GLOBAL CHINA
ASSESSING CHINA'S GROWING ROLE IN THE WORLD

XI JINPING'S "PROREGRESS": DOMESTIC MOVES TOWARD A GLOBAL CHINA

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EXECUTIVE SUMMARY

Xi Jinping's leadership has been marked by ambiguity and unpredictability. Since becoming general secretary of the Chinese Communist Party in 2012, he has pursued fragile balances: portraying himself as inheritor of the legacies of both Mao Zedong and Deng Xiaoping; consolidating power based on both his communist "red nobility" and his understanding of "ordinary people"; promoting market reform in some ways while asserting greater state control in others; and offering contradictory clues as to whether China seeks to be a revisionist power or to preserve the status quo in the post-Cold War international order. It is hardly surprising that public judgments of Xi Jinping within China and overseas are so strikingly different.

In ruling the world's most populous country, full of divergent views and conflicting interests, Xi has likely realized the imperative of maximizing public support by aligning with diverse constituencies and socioeconomic trends. This paper focuses on Xi Jinping's two most recent parallel domestic policy moves: shifting his identity from a princeling to a populist by launching an ambitious program for poverty elimination on the one hand, and enlarging the country's largest metropolis clusters for economic growth on the other.

Given Xi's role at the epicenter of these developments, making sense of the prospects for a global China requires a careful assessment of this goal-oriented leader — his political objectives and standing, his prioritization of domestic issues and their linkages to external pressures, the scale and scope of his proposed changes, and the likelihood of success or failure of his highly consequential moves. This empirical analysis contributes to a more comprehensive and balanced understanding of this compelling Chinese leader, and thus will help policymakers in Washington and elsewhere avoid miscalculations, overreactions, or underestimations of Xi's power.

INTRODUCTION

The 2018 Shanghai Biennale, a reputable international contemporary art exhibition held in China's frontier city of global engagement, attracted attention for its ingenious and thought-provoking thematic title in both English and Chinese. The English title was "Proregress," a word coined by the American poet E.E. Cummings in 1931, combining "progress" and "regress."[1] The word reflected the profound contradictions and anxieties manifested in both the imperative for change and the stagnation facing the world during the early decades of the 21st century. Also interestingly, the Chinese thematic title of the Biennale employed the rarely used term *"yubu,"* the mystical Daoist ritual dance steps of ancient China, in which the dancer appears to be moving forward while simultaneously going backwards, or vice versa.

While this symbolism can apply to various paradoxical phenomena and perhaps the global context in general, it is particularly valuable in assessing Chinese President Xi Jinping's consolidation of power and domestic socioeconomic policies. Since reaching the pinnacle of China's leadership in 2012, and especially in the last two years, Xi has become known for solidifying the Chinese Communist Party (CCP) and his direct command over the People's Liberation Army (PLA). His administration has tightened restrictions on civil society and has fiercely enforced censorship

of the internet and media.[2] Of his many unanticipated moves, the action that has arguably made the greatest waves was the abolishment of presidential term limits in March 2018. This move was widely critiqued as a step backwards in the decades-long political institutionalization in the country — a "political regression" that effectively reversed Deng Xiaoping's experimentation with intra-party factional checks and balances and succession norms.[3]

For some observers, Xi's leadership has been marked by unpredictability and ambiguity.[4] Despite his crystal clear inclination for strongman politics and his ambition to cement China's status as a global power, Xi has nevertheless also pursued a fragile balance through a number of important policy moves, for example:

- portraying himself as inheritor of the legacies of both Mao Zedong and Deng Xiaoping, who represented two different styles of leadership and socioeconomic policies;
- consolidating power based on both his communist "red nobility" status (princeling, or *taizidang* in Chinese) and his understanding of "ordinary people";
- promoting private-sector development and foreign investment in some ways while asserting greater state control in others;
- showing willingness to compromise with the Trump administration on a trade deal and North Korea nuclear nonproliferation issues while preparing for both a currency war and a technology war with the United States;
- offering contradictory clues regarding whether China seeks to be a revisionist power or to preserve the status quo in the post-Cold War international order; and
- showing the willingness, in handling the ongoing crisis in Hong Kong, to allow Chief Executive Carrie Lam's withdrawal of a controversial extradition bill, while also staging the People's Armed Police in Shenzhen and conducting aggressive political and media messaging against the protests.

These "*yubu,*" or contradictory moves, by Xi Jinping — or "proregress," which has attracted contrasting assessments from commentators — can be attributed to several factors. In ruling the world's most populous country, full of divergent views and conflicting interests, Xi has realized the need to maximize public support by aligning with diverse constituencies and socioeconomic trends. Some of Xi's moves are primarily directed to benefit domestic audiences and may not make sense to international spectators. This is what Harvard Professor Robert Putnam has described as "two-level games" in a general context.[5] As Xi needs to play two chess games simultaneously (one domestic and the other foreign), his motives and objectives can be better understood if one observes both chess boards instead of just one.

