

Book Review

Elizabeth C. Economy (2018), *The Third Revolution: Xi Jinping and the New Chinese State*, New York, NY: Oxford University Press, 343 pp. + xiv.

Elizabeth C. Economy's book published by Oxford University Press on 3rd of May 2018 is without any doubt an essential reading for anyone interested in China, and it is a masterful synthesis of the Xi era, covering both China's domestic and international affairs in depth. The acclaimed author, Elizabeth Economy is the C.V. Starr senior fellow and director for Asia studies at the Council on Foreign Relations and a distinguished visiting fellow at Stanford University's Hoover Institution. She is an expert on Chinese domestic and foreign policy, writing on topics ranging from China's environmental challenges to its role in global governance. She is a prominent scholar, who does not only study the wide-ranging literature on China, but in her rewarding analysis of *The Third Revolution* she adduces 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., which all frame the analysis more credibly. Economy's deep knowledge, insightful analysis, and engaging style of writing make *The Third Revolution* a highly valuable read for those who wish to understand the paradoxes and contradictions in the political, economic and social trajectories of Xi's China.

The Third Revolution is far more than a summary or a brief of China seeing that its core value is the intention to “sift through all of the fast-changing, contradictory, and occasionally misleading information that is available on China to understand the country’s underlying trends” (p. xiv). It provides us with adequate quantitative variables, diverse data, information, as well as far-reaching explanations. The work is properly propped up by a dozen of footnotes and references at the end of the book, which help the reader to follow the thread and relate them to further sources.

The structure of the book is clear and coherent, organized in eight chapters with lively subheadings that help guide readers through the text. Beginning with President Xi Jinping himself and his vision for the future of China, then driving into six areas identified by the Xi government as top reform priorities: politics, the Internet, innovation, the economy, the environment, and foreign policy. Chapters from 2 to 7 provide a captivating account of the transformation of China’s political institutions and processes that led to the dramatic centralization of authority.

The book examines Xi’s focus on a number of bottom-line areas, from the “reform” – the reassertion of the party in the decision-making – of state-owned enterprises (SOEs) to the creation of the tightly controlled “Chinanet” and the free flow of ideas and information, attempts to clean up air pollution, the aggressive anticorruption campaign as a pillar issue of regime legitimacy, the government’s drive to reinvent China as an innovative nation, and 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.

When it comes to the title of the book, *The Third Revolution*, it incites the reader to reckon its meaning and the term “revolution”. In Economy’s understanding, Xi Jinping as Chinese Communist Party general secretary (2012) and president (2013) is embarking on a “third

revolution”, with its totalitarianism 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 calls it the *third* revolution after China’s first two “revolutions” – the literal one, spearheaded by Mao Zedong (1966-76), and the figurative revolution of “reform and opening” under Deng Xiaoping (1978) – when each changed China almost beyond recognition in a generation. This brings us to one of the central elements and arguments of the book: whether it does mean that drastic changes have been going on and presumably will be ahead in China. Economy has laid out in the book – as well as in an intriguing interview by the Council on Foreign Relations¹ – that Xi’s third revolution has already been transformative in several aspects, and she describes and underlines her argument in a highly informative way.

Notwithstanding, interpreting the tensions and contradictions inherent in such transformation in terms of revolution is fraught with conceptual difficulties and analytical risks; hence not all China experts agree with the term “*revolution*”, finding it not apt to describe China under Xi. David Shambaugh² and Yongjin Zhang³ claim that if revolutions are meant as progressive and truly transformative in nature often associated with human emancipation, then what Xi has been doing internally is “profoundly retrogressive, not progressive”, likewise “reactionary rather revolutionary”. The regressive consequences of the new China that we are facing is expressed by Liselotte Odgaard⁴ too. She argues that Xi’s dismantlement of liberal elements of the past three decades – including growing freedom of speech, market economic mechanisms, and enhanced international exchanges – may weaken the legitimacy of the Chinese leadership and harm the country’s social and economic development. Nevertheless, in *The Third Revolution*, Economy also agrees with the fact – bringing us to an essential

ascertainment of the book – that though the “party first” perspective and initiatives outlined by Xi resulting in institutional changes to restore the central role of the Chinese Communist Party (CCP) have certainly succeeded in the short term in forging the party stronger and more disciplined today than it was five years ago, Xi’s actions in the longer term may be weakening the party. She 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). To the extent that China’s third revolution is in progress, we can undoubtedly predict a China utterly different from five years ago.

