

## [Transcript] The Ezra Klein Show / There's Been a Revolution in How China Is Governed

I guess I'll begin by saying that if I sound a little hoarse today, a little husky.

I am. To every parent who ever told me how bad cold and flu season is, what an unending, unrelenting disruption of life it is, I'm so sorry I did not understand what you're saying to me.

I did not get it. And now I do. It is wild that parents just go on like this.

Okay, the episode today, though. You can't understand this era in American politics without recognizing that it's playing out in the context of China. Sometimes it's direct, as in the way much of American manufacturing moved offshore to China, altering the politics of a lot of the Midwest. Sometimes it's indirect, as in the way the sense of China still builds things, and we don't, has become a driving political argument and has largely inspired, I think, the new focus on production and industrial policy in Washington. Things like the Chips and Science Act are explicitly framed as keeping our technology lead or increasing our technology lead vis-a-vis China. And a lot that is happening in terms of bi-American and supply chain rules, they're about trying to rebuild a manufacturing capacity so that we are not dependent on China. I say all that because there is a sense to cover China is to cover something far away. It's a foreign policy episode. I don't think that's true. I don't think that distinction actually holds.

China's size and centrality make it a kind of political hyper-object. It's near and far and different and familiar and here and there all the same time. To cover China is to cover, in a way, America. And I am, of course, typing these words on a device made in China, really literalizing the point of this introduction. So this year on the show, we're going to be spending more time covering China and the China-US relationship. And I want to begin that with Yuanwen Ong, a China scholar at Johns Hopkins University who's done pioneering work on understanding China's political system and its political development. And one of our basic arguments is that we are so focused on how China chooses its leaders on the symmetry or lack thereof between our political institutions and China's that we really miss its governing institutions. We really miss a much more consequential revolution in how China is actually administrated. And once you begin to see it that way, it also has pretty profound implications, or at least it is an interesting way of thinking about how we are governed here. As always, my email is reclinedshow at nytimes.com.

Yuanwen Ong, welcome to the show. Thank you very much for having me. I'm super excited to be on your podcast. So you're at an op-ed for The New York Times, which is a great Northeastern regional newspaper after the Chinese Communist Party's Congress in the fall. And you said that we were witnessing the end of an era in China's history. The end of what era and the beginning of what era? It is the end of the reform era that was pioneered by Deng Xiaoping. Most people would put the starting

point in December 1978 when he gave a historic speech launching the era of reform and opening. And that lasted for 35 years. Xi Jinping took over in 2012. And that was a structural break in Chinese political economy on several dimensions. Economically, he brought back an emphasis on state ownership and control in the economy. Politically, he stepped up on political controls. And in terms of foreign policy, he began to project Chinese ambition to rise as a global superpower. So that process went on for a period of 10 years. By 2022, his consolidation of personal power was, I would say, complete by the October Congress. And so that was why I wrote that at that particular point when he officially assumed office as his third term as the paramount leader of the Chinese Communist Party, when he stacked his cabinet with all of his loyalists that I think marked the end of the reform era and the beginning of a personalist dictatorship on the Xi Jinping.

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I want to spend some time in the Deng era because the way you have framed it, which I think is a little bit unusual, has been really quite revelatory for me. But before we go into that, I want to ask you about something you said to me at the conference, which is that we often talk about the U.S. and China as competitors, as antagonists, and that you view them in a way, you view us in a way, as mirror images of each other. What do you mean by that?

The expression that I use is the clash of two gilded ages. So when I read about American history during the Gilded Age, and that was roughly from 1870 to 1900, when I read the stories, I could just change the names from American names to Chinese names, and they would fit China perfectly.

And the reason for that is not just a coincidence. It's because if you think about America in the late 19th century and China in the Reform era, these were both large nations that had just undergone a period of destruction. And so they had this opportunity of reinventing themselves after destruction and creating capitalism from scratch.

So that's for America, the Civil War, and for China, the Maoist period?

Yes. It was the Maoist period, and more specifically the end of the 10-year Cultural Revolution, which was a defect of civil war within China. And so because of the similarities between these fundamental conditions of recreating after destruction, you see this dramatic mixed outcome of spectacular growth, industrialization, and urbanization on the one hand, along with corruption, inequality, debt risk, on the other hand. And so to use an expression from Dickens, it was the best of times, and it was the worst of times. It is the best kind of drama that one can write, right? If you wanted to write an epic development drama.

And so when I look at it from this lens, I think it helps us to avoid seeing China as an exotic alien and even scary entity, but through the lens of what Americans already know from the past, it helps us to see China in a mixture of these are the parts that are familiar to us, but then these are the parts that are different because at the end of the day, China has a completely different authoritarian political system.