Perhaps most importantly, any national leader in today's rapidly changing world must acknowledge and adjust to the political and economic circumstances of the time. Xi is no exception. Recently, for example, in the wake of both a domestic economic slowdown and a trade war with the United States that have damaged the confidence of China's middle class, Xi has adopted tax cuts and more easily-accessible bank loans to promote private-sector development and ease the anxieties of arguably the country's most important socioeconomic constituency. Xi's constant policy adjustments may be precisely what have shaped him into a popular leader in many arenas thus far, despite widespread perceptions that some, such as the abolishment of presidential term limits, have been missteps on his part.

In recognizing the strong linkage between domestic concerns and international interests, one may reasonably argue that the former is more important than the latter simply because, from Xi's perspective, the former is the power base without which he cannot make an impact on the latter. Based on empirical research of Chinese elite politics, this paper focuses on Xi Jinping's two most recent parallel domestic policy moves: shifting his identity from a princeling to a populist by launching an ambitious program for poverty elimination on the one hand, and enlarging the country's largest metropolis clusters for economic growth on the other. Given Xi's role at the epicenter of these developments, making sense of the prospects for a global China requires a careful assessment of

this goal-oriented leader — his objectives, the scale and scope of his proposed changes, and the likelihood of success or failure of his highly consequential moves. This empirical analysis may contribute to a more comprehensive and balanced understanding of this compelling and controversial Chinese leader, and thus help policymakers in Washington and elsewhere avoid miscalculations, overreactions, or underestimations of Xi's power.

SHIFTING IDENTITIES AND XI'S POPULISM

Arguably the most important political maneuvering that Xi Jinping has employed since becoming party boss in 2012, and especially during his second term beginning in 2017, has been his shift in identity from princeling to populist leader. That shift has accompanied some drastic changes in the composition of the national leadership and major policy moves.

Xi Jinping was born "red" — the "princeling" son of Xi Zhongxun, a veteran revolutionary leader during the Communist takeover of China in 1949. In 1953, the year Xi Jinping was born, his father was secretary general (chief of staff) of the State Council and was primarily responsible for assisting Chairman Mao and Premier Zhou Enlai with running the People's Republic of China (PRC) government. Xi spent most of his early childhood years in Zhongnanhai, the compound reserved for the most powerful officials in the country, where the families of leaders were waited on by chefs, nurses, drivers, and bodyguards.[6] But in 1962, when Xi Jinping was nine years old, his father fell out of favor with Mao and was purged from the CCP. Political circumstances became even worse for the Xi family when the Cultural Revolution began. In 1969, at the age of 16, Xi Jinping was dispatched — along with countless other teenagers — to mountainous Yan'an, where he and his compatriots lived in caves, slept on brick beds, and toiled as peasants. Xi spent over six years — his formative years — in this arduous physical environment, which gave him the unusual opportunity to develop an understanding of socioeconomically disadvantaged areas of the country.

Xi's dual identities as both princeling and peasant now serve as a political asset, enabling him to switch between one and the other when it benefits him to do so. When Xi assumed the party chairmanship in 2012, his background as a princeling loomed as a large part of his identity, not least of all because his most important political allies at the time were fellow princelings who collectively held unprecedentedly strong representation in both the civilian and military leadership.[7] In 2012, for example, four of the seven members of the Politburo Standing Committee (PSC), the most powerful leadership body in the country, were princelings.[8] In the 25-member Politburo, nine members (36%) were princelings.

During his first term, Xi had no choice but to lean on these princelings to balance the power of Hu Jintao's protégés, who usually hailed from humble family backgrounds and advanced their careers from leadership positions in the Chinese Communist Youth League (known as *tuanpai* in Chinese). Relatively speaking, princelings are a loose faction whose members are far less cohesive than any of the other political networks in Chinese politics. Yet, princelings are bound by their shared elite political identities, a sense of "red nobility" entitlement, and the common interest to deal with some formidable rival factions such as Hu Jintao's *tuanpai*.