The essence of President Xi Jinping’s vision – being the first leader since Deng with a clear view and ambition on where he wants to take his country already from the very beginning of his presidency – is the call for the “great revival or rejuvenation of the Chinese nation” (p. 5). What may come into our minds is that such must be a powerful message from a leader of the modern world’s global powers, as later similarly echoed by Donald Trump’s “Make America Great Again” campaign. Xi also addresses “the greatest dream of the Chinese nation in modern history”⁵ – later referred to as “Chinese Dream” – which not to confuse with the American-kind-of-dream, Xi was careful to distinguish the individualistic American form from the Chinese one rooted in collective values, a dream of the whole nation. However, this particular understanding of Xi has not been shared by all Chinese, many expecting different changes in the future of China. As the author puts it: “To accomplish Xi’s vision requires recalibrating the state’s relationship with society, as well as its relationship with the outside world” (p. 58). The question is through what means is it proposed to “recalibrate” these

relationships and what consequences will it have for China and the rest of the world? In one way or another, taken together the separate reform efforts among the top priorities of the government of China presented in the book of Economy, a more comprehensive picture of the arc of Chinese reform is provided for the reader with reference to the past five years, and the implications of this revolution for the rest of the world.

Elizabeth Economy points out one of the greatest paradoxes of China today, a phenomenon which is conspicuous, often controversial and raises manifold questions in everyone's mind when dealing with China. From the very beginning, Xi Jinping has been making a great effort to position himself as a champion of globalization and as a partner of fundamental institutions of the liberal world order, while at the same time China has become an increasingly illiberal state fighting Western liberal values and it restricts the free flow of capital, information, and goods between China and the rest of the world.

This determination of China and the contradictory development have 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 (BRI), while providing considerable overseas political and financial commitments. At the same time, China does not provide foreign countries with similar opportunities to engage within its borders.

What the author wisely forecasts with her analysis is the currently ongoing *trade war* – she speaks of a “friction” (p. 238), likewise the Chinese refer to it – between the United States and China declared on 6th of July 2018 due to the longtime abuse of the broken international system and unfair practices by China. Experts suggest that the concern between China and the US is rather political than economic; be that as it may, it has its consequences. Although China has been aiming for win-win outcomes during its history, yet in a so called “war”, there will be no

winners considering the fact that on neither sides it is ever pleasing to be a soldier. The actuality of the trade war between the world's biggest economies would definitely demand a whole new analysis with its up-to-date proceedings, a topic that would be interesting to include and/or add in a future edition of the book – especially with reference to the set of recommendations that the author provides for the US and China in the last section of the book. Anyhow, even if the Trump administration does not succeed in changing China's unfair investment and trade practices, the situation – already noticed in Economy's book – has rightly pointed to the need to redress the imbalance between the country's easy access to overseas markets and its restrictive domestic policies.

One question that kept recurring to me as I read the book was whether the Xi regime is sustainable with its paradoxes. I am inclined to believe that the sustainability of the regime depends on the legitimacy of the CCP both domestically and internationally. However, an additional question arises here considering the relationship between domestic policy and China's role in the global stage. Is it reconcilable to have an “obvious insecurity” internally while having a “secure confidence” externally in the case of China? The answer for the question according to the findings of *The Third Revolution* is that there is a robust linkage between greater domestic repression and a more ambitious and expansive foreign policy. Economy explains it by the fact that “domestic repression is needed to secure the Chinese people from subversive – Western – 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”⁶.

Public discontent concerning the “reforms” and ways of transformation of China has appeared in the country, as well as restlessness among the international participants. These assumptions are

very well supplemented with examples in the book, such as precedents of public tensions and demonstrations. Even despite censorship, people by now are giving voice to their disagreements and often confirm the widespread sense of uncertainty and anxiety in Chinese society resulted from Xi's hardline policies. There is an open debate on how Xi's rhetoric about China's rise as a global power has raised the suspicions of countless other countries, and ultimately encouraged the US to challenge China economically. Consequently, a long-run societal insecurity and fear may undermine the legitimacy of the CCP if combined with slow economic growth and lacking preferential opportunities for social and economic advancement in the population at large. This valuable point of sustainability of the regime is emerging throughout the book, however Economy has deliberately refused 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 this transformation proposes for both Chinese political life and the country's interactions with the rest of the world. Her study attempts "to assess the relative success or shortcomings of the Chinese leadership's initiatives on their own merits" (p. xi).