I've been thinking for a project I'm working on a lot about our political rhetoric about China.

And something I think is underplayed in it is that we don't primarily, I think, treat them as a country to be afraid of. We do treat them as a profound competitor,

but I think if you really listen to what politicians on the left and the right have said

about China repeatedly over the past 10, 15, 20 years and the effect it's had on American policy, the dominant political emotion is envy. We envy China being or maybe having been,

well, we'll talk about what has changed in a couple of minutes,

in this period of developmentalism, right? This period of being willing to take risks

of acting aggressively. It has a lot of corruption, but we can talk about this. The corruption is

maybe a byproduct of action. The thing that we say about China is we envy their manufacturing

pro prowess, that they still make things, that they act. You'll constantly hear American politicians

talk about how slow and slurotic we are and what are they doing in China? They're just doing things.

They're making things happen. They're building roads, building homes, building trains.

Does that feel right to you? And then how do you think about envy

as a kind of frame for thinking about that relationship?

My first reaction is how do American public perceive China as evolved dramatically over time?

And so sometimes in class, I would show students how mainstream newspapers talked about China

in, say, the 1990s or even the 2000s. And people were rather surprised by the difference in tone.

And from the Chinese point of view, the prevalent perception is the Americans are not only envious of China's rise, envious of its state capacity, but that America is now on a project to contain China's rise. So from the Chinese point of view, it's more than envy. I mean, I think that's true. But I just want to hold that idea of envy out there as we go through this conversation, because I think that China is having a pretty big effect on what we do, right? Things like the Chips and Science Act, things like the emphasis on manufacturing and supply chains and infrastructure. And I do think there's a way in which we don't just want to stop China from rising, which sometimes I think America does. And certainly in areas it does, because we want to be able to do what they do here. We want to be able to act more swiftly, build more aggressively. I think it's interesting. But I think then to understand some of that, we have to go to what you've spoken about, about the way in which we misunderstood the way China would develop. There's this idea that as it got richer, they would become a liberal democracy. And that didn't happen. And you say what happened in the Deng era is that they became an autocracy with democratic characteristics. What do you mean by that? Yeah, I'd love to come back to the topic of envy, because in my view, the American envy of China, whatever that means, I think it's often misplaced in the sense that America doesn't really understand China and doesn't know what it's being envious about. And it often is the case that America sometimes forgets what its real strengths are. And so I think it's a case of misunderstanding the other as well as oneself, which gets back to your question about what really happened in China during the reform era. Now, the conventional wisdom most people know well. The expectation in the West is, all right, China is one party autocracy, but we will embrace and engage with China, welcome it into the global capitalist economy. China will open up its markets and as it prospers at some point, it will become a liberal democracy like the West. And after 35 years, China did not become a liberal democracy. And it actually became more authoritarian on the Xi Jinping's rule. And so the West freaked out and thought, oh, no, we made a big mistake. So that's the conventional wisdom. And what I argue and show is that the conventional wisdom really got things wrong in rather strange ways. And the first thing that conventional wisdom failed to understand is that actually political reforms were a fundamental prerequisite of China's economic reforms. It's just that those political reforms did not take the forms of democratization that we are used to in the West, such as multi-party elections, free media, constitutional protections of individual freedoms. But what happened within the Chinese Communist Party under Deng Xiaoping is that he introduced partial democratic qualities. And these included partial checks on power at the highest level, such as term limits. It included accountability with targets being assigned to officials where they have to fulfill their jobs and not simply get promoted because they are totes or politically correct. He also introduced a tremendous amount of competition into the political system and very importantly, he also introduced the norms of pragmatism and honest feedback. So that officials within the party wouldn't be afraid to tell the truth. And that would be a moderate but necessary amount of debate within the party. And so these are what I call democratic qualities or characteristics. They do not add up to make China a liberal democracy. But just by liberalizing the party and society partially, that went a long way toward providing a political foundation of stability, pragmatism and good governance that allowed China to prosper for the next 35 years. So that's something

that is missed by many observers in the West. It also is missed by, I would say, Xi's own interpretation of China's rise. The story that he and his propagandist prefer to tell is the one aligned with China Hawks, which is China rose because we have a strong authoritarian government and he doesn't want to celebrate the democratic characteristics and the limits on power because his personal ambition is to re-centralize power in his own hands.

So something I found incredibly helpful in your work is the idea that the democratization, the opening to the extent it happened, happened at a layer of governance that we don't pay much attention to in America. And I'm going to want to spend a bit of time here, but you have a quote that has really lodged in my mind here where you write, in the United States, politics are exciting and bureaucracy is boring. In China, the opposite is true. First, what is the difference between politics and bureaucracy and why is the energy of the two flipped in the two countries?

