreign policy. It was Deng Xiaoping who launched the “second revolution” through opening and reform in 1978, which changed the country from a revolutionary power to a reformist state. It is therefore only natural that fundamental changes in China in the twentieth century are often understood in terms of successive revolutions—or continuous revolution, as Mao would have it. By the same token, revolution, either as a critical perspective or as a descriptive, analytical, and normative term, has become deeply entrenched and practically indispensable in the study of Chinese history and politics.

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¹ Hannah Arendt, *On Revolution* (London: Penguin, 1963), 11.

Wittingly or not, Elizabeth Economy's *The Third Revolution: Xi Jinping and the New Chinese State* largely follows this analytical mode in an attempt to make sense of China's contemporary transformation under the leadership of Xi Jinping. "Deng's 'second revolution' had drawn to a close," Economy asserts, and "Xi Jinping's 'third revolution' was underway" (p. 10). She judiciously selects six areas of Xi's top reform priorities for critical examination. Chapters 2 to 7 each provide a captivating account of the transformation of China's political institutions and processes that led to the dramatic centralization of authority. These are symbolized by the declaration of Xi as the core of the Chinese Communist Party (CCP) leadership, the intensified penetration of society by the party-state through the control of the internet and of the free flow of ideas and information, the reassertion of the party in the decision-making of state-owned enterprises (SOEs), the expanded role of the SOEs in core sectors of the Chinese economy, the government's drive to reinvent China as an innovative nation, the war on pollution, and finally China's ambition under Xi to reassert itself as a great power in world politics through the exercise of its growing hard and soft power.

Economy investigates these ongoing transformative changes in China not as a disinterested academic but as an acutely involved policy analyst concerned with understanding the "seeming inconsistencies and ambiguities of Chinese policy today" (p. x). Her study attempts "to assess the relative success or shortcomings of the Chinese leadership's initiatives on their own merits" (p. xi). The analysis is punctuated by conversations with Chinese officials, interviews of think-tank analysts and civil-society activists, and discussions with Chinese scholars in Beijing, Shanghai, Dubai, and Washington, D.C. There are also encounters with Jack Ma at the Economic Club of New York and debates at New York University. Cutting through the maze of what she calls "fast-changing, contradictory and occasionally misleading information" (p. x) about the transformation of China that has arguably overloaded information circuits, Economy has carefully woven a rich tapestry that provides a big picture while also including telling and baroque details of China's ongoing political, economic, and social transformations, as well as the country's changing foreign policy and international strategy, under Xi's leadership. In this tapestry, the third revolution is not just seen as a top-down transformation imposed by Xi. Equally constitutive of it are Chinese society's resistance and contestation to, as well as its discontent about, such imposition as demonstrated in the book's narrative about the struggles of the publications

Nanfang Zhoumo and *Yanhuang Chunqiu* (pp. 20–21) as well as the story of Michael Anti (pp. 55–58). Also discussed are the heroic efforts of Chai Jing, Ma Jun, and Wang Canfa in China’s war on pollution (pp. 175–78). Such stories make *The Third Revolution* an absorbing book to read.


It is hardly disputable that the state-society relationship in China has been profoundly changed by far-reaching political, economic, and social transformations in the years of Xi’s leadership and that there has been a radical reorientation of Chinese foreign policy, as Economy’s study eloquently and convincingly demonstrates. Describing and interpreting the tensions and contradictions inherent in such transformation in terms of revolution is, however, fraught with conceptual difficulties and analytical risks. Revolution is by definition associated with human emancipation and with the progressive, sometimes violent, struggle often waged from below against subjugation and oppression. Reasserting the CCP’s control over the political, economic, and social life of Chinese people and society by whatever means necessary is, in this sense, reactionary rather than revolutionary. Amending the constitution to allow Xi to rule for life is not progressive by any stretch of the imagination. It is regressive. Even granting that there are multiple forms of revolution, the struggles and collaborations between the state and society in promoting environmental protection and enhancing the national capacity for innovation can hardly be captured adequately in terms of revolution, either normatively or analytically.