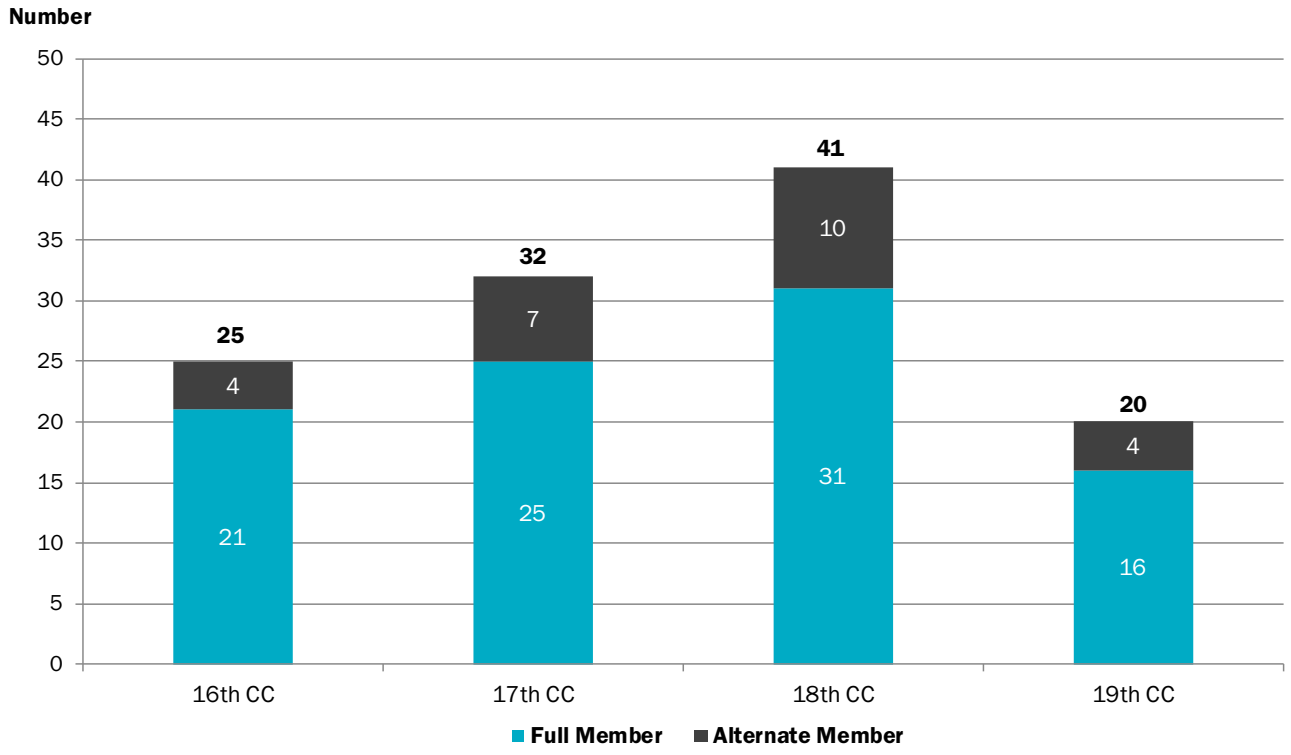
When public criticism of rampant official corruption peaked at the time of the 18th Party Congress in 2012, Xi and his most important political ally, Wang Qishan, also a princeling, seemed to have acutely grasped these political tensions. Unsurprisingly, their foremost priority became fighting official corruption and implementing tight restrictions on the use of public funds by officials — political moves that not only helped obscure their own princeling identities but also helped present them as "leaders of the people." Through popular policy initiatives and a more informal, personal approach to the public — such as eating at an ordinary dumpling restaurant in Beijing and frequently visiting less developed rural areas — Xi has repositioned himself as a populist leader.[9]

As soon as Xi consolidated power during his first term, he began keeping his distance from princelings and drastically reducing their representation in the leadership. At the 19th Party Congress formed in 2017, the number of princelings in the Politburo dropped by more than half —from nine in the 18th Party Congress to four.[10] Figure 1 shows the significant decrease

in the number of princelings on the 376-member Central Committee (CC) from 41 on the 18th CC to 20 on the 19th CC, a 50% drop. The 19th CC has the lowest number of princelings of the past four Central Committees. A few heavyweight princelings in the PLA also noticeably vacated their seats, including General Liu Yuan (son of former PRC president Liu Shaoqi) and General Liu Yazhou (son-in-law of former PRC president Li Xiannian).

Xi's move to reduce the representation of princelings in high offices has also been driven by three other important considerations. First, to the extent that Xi successfully undermined the power of *tuanpai* in his first term, he had little remaining political incentive to rely heavily on princelings. Second, his fellow princelings may not always be reliable political allies. Princelings are often well-positioned to be Xi's potential political rivals, as was clear from the cases of ambitious former leaders such as Bo Xilai. And third, princelings are often associated with retired top leaders or preeminent families such as the Deng Xiaoping family and the Jiang Zemin family. Xi Jinping has effectively reduced the influence and power of retired elderly leaders by removing princelings associated with them from leadership positions. In some cases, Xi has stripped these princelings from their membership in the Chinese People's Political Consultative Conference (CPPCC), a prestigious advisory body, to limit the platforms from which they might make "political noise" against the Xi leadership.