Well, we can think about politics as fundamentally the system of how politicians and leaders are selected. So the obvious difference is in the democracy, you have elections. In an autocracy, you have no elections. But then below that, you have this big grand activity called governance. And that's what the bureaucracy does. It runs the country in multiple ways, the economy, society, social welfare. And we are so accustomed to thinking about democracy as elections versus no elections that we fail to look at differences in governance. And so the China case is one in which you have the same Chinese Communist Party in office since 1949. But if you look at the bureaucracy and the governance, it has dramatically transformed up and down over time. And you ask, why is it different? Well, I think because in the United States, when you have elections, that's where all the attention goes. And we just take governance for granted. We just take for granted that the government will do whatever it's supposed to do once the laws are passed. In China, you take the existence of the Chinese Communist Party for granted. You know that it's the only party and it's not going away. So the part that is really open to big changes is the bureaucracy. That's where the action and the change happens. And so if you look at China through the Western lens, you will fail to see where all of the real action and political reforms are taking place.

Bureaucracy is a dirty word. It's an epithet, I think, in America. If I say you're a bureaucrat, I'm not typically saying something good about you. Yeah.

Tell me a bit about the cultural position of the bureaucracy in China. How many people apply to be part of it? Take the test? How many people become part of it? What does it mean to become part of it? What is it to be a bureaucrat in China? Good question. Historically, bureaucrats or government officials have always occupied the highest position in the social hierarchy. And this is true until modern-day China, where many of the officials I've spoken with and interviewed

privately, they would tell me the problem with our country is that being an official is still so important and occupies such a supreme position in our society. So until this day, when you look at the annual civil service examinations in China, millions and millions of people line up. It is very attractive to be a civil servant, not only because of the job stability, but because of the status it brings. There was a time when the Chinese economy was booming that relative to being a bureaucrat, people would rather work in large companies or run their own businesses. But as soon as the economy started to slow down, most people once again preferred being a civil servant and a bureaucrat. And so my understanding of at least some of your interpretation of China's success is that they did not really democratize their political system. But whether democratized is exactly the right word. They opened up,

they made more flexible, they made more experimental, they made more results oriented, their public administration. That that is the layer of the Chinese state that began to develop the hallmarks of, I don't want to say freedom, but entrepreneurialism and information feedback loops and being in touch with what the people needed and then trying to get that done in order to advance your own career and frankly to advance your own salary. That that's to you where the action was in China's opening up and reform. Yes, we can think about two types of autocracies. The autocracies that we are familiar with are autocracies with bad governance. For example, North Korea, Maoist China. But there's another kind of autocracy, which is autocracy with partial liberalization and effective governance. And that was reform China and the Deng Xiaoping. But that model that he created had an expiration date. Because despite the successes it brought economically, the gilded age was also wired into China's development DNA. The same economic success brought corruption, inequality, debt risk, environmental pollution, all of the defining problems facing China when Xi Jinping took over. One of the things you write about as an accelerant of growth in China is that you argue that you functionally have a kind of profit sharing happening between bureaucrats and businesses. You write that what would happen is, quote, public employees took a cut of revenue produced by their organizations and these changes fueled a results-oriented culture in the bureaucracy. All the results in the Chinese context were measured purely in economic terms. Tell me a bit about that. I mean, a very big difference between working in the public sector and the private sector in high-up jobs in America is in the private sector, you get a cut of revenues oftentimes. And in the public sector, you're on a very, very structured fee schedule. But you make the point that in China, you have low salaries and a fair amount of profit sharing, which you could look at as corruption or you could look at as incentive alignment. So how did that work and why to you did it work? So think about profit sharing as both a literal description as well as a metaphor of the Chinese political system in the reform era. It occurs at all levels of power. At the highest level, it's not about salaries, but it is about the very top elites essentially privately splitting up the spoils of capitalism. And we get to have a glimpse of their deals when we see corruption scandals. So within them, we get to know, ah, so and so he was in Politburo and goodness, he amassed billions of dollars through his family networks when he was in power. And so profit sharing is meant to be a metaphor to capture this whole system in which Deng Xiaoping, in order to get the whole Communist Party to embrace capitalism, rather than resisting it, he gave all of them a stake in capitalist success. So everyone gets to share whether you are the very top elite in the Politburo, right down to being a rank and file bureaucrat in a particular Chinese city, you get to share in terms of the revenue being made by your agency. So he creates in institutional economics, we use this term called high powered incentives. So a commission is an example of a high powered incentives where, you know, if you bring in sales will give you 20% commission, right? So my, my incentives are very high to perform because I get a cut of that performance. So he created this profit sharing system where all of the officials are personally and enthusiastically invested in economic success. Now, as I'm saying this, you probably might think, well, that's also really problematic, right? And that's exactly right. It is problematic because in a quote, unquote, normal public administration, we want to have our politicians and bureaucrats care primarily about serving their duties in a routine way and not because they are personally