There is also the international dimension of the revolution to consider. As John Dunn argued, “There are no domestic revolutions.”² It follows that the third revolution cannot be “caged” within Chinese borders. To what extent, then, can China be regarded as a revolutionary power in contemporary international relations? Where is the revolutionary agency that China has exerted on the liberal international order? It is indeed questionable whether revolution is a central feature of the self-conception of Xi’s China today. Exercising soft power through Confucius Institutes is hardly revolutionary. Even if it is accepted that the Belt and Road Initiative and the Asian Infrastructure Investment Bank have counter-hegemonic potential, they are not really revolutionary. Neither challenges the constitutive norms and rules of liberal international order. “An illiberal state seeking leadership in a liberal world order” (p. 17) might be an anomaly and highly contradictory, but it is not revolutionary. No power can

² John Dunn, *Western Political Theory in the Face of the Future* (Cambridge: Cambridge University Press, 1979), 90.

be both responsible and revolutionary at the same time. One great paradox of China's transformation, as noted by Economy, is precisely Xi's efforts to position China as "a standard-bearer for globalization" (p. 231). It is hard to imagine a revolutionary power (i.e., China) to be simultaneously "the biggest and most important driver of the global free market," as Ian Bremmer calls the country on the book jacket.

It is true that "Xi seeks greatness for China" (p. 229). Arguably, to make China wealthy and powerful again has been the shared purpose of all Chinese revolutions, and Chinese revolutionaries, from the Republican, through the Nationalist and the Communist, to the second and third revolutions. The difference is perhaps that in the 21st century, Xi dares now to dream of "a world-class military, a game-changing economy with world-class technology, and a global footprint that matches—and perhaps even exceeds—that of any other country" as the trappings of what he envisages as the great rejuvenated Chinese nation (p. 229). Sweeping narratives of revolution, nevertheless, capture at best only partially what has happened in his pursuit of the realization of the "China dream." All said and done, at a certain point, revolution as a critical term has diminishing analytical returns in explaining and understanding Xi's distinctive strategy in initiating the recent transformation of the Chinese state and society.

Be that as it may, Economy's deep knowledge, insightful analysis, and engaging style of writing make *The Third Revolution* a highly rewarding read for anyone who wishes to understand the contradictions and paradoxes in the political, economic, and social trajectories of Xi's China. To the extent that China's third revolution can be seen as Mao's revenge—the latent return of the personality cult and the anxieties about Xi unleashing the Cultural Revolution redux, the analysis of which is not found in *The Third Revolution*—no one should be surprised that China's "fourth revolution," if ever there should be one in the distant horizon, will be Deng's revenge. 

Rejuvenation, Muddling Through, or Manning the Pumps? Xi Jinping and China's Turning Point

Michael Auslin

Long after cracks began appearing in the so-called Japanese economic miracle of the 1980s, pundits were claiming that Japan would soon challenge the United States for global dominance while fundamentally changing capitalism and providing a new socioeconomic model. Only a few voices dissented from such dramatic assertions, instead pointing out the structural weaknesses of the postwar Japanese system and warning that the country's spectacular rates of growth could not be sustained. Within a few years, observers such as Bill Emmott and Karel van Wolferen were proved largely correct, as the Japanese economic bubble popped at the end of the 1980s amid a superheated property and asset market.¹ The once-infallible Japanese government was soon derided for having feet of clay as the country entered a generational stagnation.

Coverage of China's rise over the past decade has exhibited something of the same dynamic. Shelves of books and rivers of commentary have proclaimed the era of Chinese dominance to be upon us, coincident with the decline of the United States, whether from the lingering effects of the 2008 financial crisis or the election of Donald Trump. Hyperbolic claims about "Easternization" or "when China rules the world" complement similarly overwrought and dire predictions about inevitable traps that will result in armed conflict between a surging China and a decaying United States.² Meanwhile, only a few scholarly attempts at taking a more balanced view of China's strengths, and more importantly its weaknesses, have been published in recent years, including works by Minxin Pei and David Shambaugh.³

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¹ Bill Emmott, *The Sun Also Sets: The Limits to Japan's Economic Power* (New York: Random House, 1989); and Karel van Wolferen, *The Enigma of Japanese Power* (New York: Alfred A. Knopf, 1989).

² See, for example, Gideon Rachman, *Easternization: Asia's Rise and America's Decline from Obama to Trump and Beyond* (New York: Other Press, 2017); Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*, 2nd ed. (New York: Penguin, 2012); and Graham Allison, *Destined for War? Can America and China Escape the Thucydides Trap?* (New York: Houghton Mifflin Harcourt, 2017).

³ Minxin Pei, *China's Crony Capitalism: The Dynamics of Regime Decay* (Cambridge: Harvard University Press, 2016); and David Shambaugh, *China's Future* (Malden: Polity, 2016).