FIGURE 1: CHANGES IN THE NUMBER OF PRINCELINGS ON THE CENTRAL COMMITTEE OF THE CCP, 2002-17

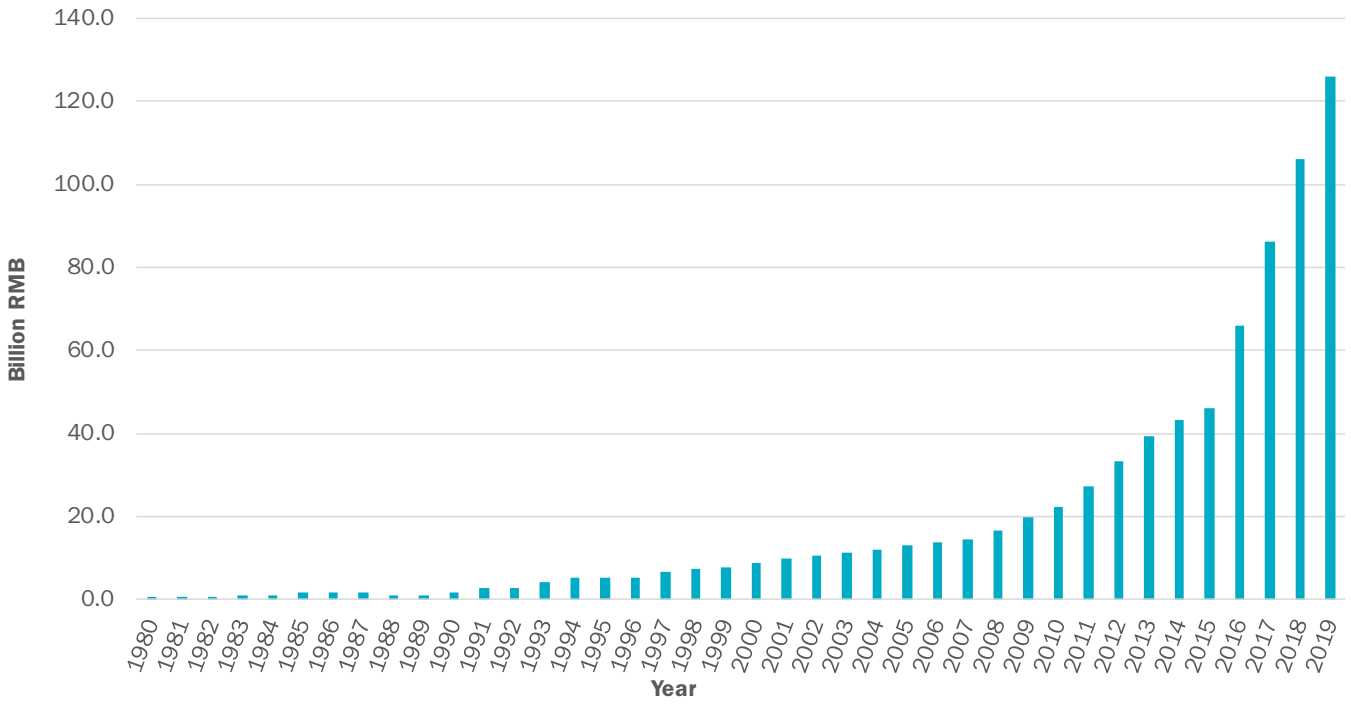


Source: Cheng Li's database.

These political moves have helped obscure Xi's princeling identity. But to bolster his reputation as a "leader of the people," Xi needs to deliver on his socioeconomic policies. Xi's pledge to eliminate poverty in China by 2020 has endeared him to the general public, particularly in the rural inland areas where Hu Jintao's protégés have traditionally had the upper hand in garnering support. In 2013, Xi coined the term "precise poverty alleviation" (*jingzhun fupin*) to suggest that he would take a more strident approach to eliminating impoverished conditions that have persisted for 40 million Chinese citizens under his leadership.[11]

In 2016, however, 30.5 million Chinese still lived in poverty (based on the national poverty line) in rural areas.[12] Xi thus set the agenda and timetable for China's final battle to eliminate absolute poverty, calling for lifting roughly 10 million people out of poverty per year in each of the following three years. Based on Beijing's guidelines, county governments in impoverished areas have been given strict targets for how many people must be lifted out of poverty each year in their county. A number of specific plans are in the works, including 1) relocating people from areas prone to natural disasters and remote mountainous areas to cities and major towns; 2) providing incentives and loans for the self-employed to create small businesses; 3) improving rural infrastructure (e.g. roads, as well as access to water, power, and the internet); 4) establishing healthcare and public services (a social service system for "left-behind" children, women, and the elderly; 5) providing education and occupation training for young people, aimed at limiting inter-generational poverty; and 6) giving impoverished households the contact information for officials responsible for poverty elimination in the area.

FIGURE 2: THE DRASTIC INCREASE IN EXPENDITURES ON POVERTY ALLEVIATION UNDER XI



Source and notes: For the data from 1980 to 2014, see "Zhongguo fupin kaifa nianjian 2015" ["China Poverty Alleviation and Development Yearbook 2015"]. Beijing: Tuanjie chubanshe, 2016. For 2015, see: http://www.gov.cn/xinwen/2015-07/21/content_2900169.htm*; for 2016, see:* http://www.gov.cn/xinwen/2016-07/19/content_5092732.htm*; for 2017, see:* http://www.gov.cn/xinwen/2017-06/08/content_5200771.htm*; for 2018, see:* http://www.gov.cn/xinwen/2018-05/04/content_5288150.htm*; and for 2019, see:* http://www.gov.cn/xinwen/2019-05/17/content_5392632.htm.

To implement these measures, the Xi administration has substantially increased expenditures on poverty alleviation. Poverty alleviation funds allocated under the central government budget amounted to 282.2 billion yuan ($41.7 billion) during Xi's first term (2012-17), more than double the level of the previous five years under the Hu Jintao-Wen Jiabao administration. Figure 2 shows that the annual funding dedicated to poverty alleviation in 2019 reached 126.1 billion yuan — 6.4 times greater than the 19.7 billion yuan expended in 2009, and a 16-fold increase over the 7.8 billion yuan expended in 1999.