Considering the comparative methodology, the book could have offered more comparative examples with reference to politics of Japan or Russia for instance. On the other hand, the book very much adopts a comparative approach by considering Xi's policies within the context of Chinese history, such as referring to Mao Zedong and Deng Xiaoping, and the coherence of Xi Jinping's reforms with their revolutions. Respective chapters explore how Chinese leaders throughout China's history have approached the issue under discussion. Therefore, indeed large-scale comparison with other countries would have likely distracted from a more profound understanding of Xi's China, which rather relates to disparate lines of historical traditions.

After all, it is President Xi Jinping who is responsible for the overall coordination of economic and political reforms of China – though “many observers suggest that there is significant disagreement with China’s political system over SOE and broader economic reforms” (p. 151) – together with the country’s ambitious international affairs. To such a degree “the challenge of making sense of China has been compounded by the emergence of Xi Jinping” (p. xiii). Avoiding surprise in dealing with China is an essential strategy for the global world – probably the most important goal of the US policy – which is why Economy’s message of caution in her book is so valuable. The fact of the matter is that we are approaching a world order in which the conditions of security have fairly changed for the reason that it has become difficult to determine who is a friend and who is an enemy, and thus is often difficult to determine the real intentions, the hazy interests and the targets of threat in terms of international relations. As Economy highlights: “China is using its newfound status to shape regional and global institutions in ways that better suits its interest ...” (p. 238). With such a complex environment, it may not be easy to navigate if China continues to prioritize party interests.

The prevailing conclusion of the book regarding the Chinese model is that “the lion of China has awoken”⁷. China by the 21st century has become ready not only to show off the capability to be a global power – and a “superpower”⁸ – but it is “ready to claim all the rights that such status confers” (p. 237) in order to shape the global stage. President Xi Jinping seeks greatness for China. “The trappings are there: 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. Yet, Xi’s quest remains largely unrealized ... their value and import have yet to be realized.” (p. 285) The book seems to suggest that the party is a robust and fundamental element of the China

we are facing for the foreseeable future, along with the fact that its polity makes it highly unlikely that the country will continue its support for liberal international institutions in the years to come, and contrary to the very essence of globalization, it moves to reverse the trend of greater flows of information between China and the outside world.

The substance of Economy's book leaves the reader not only briefed in a one-sided way of the era of Chinese dominance to be upon us, but aware of China's strengths and most importantly weaknesses in a balanced view at a point when this rising dragon is gaining a new, powerful position – striking a much more confident and assertive presence on the world stage under the presidency of Xi Jinping.

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Notes

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1. *CFR Fellows' Book Launch Series* (2018, May 17): Interview with Elisabeth Economy on her forthcoming book, *The Third Revolution: Xi Jinping and the New Chinese State*. New York, NY: Council on Foreign Relations. Available from: <<https://www.cfr.org/event/third-revolution-xi-jinping-and-new-chinese-state-elizabeth-c-economy>>.

2. *Asia Policy* (2018): Book Review Roundtable. Volume 13, No. 4. October. pp. 146-149.
3. *Asia Policy* (2018): Book Review Roundtable. Volume 13, No. 4. October. pp. 154-157.
4. *Asia Policy* (2018): Book Review Roundtable. Volume 13, No. 4. October. pp. 150-153.
5. “Xi pledges ‘Great Renewal of Chinese Nation’”, Xinhua News Agency, November 29, 2012. Cited in: Elizabeth C. Economy (2018), *The Third Revolution: Xi Jinping and the New Chinese State*, New York: Oxford University Press.
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7. “Xi Jinping looks ahead to new era of China-France ties”, *CCTV.com*, March 28, 2014. Cited in: Elizabeth C. Economy (2018), *The Third Revolution: Xi Jinping and the New Chinese State*, New York, NY: Oxford University Press.
8. The term used by Elizabeth Economy in an interview by the Council on Foreign Relations on her forthcoming book, *The Third Revolution: Xi Jinping and the New Chinese State*. Available from: <<https://www.cfr.org/event/third-revolution-xi-jinping-and-new-chinese-state-elizabeth-c-economy>>.

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