invested in taking a cut from economic performance. And so historically, if you look at human evolution in the past in pre-modern societies, whether it's in the West or in China, actually most officials and bureaucrats function on, unlike the tax farming commission salesman basis, right? They were not actually paid a salary by the state. They took a cut of taxes they collected. And then because of the distortions that came with that system, all the time in the process of modernization, we began to have the modern public administrations we see today who get a regular pay paid by the government, who are not super excited about making money. But the advantage

is they are not corrupt. They are routine and predictable and accountable, right? So that's the exchange we made over the course of modernization. And so what happened in China is that in order

to create these powerful incentives for capitalist growth, they injected this profit sharing system, which has both advantages, but also severe disadvantages. So we can see all of the consequences play out today in the combination of crazy growth and at the same time, crazy corruption.

I want to key in on that word corruption, because a lot of your work is about complicating the stories we tell and the broadness with which we define things as corrupt.

You make an argument that there have been kinds of corruption in China that far from holding back economic growth, which is the standard economic story, have actually been an accelerant of it. And that was actually true in America in its period of really torrent development too. So tell me a bit about the way you decompose corruption into different subcategories, some of which are kind of steroids and some of which are depressants.

Yeah, so I use the analogy of drugs because intuitively we know that all drugs are harmful, but they harm in different ways. And the growth damaging forms of corruption are like petty bribery, embezzlement, extortion of businesses, and those we can think of as toxic drugs, or at best as painkillers. But there is a special category of corruption that has always gone hand in hand with capitalism, and I call that access money. So businesses are paying for access for privileges. And that I compare them with steroids. So steroids are a kind of drug that helps you grow muscles fast. But if you keep consuming steroids, it has very serious side effects that build up over time. And those side effects only explode in the event of a crisis.

And so we see that throughout the life cycles of major capitalist economies, whether it was the East Asian financial crisis in 1997, the 2008 US financial crisis, or China's ongoing debt crisis today. If we want to go back to American history, in the 19th century alone, America had multiple financial panics linked to corruption, speculation, and distortions in the economy. So my argument is that access money corruption and capitalism has actually gone hand in hand. But this is a reality that many people do not wish to confront, because we like to hear the happy story. We like to hear that liberal capitalism is all about progress, is all about making people richer and richer, governs better and better, and eradicating

corruption. And it's a bit hard for some people to confront the historical reality that capitalism and access money corruption has actually gone hand in hand, that development is not linear, it is interrupted by financial crisis that erupt due to the corruption and distortions from time to time. Let me try taking that in a slightly different direction, because this is a place we're reading you. I began to think a lot about your comment about America and China being mere images of each other. So in America, as we've discussed, we locate a lot of our ideas about

political responsiveness and openness and experimentation in the parts of the government that are elected. And we think a lot about election rules and anti-corruption rules and so on. But we dismiss, we malign, in fact, the bureaucracy. And you have this point that this sort of China is a reverse. And so I want to try to put these two things in conversation. I think it relates to these ideas about corruption, because worrying about corruption is why we've created some of the dynamics I'm going to talk about here. But I don't know if you're familiar with the work by Nicholas Bagley, who's a law professor, and among many other great work he's done, he's been writing about what he calls procedural fetishism. And he writes about the American administrative state and bureaucracy, quote, inflexible procedural rules are a hallmark of the American state. The ubiquity of court challenges, the artificial rigors of notice and comment rulemaking, zealous environmental review, pre-enforcement review of agency rules, picking you legal rules governing hiring and procurement, nationwide court injunctions, the list goes on and on. Collectively, these procedures frustrate the very government action, the progressives demand to address the urgent problems that now confront us. And I guess a question that raises for me is one of Bagley's points is that the administrative state is so rulebound in America, it's become highly nonresponsive and highly non-experimental. Do you think it is more or less experimental and responsive in China than in America? I think this is a good point to dig into the mirror image. So here's where I see an interesting difference that arises both from different political philosophies as well as different political systems in China and the United States. And I also want to stress that when I compare the two, I'm not saying that they're the same. I'm not making a moral equivalence. The word that I use is that they are similar but not identical. They're similar in the sense that both are large societies struggling with capitalism. How do you have capitalism but manage its problems? But the way the two governments have tried to respond to the problems of capitalism have been drastically different because of their political systems. And from your comments, one of the key differences that immediately came to my mind is that the American system, because it is a democracy, it is first and foremost focused on placing limits on power. So whether it's checks and balances in the three branches of government or controlling the bureaucracy with a mass of procedural rules, as you described, the focus of American and democratic politics is we're going to limit the government but we are going to give society as much freedom as possible. And so oftentimes what my Chinese colleagues would say is America is a society where the government is small but society is large. Now conversely, China is a mirror image. In China, the focus of limits and restrictions is not placed on the government but on society. And so the party is obsessed with how do we make sure that the media is limited, that civil society is put under caps. So it is a society where the government is large and empowered and society is relatively small compared to government. And so when you compare the United States and China and you ask yourself, well, where is the source, the primary engines of policy innovations and adaptability? In America, you see that from society, from civil society, universities, the private sector, whereas when you look at China, very often the source of policy adaptability comes from the bureaucracy. It comes from the government itself. That's not to say that Chinese private sector does not have innovations. It also has many, many innovations but it's always taking the lead of the government. And so in that sense, the two societies are flipped images of each other. And something that makes very important then is what the goal is in China of the state.