Critics in both China and overseas have raised valid concerns about the various flaws and deficiencies involved in Xi's campaign to eliminate poverty, including official corruption, other misuse of funds, under- or over-reporting of poverty statistics, involuntary resettlement, and short-term changes in socioeconomic conditions at the expense of sustainable improvement. For example, it has remained a challenge to integrate lower income populations into cities with employment and educational opportunities in a more sustainable manner.[13] These concerns deserve serious attention in our assessment of the long-term effects of these drastic changes, but for now, Xi and his leadership seem determined to pursue these imposing policy moves.

From a broader perspective, as Bill Gates recently noted, approximately 800 million people have been lifted out of poverty in China over the past 40 years.[14] That number is 10 times the population of Germany, the most populous country in Europe. According to a report by *The Economist*, from 1993 to 2013, the number of people living below the poverty line globally fell by over 1 billion, from roughly one in every three people to about 1 in 10, largely attributed to poverty reduction efforts in China and India, the world's two largest countries.[15]

Xi's pledge to eliminate poverty by 2020 is in line with the larger CCP goal of developing China into a "moderately prosperous society" at the party's centennial in 2021. This larger goal was enunciated by Jiang Zemin at the 15th CCP Congress in 1997 and further reinforced by Hu Jintao's endorsement of his "socialist harmonious society" concept throughout the entire Hu era. From this perspective, Xi's push for poverty elimination was not a departure from, but rather an acceleration in implementing, a longstanding party goal.

Although Xi cannot claim credit for most of the poverty reduction in China, he has been fortunate to sit in power during the final push of this decades-long campaign. Unsurprisingly, Chinese propaganda has capitalized on popular policy initiatives like poverty reduction to glorify Xi. Through widely publicized media coverage of his frequent visits to poverty-stricken areas in Qinghai, Guizhou, Gansu and elsewhere, Xi has effectively rebranded himself as a "leader of the people."[16] Xi's contributions toward poverty elimination may constitute the most important political capital he has accrued, which he can now use to overturn decades of Chinese political norms as a Mao-like figure and enhance China's (and his own) influence on the world stage.

STRETCHING CHINA'S SIX SUPER METROPOLISES

Xi's campaign for poverty alleviation has enhanced his popularity among the poor rural population primarily located in China's inland regions.[17] But what has driven China's economic growth is the country's middle class, the members of which disproportionately reside in coastal metropolises. The Xi administration has apparently grasped the strategic importance of Chinese urban development at a time when China confronts not only an economic slowdown due to structural changes in the Chinese economy, but also the devastating effects of a trade war with the United States.

In 2008, long before China's encounter with these new challenges, Liu He, then an economic advisor to the top leadership and now vice premier in charge of financial affairs and trade negotiations with the United States, called for the development of "megacity circles" (*teda chengshi quan*). Liu argued that the new wave of urbanization should center around metropolis clusters instead of a "small town development strategy" (*chengzhenhua*). Metropolises should be the engine for China's next stage of economic growth because, in his words, "urbanization is the carrier of industrialization, the platform for marketization, and the stage for globalization."[18] As of 2018, 15 Chinese cities each had 10 million people and 100 cities each had 1 million people.

Beijing, Tianjin, Shanghai, Chongqing, Shenzhen, and Guangzhou are the country's top cities in term of contributions to gross domestic product (GDP), and the Chinese media have often branded them as the "six super megacities."[19] They have formed the four most important "megacity circles" across the country. China's urbanization rate is about 60% at present, but Chinese cities have constituted a large portion of GDP. According to a recent Chinese official report, China's top 10 cities contributed almost a quarter of GDP to the national total in 2018.[20] These cities are also the main indicators of China's middle class consumption. In late August 2019, the U.S.-based wholesale chain Costco opened its first store in Shanghai (and in the country). A large number of products in the store (of which more than half came from overseas) sold out within several hours. The store had to close its doors by noon on opening day because of massive crowds.[21]

Table 1 shows the GDPs in 2018 and the first half of 2019 of — as well as the populations in — China's six super megacities. These cities are all large socioeconomic entities. It is often said that a megacity is to China what a country is to Europe. Altogether, the total aggregate GDP of these cities was 14.98 trillion yuan ($2.2 trillion) in 2018, roughly equivalent to the total GDP of Brazil in the same year, ranked eighth in the world. The total population of these six super megacities was 122.2 million, close to the total population of Japan (127 million), ranked eleventh in the world. These six Chinese super megacities can no longer maintain the double-digit growth rates they have enjoyed over the last couple of decades, reflecting the economic downturn in the country. Nevertheless, except for Tianjin, which had a notably low growth rate, the other five cities seemed to perform reasonably well in a challenging economic environment. Shenzhen and Guangzhou had higher growth rates than others despite the strong negative effects of the trade war on these export-intensive cities.