Now Elizabeth Economy joins the small group questioning the common wisdom that we live in China's world. Instead, according to Economy in her work *The Third Revolution: Xi Jinping and the New Chinese State*, China is living in its current president Xi Jinping's world, and more specifically his "third revolution." Following the first revolution by the founder of the People's Republic of China, Mao Zedong, and the second by the reformer Deng Xiaoping, the third is the personal hallmark of Xi, who has overturned decades of tradition to become the most powerful leader since Mao. Just what is this third revolution? Economy describes it as Xi's strategy and policies to bring about his "China dream" to rejuvenate the Chinese nation. The core policies include centralizing authority under Xi's personal leadership, greater state penetration of civil society, a new flood of regulations and restrictions on ideas, and greater projection of China's power abroad.

Economy does not question the extraordinary growth that China has undergone over the past generation, nor the country's newly powerful position in the world. Rather, it is the thoroughness of the changes that China has experienced as well as their durability that the rest of the world should see more critically. As such, she interjects repeated notes of caution about assuming any one trajectory for China going forward.

The *Third Revolution* is a welcome addition to the still-emerging literature on China's problems. For those invested in the "China dominance" narrative, it remains difficult to fully acknowledge the dramatic economic, political, social, environmental, technological, and security challenges that have piled up during decades of breakneck modernization and expansion. Yet as China's macroeconomic picture continues to moderate, if not worsen, as Xi's personal rule becomes increasingly evident, as civil society becomes more constrained, and as concerns about China's assertive foreign policies and militarization of the South China Sea grow, it becomes harder to sustain the hitherto unquestioned belief in the country's unstoppable rise.

Deftly covering a huge range of issues familiar to those who keep up with news from Beijing, Economy has in essence crafted a handbook on contemporary China. The book traces Xi's focus on a number of core areas, from the "reform" of state-owned enterprises (SOEs) to the creation of the tightly controlled ChinaNet, attempts to clean up air pollution, the infamous anticorruption campaign, and the push to assert China's interests abroad, among others. Xi's fundamental organizing principle is to reassert the power of the Chinese Communist Party by enhancing his own personal power. It is, as Economy notes, a retreat from the opening up

and modest liberalization that marked China in the 1990s and 2000s. What particularly marks Xi's approach is the acceptance of short-term inefficiencies for long-term strategic gains. Two examples Economy gives in the book are questionable investments in the lauded Belt and Road Initiative and the strengthening of the role of SOEs in the economy despite their subpar performances.

Perhaps because of the sheer amount of territory covered, *The Third Revolution* can feel less like a deep analysis than a dizzying tidal wave of information. A reader may wish at times for more detail on fewer issues, as some major topics, such as China's investment in artificial intelligence and the marquee "Made in China 2025" initiative, are allotted only a few pages. Some highly controversial topics, such as China's pervasive industrial espionage and its practice of what some call "debt-trap diplomacy," also are covered briefly or barely at all, though these topics reveal much about the adversarial mindset that animates many of Beijing's policies abroad.

Economy's fascinating discussion of China as an "innovation nation" in chapter 5 (as opposed to an "invention nation") is one of the book's highlights, but here, too, the inclusion of both historical and contemporary perspectives would have helped the reader assess the topic. For example, back in the 1970s and 1980s, the same claim was made about Japan—both that it excelled at innovation and that the government had a better approach to sustainable development than the laissez-faire U.S. model. Yet, of course, Japan failed in the long run to maintain this innovative edge, in no small part because of government control. Is the same story playing out in China? In particular, the book's long discussion of China's electric car market may have benefitted from some comparisons with Japan (pp. 126–34). Similarly, how might Economy compare the durability of Israel's vibrant "start-up nation" culture with China's innovation approach?

In addition, a deeper discussion of some of the key intellectual arguments informing Xi's thinking would have helped contextualize all the data presented. Precisely because it covers so much ground, the book seems at times a register of policies, issues, and events, all of which are happening but are not linked in chains of causality. To take one example, the discussion of China's island-building campaign in the South China Sea is followed later by a brief acknowledgment of an earlier academic article that called for such a move (p. 201–4, 213). However, we do not learn whether Xi himself read or was influenced by the article, or what precisely were the intellectual influences on his decision to initiate the militarization of the sea. Similarly, while Economy notes Xi's references to Confucianism,

it would have been interesting to read her assessment of the academic debate between neo-Confucianists like Yan Xuetong and Daniel A. Bell and those like Sam Crane, who believe that Xi is following a course informed more by the ancient legalists.⁴

One question that kept recurring to me as I read the book was to what degree Xi is truly transforming China's political, economic, and social life. At one level, this is a question again of the durability of his policies. Yet at another level, it raises the question of what is normal in China. Is Xi an aberration from the path of collective leadership and modest opening that Deng initiated? Or is the type of quixotic, repressive, idiosyncratic leadership exhibited by Mao—and that Xi is replicating, albeit to a far less bloody degree—once again the normal path? *The Third Revolution* does not quite grasp the nettle of this question, though the judgment of a long-time China watcher like Economy would be a valuable addition to this debate on the nature of the Chinese system.