And going back sort of for this period of China's really profound rise, what you write is a quote, the goal of economic growth was always paired with an indispensable requisite, maintaining political stability. Failing this requirement, for instance, allowing a mass protest to break out could cause leaders to flunk their entire test in a given year.

And we should say what that test is because I think it's important to understanding how China has tried to keep this bureaucracy working in a single direction. But that question of goals, of whether or not the government is right about what society's goal is and right about what the political, what political stability demands seems very, very important to me and then how those goals are set becomes very, very important. That's right. Because it is a single party autocracy, there is no question and no secret that the number one goal of the party is to keep itself in power. But at the same time, it also has a second set of goals, which is that it wants the country to be peaceful, prosperous, and strong. And sometimes the goal of the party and the goal of the nation is intention with each other. And this is what we often see under the rule of Xi Jinping. Do you want political control or do you want to serve national interests? So sometimes these two are in tension with each other. And from the point of view of the Communist Party, capitalism is the means to an end. It's not an end. So capitalism is allowed to thrive to the extent that it allows China to become prosperous. But as soon as those forces have grown to an extent that it threatens the party's whole of power, it then needs to crack down on that. Whereas in the United States, I would say, I think multiple might agree with me that capitalism is an end. Capitalism is an end in itself, along with liberal democracy. Although the two things, capitalism and liberal democracy, have also coexisted in tension in U.S. history. But that, I see as a fundamental difference in terms of goals between China and the United States.

Hi, I'm Phoebe Let, a producer on the opinion desk of the New York Times. What we do in opinion at the Times can often be controversial, but that's what we do here on the opinion desk. We gather experts, people at the center of the big news story whose voices we vet and trust on the issues of the moment. We work with those people to craft an argument that makes sense and present it with clarity and respect for the other side. If we're not sparking a debate, if we're not asking you to examine your own assumptions, then we're not doing our job. When you subscribe to the New York

Times, you're not just supporting the journalism you get from our newsroom. You're becoming a stakeholder in the discussion. You can subscribe at [nytimes.com](https://nytimes.com). We've been talking a lot about the story of how corruption helped generate some of China's growth. And one thing you argue is that Xi's eventual rise to power is inextricably tied to that story. So can you talk a bit about the particular moment in which he comes to the premiership? Sure. I've always believed that the particular circumstances in which Xi Jinping came to power as the paramount leader of the party has had a formative impact on his worldview because he came to power in 2012 in the midst of the greatest scandal facing the Communist Party in the whole generation. One of his rivals at the time,

Bo Xilai, he was a member of the power bureau. He was a princelyng like Xi Jinping. And he was party chief of Chongqing. And he was extremely flamboyant and popular in China prior to 2012. He's known to kind of defy Beijing and go out of his way to whip up national attention for himself. And so leading up to 2012, all of a sudden the scandal about Bo Xilai broke out in the press. His henchmen escaped to the consulate in the U.S. in Chengdu. Exposing was potential role in the murder and so forth. And so in short, just like the House of Cards fell apart. Well, can you go a



little longer there for a minute? What was the scandal? I mean, it was known that many, the people were taking cuts. It was known that people who were in the party were driving nicer cars and had privileges other people didn't. So what about Bo Xilai breaks out?

Well, the parts of the scandal that were reviewed was, of course, first of all, his elite level corruption, his collusion with private businesses who basically funded his lavish lifestyles in exchange for privileges, although the party only reviewed a small part of that. But the more scandalous part was that there was a British businessman who acted as a fixer for the Bo family and he was mysteriously murdered. And so the scandal was that Bo and his wife were involved in the murder of this British businessman. And so because of that particular incident, the level of corruption,

abuses of power, Machiavellian intrigue just got elevated several notches up. And then more than that, after the scandal was revealed, Bo was falling, Bo was definitely falling. And so there was a time when it appeared that he wanted to resist that. And all of those were rumors in China because it's not transparent, but it seemed that there was a standoff between them. And we don't know what the details are, but it just gives the public a glimpse into a violent elite politics, massive corruption, as well as things like abuses of power and even murder. And so that was why it got so much attention and was considered so scandalous.