Xi's protégés now occupy the top positions in most of these six cities, which was often not the case during his first term (2012-17). The turnover rate of Chinese high-level officials has been rapid in the past three decades. Still, the changes in provincial and municipal leadership have been nothing short of dramatic in recent years. Of the 62 provincial/municipal party secretaries and the provincial governors or mayors of China's 31 province-level administrations, 57 (92%) have been replaced since 2017. In comparison, the average tenure (in years) of provincial party secretaries decreased from 4.8 in 1995, to 3.3 in 2000, to 2.5 in 2013, and to 1.9 in 2016; and the average tenure of governors and mayors dropped from 3.5 in 1995, to 2.3 in 2000, to 2.2 in 2013, and to 1.4 in 2016.[22]

TABLE 1: GDPS AND POPULATIONS OF CHINA'S "SIX SUPER MEGACITIES" (2018-19)

City	GDP 2018 (trillion RMB)	Annual growth (%)	GDP first half of 2019 (trillion RMB)	Same period growth (%)	Population (millions)
Shanghai	3.27	6.6	1.64	5.9	24.2
Beijing	3.03	6.6	1.52	6.3	21.7
Shenzhen	2.46	7.5	1.21	7.4	12.5
Guangzhou	2.30	6.5	1.18	7.1	14.5
Chongqing	2.04	6.0	1.03	6.2	33.7
Tianjin	1.88	3.6	1.04	4.6	15.6

Source and notes: "Top 10 Chinese Cities with Highest GDP in 2018," China Daily, February 11, 2019, http://www.chinadaily.com.cn/a/201902/11/WS5c60a841a3106c65c34e88cf_11.html; "2018 Zhongguo chengshi GDP paiming chulu" ["2018 China's urban GDP ranking released"], Sohu Net, February 3, 2019, http://www.sohu.com/a/293163523_206729; "Zuixin Zhongguo chengshi GDP bai qiang bang chulu" ["The latest top 100 list of Chinese urban GDPs released"], Sina Net, August 16, 2019, https://finance.sina.com.cn/stock/hyyj/2019-08-17/doc-ihytcern1397010.shtml.

Many of the previous top provincial and municipal chiefs hailed from Xi's rival camp. For example, Guo Jinlong, a protégé of Hu Jintao, served as Beijing party secretary until 2017, and Wang Anshun, a political rival of Xi, served as Beijing mayor until 2016. Sun Zhengcai, then a Politburo member and a major political rival to Xi, served as Chongqing party secretary until July 2017 when he was arrested on corruption charges and was later sentenced to life imprisonment. Similarly, during Xi's first term, he also replaced the party secretaries of Guangzhou and Shenzhen with his own protégés. Former Guangzhou party secretary, Wan Qingliang, then a rising star with a *tuanpai* background, was arrested on corruption charges and was sentenced to life imprisonment in 2016.

Table 2 lists the top leaders of these cities and their tenures. With the exception of Tianjin Party Secretary Li Hongzhong, a protégé of Jiang Zemin, who was appointed to this position in 2016, all others have served in these positions for only the past two years. Eight of them have strong personal ties to Xi Jinping, and three (Beijing Party Secretary Cai Qi, Shanghai Party Secretary Li Qiang, and Chongqing Party Secretary Chen Min'er) worked directly under Xi Jinping when Xi was a provincial leader in both Fujian and Zhejiang a couple of decades ago.

The party secretaries of the four major cities directly under central government control (Beijing, Shanghai, Tianjin, and Chongqing) routinely serve in the 25-member Politburo. Shenzhen and Guangzhou, which do not have the same status, fall under the leadership of Guangdong Province, where the provincial party secretary, Li Xi (who is not on the list), also serves in the Politburo. Li Xi is also a protégé of Xi Jinping. Because the CCP leadership emphasizes administrative experience gained through serving as a major city party secretary during the reform era, these posts are pivotal stepping-stones for aspiring entrants onto the Politburo Standing Committee and into other top posts in the national leadership. For example, Jiang Zemin was promoted to general secretary of the CCP in 1989 from the post of party secretary of Shanghai. Former premier Zhu Rongji also served as party secretary of Shanghai, as did Xi Jinping and Han Zheng (current PSC member and executive vice premier). In the case of Beijing, current PRC Vice President Wang Qishan previously served as party secretary and mayor of the capital. Many of the top municipal leaders on the list, especially those relatively young leaders who are longtime protégés of Xi such as Li Qiang and Chen Min'er, are seen as rising stars.