Any country as vast as China presents a major challenge to those attempting to encompass it within a single volume. Economy should be lauded for her clear-eyed, sober assessment of a China that is not the country many believe or wish it to be. While I might be more inclined to warn of China's internal weaknesses and how they may manifest themselves in more aggressive external behavior, I can only hope that Economy's message of caution is widely read. Avoiding surprise in dealing with China is perhaps the most important goal of U.S. policy, and *The Third Revolution* goes a long way toward reaching it. ◆

⁴ Yan Xuetong, *Ancient Chinese Thought, Modern Chinese Power*, ed. by Daniel A. Bell and Sun Zhe, trans. by Edmund Ryden (Princeton: Princeton University Press, 2011); Daniel A. Bell, *The China Model: Political Meritocracy and the Limits of Democracy* (Princeton: Princeton University Press, 2015); and Sam Crane, "Why Xi Jinping's China Is Legalist, Not Confucian," *Los Angeles Review of Books*, China Channel, June 29, 2018 ~ <https://chinachannel.org/2018/06/29/legalism/>.

Author's Response: The Third Revolution Is Real

Elizabeth C. Economy

Let me begin by thanking David Shambaugh, Liselotte Odgaard, Yongjin Zhang, and Michael Auslin for providing such thoughtful and well-considered reviews of *The Third Revolution: Xi Jinping and the New Chinese State*. It is an honor to have four such distinguished scholars take the time to address the ideas and themes of the book, and I am delighted to have the chance to respond.

Two broad issues are raised by more than one reviewer. The first is the essential question of whether the third revolution is a genuine “revolution.” Shambaugh suggests that much of the rhetoric associated with Xi Jinping’s China is not new, nor are the changes as progressive or transformative in nature as those undertaken by the leaders of the two previous revolutions, Deng Xiaoping and Mao Zedong. Zhang notes that revolution “by definition” is associated with “human emancipation” and with “progressive, sometimes violent struggle” that is directed against “subjugation and oppression.” In fact, Xi’s policy direction, he argues, is regressive or reactionary. Zhang further points to cooperation between the state and society on issues such as environmental protection as evidence that Xi has not ushered in a revolution.

I did, in fact, grapple at length with the term revolution and at one point considered characterizing Xi’s leadership as a “reactionary revolution” to capture precisely the regressive nature of the policies that Zhang references. Ultimately, however, I understand both revolution and reform as political processes that are devoid of normative bias. Both signify change in political processes and institutions; the transformative effect on those processes and institutions, however, is far greater in revolution than in the case of reform. Moreover, if one accepts Deng’s own characterization of his leadership as the “second revolution,” it is certainly plausible to argue that Xi has ushered in a “third revolution”—a transformation of equal import that has reversed many of the political processes initiated by Deng. Under Xi’s leadership, China has moved away from collective decision-making back to one-man rule and eliminated the two-term presidency; reasserted the role of the Chinese Communist Party (CCP) in society and the economy,

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reversing Deng's trend toward withdrawing the party from everyday decision-making; rejected Deng's welcoming of foreign ideas and capital and built a virtual wall of restrictions and regulations designed to constrain foreign competition and influence; and upended Deng's low-profile foreign policy to adopt one that is far more ambitious and expansive. Moreover, the Chinese state increasingly is fusing technology with politically repressive laws and regulations, as evidenced by the social credit system, internet constraints, and a country-wide surveillance system.

In this context, Odgaard's suggestion that Xi's authoritarianism may be veering into totalitarianism is particularly relevant and further underscores the revolutionary nature of Xi's policies. To Zhang's note that state-societal cooperation on environmental protection necessarily undermines the concept of revolution, I would offer two reflections: first, Xi's regime has embraced environmental protection, alongside anticorruption, as a pillar issue of regime legitimacy within its revolution; second, the political processes of cooperation between the state and society around environmental protection have changed significantly from the era of Hu Jintao to Xi. For example, opportunities for open discourse or coordinated environmental activism via the internet, social protest, and NGOs are much diminished. Xi has also pushed for party committees to establish a presence in and actively guide NGOs, and he has sharply limited the ability of environmental NGOs to engage with their foreign counterparts through the Law on the Management of Foreign NGOs.