And what was the reputation of Xi Jinping at exactly this moment? If I had read a hypothetical Wall Street Journal or Financial Times profile of Xi Jinping in 2011 or 2010, what would have been said about him?

I think that most people would say that he was relatively unknown before 2012. And that, I think, was precisely why he was selected, because he was seen as a safe choice, that he was a low-profile politician, unlike Bo Xilai, who was too flamboyant and made too much trouble. And if anything, most people know his wife better because his wife, Peng Liyuan, is a famous singer. So some people give Xi credit for his ability to lie low and abide his time. And by appearing to be this extremely low-profile, mild-mannered politician, he got his chance in 2012. And then year after year, he surprised everyone who put him in power. Tell me a bit about, at the beginning of Xi's leadership, how he takes on, how he understands corruption. What is his theory of corruption, both as a substantive problem for China and for the Chinese Communist Party, but also as a political problem, as a popular or quasi-popular mandate he has? Yeah, so one question that I'm frequently asked is, is Xi Jinping fighting corruption simply because he's using that as an instrument to get rid of his enemies, or is he genuinely trying to fight corruption in the system? And the answer is both. It's not either or. On the one hand, he has correctly identified corruption as a systemic problem. He correctly identified that he could use anti-corruption to get party officials in line with his orders because the system was so systemically corrupt that were likely so many individuals who were vulnerable to investigations and indictments. So he had something to use against all of them. And I think that really helped him to get the obedience and consolidation of power that he finally achieved to perfection in 2022. But on the other hand, he is genuinely concerned about systemic corruption across the entire bureaucracy, not just at the highest level, but also at even street level. And so he did both at the same time. His approach to anti-corruption has been distinctly top-down. So he empowered the disciplinary apparatus and launched them on a massive investigation drive. And to him, the indicator of success is the number of officials who were investigated every year. The number is very large. He also thought that corruption is an

ideological problem, that if he could reintroduce ideological purity into the party, that he might be able to rein in this problem. The things that he didn't do in anti-corruption is that he didn't address the root causes of corruption, which is that the party and government has so much power in the economy. And that power was creating a demand for bribes and graft.

So if I'm a Chinese bureaucrat, I have a significant amount of power in a city of eight million people. And I want to live well. And I want to do my job. And I don't want to be investigated for corruption. What are my incentives now? How do they change from before she to once

his corruption drive or his anti-corruption drive is in full force? Well, I think one way we can understand it, and I'm simplifying, grossly simplifying, but one way we can understand it is that prior to Xi Jinping, the number one objective and incentive of government officials is economic growth. This is reflected in the targets that are assigned to them. And also, the more economic growth you can create, the more corruption and personal rents an official is able to collect, right? So if you govern a city that is extremely prosperous and has many businesses, then naturally you profit more from it too. I think the key difference that Xi has introduced, and this is not a sudden thing. I think it evolved gradually in that direction over a 10-year period is that now to be successful within the political system, the number one thing to do is to demonstrate personal loyalty to Xi. And that may still involve some economic growth, but not always. And so a good example is zero COVID, right? So Xi Jinping made zero COVID, his personal agenda, his personal pride. And so if you take the case of Shanghai, which is the most prosperous and vibrant city in China, what Li Qiang was then the leader of Shanghai did was that he shut down Shanghai's economy for two months. This was clearly anti-growth, but it was in line with Xi's personal agenda of maintaining zero COVID. And at the National Congress,

Xi showed the whole world that if you act like Li Qiang did, you get promoted. And so I think that was a moment when the shift in priority was clearly manifested and solidified in October 2022. You wrote that under the collective leadership that defined China's political system from Deng Xiaoping onward, the personal whims of the top leader would not have dominated national policy. Say a bit about that, because I think from the outside it's often looked like China's a very strong leader. But your view, and I think a pretty widespread view, is that she has personalized the system in a way that it wasn't before. So what was collective about it before Xi? What changed? Yeah. So I think it's helpful to go back to our earlier discussion about the reform era. And here's kind of a line that I like to use to help us remember that that since 1949, there isn't just one China, but there has been at least three different Chinas. So China and the Mao and the Deng and under Xi are three completely different Chinas. Now, many people do not realize that because there's a tendency to see China as a static monolith that doesn't change. And because for the past 10 years, we've been hearing news about China under Xi, most people may not be aware that in fact, he has drastically changed the economic and political system in China. So the political system under Deng Xiaoping had a series of systematic characteristics that align into a system that was simultaneously pro-growth, but also vulnerable to corruption and risk. And that included profit sharing, which we just talked about, all of the high-powered incentives for officials to promote growth. It also included the democratic qualities that I talked about, partial checks on power, accountability,