TABLE 2: TOP LEADERS TO WATCH IN CHINA'S SIX SUPER METROPOLISES (2019)

City	Position	Name	Birth Year	Tenure Since	19th CCP CC Status	Ties with Xi Jinping
Beijing	Party Secretary	Cai Qi	1955	2017	Politburo Member	Xi's protégé in Fujian and Zhejiang
	Mayor	Chen Jining	1964	2018	Full Member	Xi's fellow alumnus of Tsinghua University
Shanghai	Party Secretary	Li Qiang	1959	2017	Politburo Member	Xi's chief-of-staff in Zhejiang
	Mayor	Ying Yong	1957	2017	Full Member	Xi's protégé in Zhejiang
Chongqing	Party Secretary	Chen Min'er	1960	2017	Politburo Member	Xi's protégé in Zhejiang
	Mayor	Tang Liangzhi	1960	2018	Alternate Member	Xi's confidant

Tianjin	Party Secretary	Li Hongzhong	1956	2016	Politburo Member	
	Mayor	Zhang Guoqing	1964	2018	Full Member	Xi's confidant in state-owned enterprise
Shenzhen	Party Secretary	Wang Weizhong	1962	2017	Alternate Member	Xi's fellow alumnus of Tsinghua University
Guangzhou	Party Secretary	Zhang Shuofu	1965	2018	CCDI Member	

Source and notes: Cheng Li's database. CC=Central Committee, CCDI=Central Commission for Discipline Inspection, CCP=Chinese Communist Party, and SOE=State-Owned Enterprise.

Under the leadership of Xi Jinping, these six super megacities have all recently adopted new strategic development blueprints with some distinct focuses. Given the fact that most of these top municipal leaders are his confidants, Xi apparently intends to grant them decentralized authority — and a much greater degree of autonomy, compared with other regions — to pursue somewhat different approaches in their respective metropolis clusters. These ambitious new plans will potentially lead to a new round of far-reaching economic reforms in the country that merit more international attention. The Chinese official media has widely publicized these plans:

- the Beijing-Tianjin-Hebei (*jingjinji*) development strategy with new initiatives embracing Xiong'an as China's third special economic zone and making Tongzhou city an annex to Beijng;[23]
- the Shanghai and the Yangtze River Delta economic integration plan with its concentration on an "entity economy" (*shiti jingji*) and the modern, high-tech manufacturing industry;[24]
- the Guangdong-Shenzhen-Hong Kong-Macau Bay Area strategy with its goal of strengthening urban connectivity through the flow of people, logistics, capital, and information in the Greater Bay Area;[25] and
- the Chongqing-Chengdu corridor development scheme with plans to integrate megacity development with the establishment of so-called "characteristic towns" (*tese xiaozhen*).[26]

Shanghai's new plan for Yangtze River Delta economic integration, for example, outlines three major policy initiatives: 1) the establishment of a new section of the Shanghai Pilot Free Trade Zone in line with the development needs of Jiangsu and Zhejiang; 2) the establishment of a "Sci-Tech Innovation Board" (*kechuang ban*, "SSE STAR Market" in English) and a pilot and speedy registration system on the Shanghai Stock Exchange; and 3) the Yangtze River Delta's leading role in applying artificial intelligence (AI) as part of the national strategy for modern manufacturing and public health sector development. According to Li Qiang, these three new major tasks are what "General Secretary Xi Jinping has handed over to Shanghai." [27] The Sci-Tech Innovation Board aims to support next-generation information technology, high-end technology equipment, new materials, new energy, energy conservation and environmental protection, biomedical advancement, and other high-tech industries.[28] The speedy registration and approval system is the Chinese response to U.S.-led "technological decoupling" with China and restrictive measures against Huawei. In July 2019, a total of 122 Chinese information technology companies applied for listing on the science and technology stock board and received an application from the Shanghai Stock Exchange. The 25 companies that have passed the inquiry have been approved.[29]

More recently, in late August 2019, the Chinese leadership announced its plan for implementing "Shenzhen's Pioneering Demonstration Zone with Chinese Characteristics" within the overall framework

of the Greater Bay Area development strategy.[30] It includes a list of 30 tasks for both 2025 and 2035, including the establishment of a big data center for medical research; a pilot zone for digital economy innovation; a research center on digital currency, mobile payment, and global financial risks; policy initiatives to attract international human resources; and "citizen treatment" for Hong Kong and Macao residents who work in Shenzhen.

One major frustration Chinese private entrepreneurs and the middle class have had with Xi's domestic economic policy has been the over-privileging of state-owned enterprises at the expense of private firms. In response to private sector concerns, the Xi administration has recently proposed changes to alleviate the financial burden on private firms. Earlier this year, Chinese private firms received tax cuts totaling $298 billion, as well as reductions in fees and easier loan access. According to the *South China Morning Post*, the Xi administration is set to enact measures including a three percentage-point value-added tax (VAT) cut for manufacturers and a reduction in employer contribution rates to government pension insurance programs.[31] Industrial policies to promote science and technology development will remain central to Xi's economic agenda. However, he has been willing to modify the framework under which private sector growth should take place.