Zhang and Odgaard further raise the important issue of whether China's third revolution will exert a transformative impact on the international system. Zhang argues that if China is indeed experiencing a revolution, it could not be "caged" within Chinese borders, and he seeks evidence of China's revolutionary agency and impact on the liberal international order. Odgaard wonders whether China will attempt to use coercive power abroad in order to recreate a Chinese sphere of influence in Asia—particularly in the event that the United States' "system of democratic alliance partners unravels." As I discuss in the penultimate chapter of the book, China is working assiduously to undermine the current system of global governance. In areas such as internet sovereignty, human rights, and economic development, it seeks to transform institutions and norms of global governance so that they more closely reflect its own values and priorities. Moreover, China is exporting elements of its political model to Africa and elsewhere by helping authoritarian leaders manage propaganda and control the media and internet. I also agree with the

premise of Odgaard's question about the establishment of a Chinese sphere of influence. Beijing's conception of a "community of shared destiny" explicitly calls for the end of the U.S.-led alliance system. When one couples this effort with China's push to realize its sovereignty claims in Hong Kong, Taiwan, and the South China Sea and its role as the region's largest trading partner, the emergence of a Chinese sphere of influence seems to be an increasingly likely outcome.

Several reviewers also raised the profound issue of whether the Xi regime is sustainable. Shambaugh underscores a central theme in the book that by closing off the market—in both economic and political terms—Xi is losing a valuable feedback mechanism and constraining his ability to make good decisions. Odgaard further argues that it is "hard to imagine that China will continue to rise if Xi's policies persist." She writes that "societal insecurity and fear may undermine the legitimacy of the CCP if combined with slow economic growth and insufficient opportunities for social and economic advancement in the population at large." She notes that there is a reluctance to pass along bad news to the top—as well as a tendency to carry out orders from the top in a rigid fashion. All of this undercuts a well-functioning decision-making process. Auslin, too, suggests that it is hard to believe that China's rise is unstoppable when one considers the weakening of its economy, concerns over its assertive foreign policy, and the reversion to personalistic rule with tight controls over civil society.

All of these are valuable points that in one way or another emerge throughout the book. Nonetheless, I resisted the temptation to forecast a future scenario for the Xi regime in order to focus greater attention on understanding the actual changes underway in China and what they suggest for both Chinese political life and the country's interactions with the rest of the world.

Odgaard and Shambaugh raise the additional question of the relationship between domestic policy and China's role on the global stage. Shambaugh wonders whether it is possible to reconcile China's "obvious insecurity" internally with its apparent "secure confidence" externally. If the regime is truly secure, he asks, why all the repression? Odgaard asks for an exploration of the interplay of nationalism, social control, foreign policy, and regime legitimacy. The findings of *The Third Revolution* suggest that there is a robust linkage between greater domestic repression and a more ambitious and expansive foreign policy. Both are fed by the CCP's narrative that the West, and in particular the United States, is attempting to undermine the party at home and contain China's rise abroad. Domestic

repression is needed to secure the Chinese people from subversive ideas and influences, while nationalism helps make the population quiescent at home and ambitious abroad. In this way, repression and nationalism easily reinforce both regime legitimacy and international ambition.

Finally, Auslin wishes that I had offered more comparative examples—comparing Chinese innovation, for example, with that of Japan or Israel. As someone trained in the comparative politics of Russia and China, I am sympathetic to Auslin's desire. In fact, the book very much adopts a comparative approach by considering Xi's policies within the context of Chinese history. Each chapter explores how Chinese leaders throughout their country's history have approached the issue under discussion. For example, efforts to control corruption and to censor dissenting views have been elements of China's past since its inception in the Qin Dynasty, while openness to the outside world has waxed and waned over the course of Chinese history. Comparisons with other countries thus would have likely distracted from a more profound understanding of Xi's China as it relates to disparate lines of historical traditions. In this regard, the answer to Auslin's question of whether Xi's China is an aberration from or a reflection of the country's normal path is self-evident: it is neither. Both political models appear over the course of China's complex and tumultuous history. Only the future will tell whether one model comes to dominate moving forward. 