corruption. And it also included collective leadership at the highest level. So this wasn't a system like under Mao, where you have only one strongman in power, rather it was a collective leadership of elites in the Politburo at the highest level. So everyone gets to have a say, everyone also gets to have a share in the gains of capitalism. What Xi Jinping has tried to do is he took this system that he inherited from Deng Xiaoping, which had created tremendous wealth for China, but it also created tremendous problems of capitalism, corruption, inequality, debt risk, pollution. And for him, the fundamental challenge is, okay, what am I going to do with this? Am I going to throw away Deng Xiaoping's system? Am I going to create something new that is unique to the Xi Jinping era? And his choice so far, at least what we've seen in the past 10 years, is that he decided that he would reimpose a personalist dictatorship, which is with him in power, and he would reimpose ideological and political controls. So by doing that, he resolves some of the problems from the past system. The collective leadership was very easily mired in political fragmentation. But with him having all of the say, now he doesn't have to go through anyone. He gets to slam the table and make a decision like zero COVID. But it also means that bringing back this personalist dictatorship also reintroduces all of the problems associated with one-man rule. So that is what's been happening since 1949. It's an epic that is played out over three volumes, Mao, Deng, and Xi.

There is this really remarkable moment at the last party congress where the man who had been number one before is forcibly, I think it's fair to say forcibly, escorted out of the building during the congress. The Times had a great breakdown of the video that I've watched many, many times now. But can you describe what happened there and what was happening behind it, what you understand that moment is having meant? So the person who was escorted out of the congress

is former president Hu Jintao. So he was the paramount leader of the party who selected and brought Xi to power. So you can understand Hu as being Xi's key beneficiary. In that context, it was shocking, not only for the rest of the world, but for people in China, to see a former leader be escorted out in such a disrespectful manner that was shocking for the world to see. And I think that speaks to the evolution of Xi Jinping. It's important to realize that he's a person, he's a human, like all of us, and that while he may have certain personality traits that have always been in place, I'm more inclined to see him as an evolving human. And I think the Xi Jinping in 2012 and Xi Jinping in 2022 are actually quite two different men. They have been evolving in the direction of him consolidating power toward becoming a personalized dictatorship. And so over the course of this evolution, you can see him initially being very respectful toward his benefactor Hu Jintao. And by the end of this 10-year process, when he finally emerges at the top with no challenges whatsoever to his power, he finally also shafts his benefactor out of the door, literally. So that's what happened.

But at the same time that he's consolidating this power, it seems there's also been really for the first profound moment, I don't want to say a challenge to his rule, but real popular expression of discontent in these protests that he began to see towards the end of the year in China, and that if I'm understanding the news coverage of them correctly, seem to have actually shifted Xi's agenda, particularly around COVID. So can you talk a bit about what those protests were and then how you understand their effect on his administration?

The key significance of these protests that we saw in November is that it is the first time that Chinese citizens have come out into the streets in demonstration against a national policy

and have successfully made China's top leader change his mind. That is something unusual. There's always been sporadic protests around China, but they're always about local issues. They are not directed at a national policy, and in particular the personal agenda of the top leader. And so it's really remarkable that people came out in mass demonstration and they successfully got Xi to listen, and he changed course very suddenly. So suddenly that China until now is still unprepared for the massive surge of infections, but that's the long-term significance of this, particularly that that is something we have not seen before.

So I went to China, I mean, it's probably over a decade ago now. I was part of a journalistic junket there, and I had all these meetings with, you know, people at the Communist Party or officials or this or that. And the thing that was really striking to me then is how consistent the articulated belief that if growth fell beneath six or seven percent, political stability would collapse. And so the most important thing for China was that growth did not fall beneath six or seven percent. And what was striking to me about much of the last few years under Xi is that he seemed to abandon that view. So he did this huge and very arbitrary crackdown on the technology industry, which hopefully you can describe a bit in 2021. Zero COVID was very much a consolidation of power and authority and surveillance that was obviously going to hurt economic growth. And then it seems that that prediction began to come true a bit, that you actually did begin to see mass protests again. And he moved back to economic growth very quickly, all the way from zero COVID to really a letter rip policy, which is a dramatically, dramatically different approach. If you believe that there was a substantive view behind it, that you did not want mass death from COVID in China. So how do you think about that, about that relationship she has now with what has been for a very long time, the overriding goal of Chinese political movement, which is keep growth high enough that there is happiness with the Communist Party and stability in the political system? The way I think about it is that when she talked over, he began to change the basis for off legitimacy of the Communist Party. So under the Deng Xiaoping era, the basis of legitimacy was performance. So that was the six, seven percent economic growth you were talking about. And along with that, generally effective governance, not something like zero COVID, provision of social goods and welfare. And so with performance was the fundamental basis of legitimacy for the party. Now, when she took over power, he began to change that for a number of reasons. The first reason is a good reason, which is he realized that the stage of development in China has reached the point where if you just continue to produce more seven percent

GDP, it's not going to make people happy. It's actually going to produce more problems, because the fundamental problems are structural, things like extreme inequality.

