



Right Cues From History?

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Now that China's leadership transition has been completed, its new president Xi Jinping faces numerous challenges, from maintaining economic growth to combating corruption, pollution, and food supply scandals. Yet [disagreement](#) has been stirring on the best path to achieve these goals: whether Xi should relax political control over society to match economic reforms that began with Deng Xiaoping in 1978.

Signs [suggest](#) Xi's inclination will be to double down on communist orthodoxy, based on his [reading](#) of the history of the Soviet Union and its 1991 collapse. In other words, Xi won't be a Mikhail Gorbachev. He's no reformer.

"Why did the Soviet Communist Party Collapse?" Xi is [reported](#) to have asked during a recent private meeting. "An important reason was their ideals and convictions wavered. Finally, all it took was one quiet word from Gorbachev to declare the dissolution of the Soviet Communist Party, and a great party was gone," Xi said.

Ironically, Xi [concludes](#) that Western "universal" (read "liberal") values are merely a distraction from the righteous path of "socialism with Chinese characteristics" and its goal of reaching a collective "[Chinese dream](#)." Xi recommends his party keep a tight rein on its country's military as well.

Is the Chinese leadership misreading history?

First of all, Xi's account of the facts is open to debate. Another interpretation of history is that the Soviet Communist Party fell not because it wavered in its convictions but just the opposite—because it opposed Gorbachev's reforms. According to a [speech](#) given by former U.S. Ambassador to the Soviet Union Jack Matlock, "Gorbachev understood when he began to try to reform the Soviet Union that the party apparatus was beginning to oppose it. Therefore, he had to take them out of power in order to move the country where he wanted it to be. He placed the interests of the country above the interests of the party, the first party secretary to do so."

The collapse of the Soviet Union, according to Matlock, instead came from the KGB's attempted coup and Boris Yeltsin's refusal to compromise with Gorbachev.

Second, Xi may be drawing the wrong conclusions. To be sure, no analogy is perfect, but if Xi wants to learn from history, are the dilemmas that China faces today more like those the USSR faced during the 1980s when it was stagnating economically or the 1960s when it was still growing?

Xi's interpretation is that if the Chinese Communist Party wants to avoid collapse, it should take Gorbachev's reform (perestroika) of the 1980s as a cautionary tale. In this view, Xi should avoid the Soviet "mistake" of relaxing its Communist principles and loosening authoritarian rule. That may be a tactically and politically shrewd way of assessing risk, especially if the Chinese government anticipates future popular unrest from an economic "[doomsday](#)" [scenario](#) such as the collapse of an impending real estate bubble.

Another reading is possible: The problem was not that the USSR sought reform but that it didn't do it before it started to stagnate economically. The [model](#) for China, therefore, may not be tiny, authoritarian Singapore, as some

have suggested, but rather South Korea, which democratized in the 1980s after it enjoyed rapid export-led economic growth under a military dictatorship.

China's short-term strategy of maintaining political stability is understandable from the perspective of individual leaders like Xi. But leadership requires difficult choices. Focusing on short-term stability may ultimately be self-defeating, as I [argued](#) when Google decided to exit China. Can China innovate when the country is the "world's most active and enthusiastic filterer of information," as Google chairman Eric Schmidt and Jared Cohen write in their forthcoming book *The New Digital Age*? I have heard these concerns about China uttered throughout Asia.

One way of viewing China's dilemma is that in order to become a more innovative, world-leading economy, it must open up politically. But doing so would likely invite instability--as Ian Bremmer described in his 2006 book *The J Curve*. A leader, like Xi, who may be interested in his own political survival would understandably choose stability today over economic dynamism in the future.

Yet, some of the biggest problems China faces will be confounded by its closed system--fighting corruption, spurring innovation and entrepreneurship, and ensuring labor and environmental protections. Visit China today, and you will likely hear numerous complaints of corruption. Xi is clearly aware of the public's frustration around the issue. He said the government will crack down on corrupt officials and promote a more modest lifestyle for Party members, many of whom are billionaires. But without a free and open press and access to information, this effort may be hollow, and graft will plague economic progress.

The same goes for the promotion of better labor and environmental standards. It's unclear whether a country can truly tackle these important issues without a robust and free civil society. Moreover, without an open society and a free flow of ideas in its education system, can China transition to an innovation economy? Its authoritarian rule may ultimately push out its best minds and companies, dampening innovation and leading the country to [fall](#) into a "middle income trap." Finally, a rigid political system may fail to produce leaders who are capable of meeting the challenges.

To assume Chinese people must be ruled with a tight grip is to ignore the prosperity achieved by free Chinese in Taiwan and democratic societies worldwide. China remains relatively [poor](#) and [corrupt](#). As the Chinese leadership goes about building long-term economic growth and a cleaner society, it must consider the trade-offs between maintaining stability today and unleashing creativity tomorrow.

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