In addition, the Xi administration has linked the performance evaluations of municipal and provincial top leaders to the environmental protection efforts on their turf. Xi's appeal for green development is a nod to the widespread middle class discontent over air, water, and soil pollution, and the environmental degradation that has resulted from China's rapid economic growth. Although China has continuously confronted serious environmental degradation, the recent efforts of Chinese authorities to shut down a large number of heavily polluted factories and promote clean energy cars seem to have yielded positive results. According to EcoWatch, among the 20 most polluted cities in the world in 2018, 15 were in India and two were in China.[32] Ten years earlier, in 2008, studies by both the World Bank and Worldwatch Institute showed that 16 of the world's 20 most polluted cities were in China.[33]

In November 2018, during his visit to Shanghai, Xi Jinping spent time learning about the garbage sorting and recycling work taking place in a local community. A year earlier, Xi presided over a national leadership meeting to discuss the general implementation of China's garbage classification system. In 2019, Shanghai became a pilot city for the country's new initiative for garbage sorting and recycling.[34] This new initiative is extremely important for the city and the country, given that middle class consumption and the rapid growth of e-commerce have already contributed to serious environmental calamities. This new policy move has generated much positive reaction from environmental protection groups and a large number of residents in Shanghai, a predominately middle class city.

Some urbanization plans for China's super megacities have been more controversial. This is particularly true for Xi's ambitious plan to establish the Xiong'an New Area.[35] Xi played a pivotal role in launching the Xiong'an New Area in 2017. Just as Shenzhen and Pudong are considered the economic gems of the Deng era, Xi aspires to see his name associated with a new urban miracle. Xiong'an is expected to help accelerate the development of the wider Beijing-Tianjin-Hebei area, which is intended to be the northern version of the regional powerhouses driving China's economy, akin to the Pearl River Delta in the south and the Yangtze River Delta in the east. According to official announcements, one key difference between Xiong'an and the other special economic areas is the ban on real estate trading. All housing in Xiong'an will be state-owned and provided to authorized workers and employees at subsidized rates. According to official media, Xiong'an will be home only to firms focused on technological innovation. Factories with high carbon emissions will be banned or highly restricted.

It is far from clear how authorities plan to implement and sustain these policies, which perhaps more closely resemble old-fashioned central planning than market-oriented development. The location of Xiong'an is also a major issue, as its low topography could be vulnerable to floods. Further, technological innovation — the city's target industry — could falter in the face of excessive and rigid regulations. If the government continues to dominate the process of resource allocation, it will distort the market and stifle incentives for innovation.

The success or failure of Xiong'an will ultimately affect Xi's overarching strategy for Chinese urban development. Still his other major urban initiatives in the Yangtze River Delta, the Greater Bay Area, and the Chongqing-Chengdu Corridor reveal regional competing strategies for development, as well as the potential for policy adjustments in China's socioeconomic transformation.

DOMESTIC VISION, GLOBAL IMPLICATIONS

What does this analysis of Xi's consolidation of personal power and domestic major policy initiatives tell us about China's ongoing quest for global power? What are the implications of Xi's performance on his domestic priorities for China's external activism? What is the political and strategic logic of Xi casting himself as a populist strongman leader in Zhongnanhai while at the same time advancing the goal of making China a global power?

This paper aims to explore where and why Xi is expending his political capital, estimate the effect on his domestic standing, and assess the relative success and potential challenges of those initiatives. Foreign analysts will continue to debate whether Xi's domestic political and socioeconomic moves in recent years reflect his foresight or missteps and his strengths or weaknesses, but this piece argues that in many cases both are evident. The conclusions of this study — including drastic changes in the composition of the national and key municipal leadership, massive budget increases to eliminate poverty, a more populist approach to handling inland rural areas, and preferable policy incentives for super megacities — reveal the pragmatic and adaptive side of the leader who holds the reins of the preeminent emerging power in today's world.

One may reasonably argue that it is not so much that Xi's position in leadership could have been precarious when he became party boss in 2012. From a broader perspective, Xi's insecurity — his shifting identity from a princeling to a populist — stems from the CCP's precarious hold on the country, an insecurity shared among the party elite as a whole. That observation can help explain the way in which Xi is clamping down to control an increasingly pluralistic, mobile, and restless society on the one hand while he and his leadership are simultaneously pressing to resolve the combined economic, demographic, and technological problems that portend stagnant growth on the other.

Xi's sweeping anti-corruption campaign and his decisive removal of rivals in leadership positions (beginning with *tuanpai* and followed by fellow princelings) have undoubtedly created many enemies. Xi's personality cult and tight control over civil society and the media have further alienated many liberal intellectuals in the country. Xi's tendency toward autocratic rule has invited pervasive and persistent resistance, even from the political establishment. Meanwhile, however, one should not underestimate the domestic popular support for this powerful leader, resulting from his nationalistic appeal and socioeconomic policies. Furthermore, Xi is backed by the central party leadership, which has long led by consensus during the reform era. That leadership has pursued a series of policies and priorities such as an ambitious poverty alleviation effort and urbanization drive deemed essential to preserving the CCP's legitimacy and hold over the country, while also advancing its wealth and power globally.

China's ongoing global engagement undoubtedly has had a major impact on the international order. Most of these domestic initiatives are arguably driven by the need to respond to the challenges that Xi, the CCP, and China confront, not necessarily predetermined by their goal to undermine U.S. supremacy in the world. To forecast China's future — and to develop a sound and balanced strategy for responding to this rising global power — a thoughtful empirical analysis of the interlocking political, economic, and social factors in the country is essential.

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