Right. The more GDP you produce, you just make the super rich people even richer. So he recognized

that there was a need for legitimacy coming from things like equity, from fighting corruption. And so you see that he adjusted his domestic policies with a focus on fighting poverty, fighting corruption. At the same time, his objectives were mixed, and his desire to structurally reform the Chinese economy was also mixed up with his personal ambitions for consolidating power. And that process of consolidating power necessarily has to involve things like cracking down on the media, exercising more political control, having more surveillance, and all of these actions at the same time are anti-growth. So I would say that there are contradictions,

fundamental tensions between his portfolio of multiple objectives, some of which are about himself, some of which are about keeping the party in power, and some of which are about genuinely trying to restructure the Chinese economy. I want to bring back in this idea of there being interesting symmetries between America and China. And maybe I'll do it by reading another quote that I've thought about from Nicholas Begley, and he's talking here about the American

procedural state. He writes, legitimacy is not solely, not even primarily, a product of procedures that agencies follow. Legitimacy arises more generally from the perception that government is capable, informed, prompt, responsive, and fair. And there's one set of critiques you could offer there on America and the way that maybe we have lost sight of what government is trying to do instead of focusing so much on how it does it. But there's another, I think, on China, which is that one way to read the long period of reform you're talking about is that, for whatever reason, however it was done, there was a relatively broad sense that government was capable, informed, prompt, responsive, and relatively fair. And that under sheer danger, part of these you get this kind of personalistic rule where it's flipping back and forth and it's about the whims of one man, you begin to lose that. As I understand it, she is relatively popular from what we know. It's not even exactly that the danger in China is that people would be upset that he's running the system, but that if he runs the system in a way that begins to break that sense that the Chinese people have had that their government is almost omniscient and keeps making these good decisions and continuing growth and moving the country forward, that that's the real point of legitimacy crisis. Yeah, the way I would think about legitimacy in layman terms would be explain to me why you deserve your power. Is it because you perform? Is it because you are super honest, but you don't perform that well? Or is it something else? Like give me a reason why you deserve your power. I think that's what legitimacy is about. And in terms of Xi's personal legitimacy, I think the verdict has changed over time rapidly. Prior to 2022, around the time

that COVID broke out, I would say that actually at the time he might actually have been really popular in China because his anti-poverty and anti-corruption policies, you could describe them as populist. They appealed to the poor and the lower classes in China. They appealed to the public resentment against corruption. He scored a number of achievements like on the environmental

front. He has been very determined in cleaning up pollution and reducing carbon emissions. And zero COVID was at the initial stage of outbreak or success. The situation changed very quickly in by the end of 2022 because the nature of the virus changed, became highly transmissible

but not as severe as the original COVID. And so the nature of this virus became completely incompatible with the draconian zero COVID policies. And by insisting on that policy, he was racking tremendous damage throughout the economy. People were losing jobs, businesses were shutting down, logistics was destroyed. And so that was how I think public opinion of him changed so rapidly and drastically within months in 2022.

Tell me about the tech crackdown in 2021.

The tech crackdown is popularly known by the slogan common prosperity. And this slogan is in line with Xi's overall populist image, like him wanting to portray himself as the man of the masses. It also reflects his fundamental challenge, as I said, of restructuring the Chinese economy



so that you don't just get more GDP, but you get higher quality and more equitable growth. So the overall objectives make sense. You can think of them from the American lens as progressive goals, in the sense that progressive era policies were designed to correct the excesses of the Gilded Age. So you can think about common prosperity as Xi's style of a progressive reform. But what happened with the policy implementation of common prosperity is that in addition to the goal of wanting to restructure the economy toward more equity, it was also mixed up with the party's desire to assert political control on tech companies that were growing too big and powerful from the party's point of view. So the bundle of regulatory restrictions that were imposed on the Chinese tech companies alarmed both the tech companies as well as the global investors who have invested in them. People were alarmed for several reasons. They were suddenly reminded of the enormous absolute power of the government to change its policies at any time and the world's largest IPO at any time. They were concerned that China was undergoing an ideological shift that had no longer supported the private sector and was wanting to reimpose political control. And because of these perceptions of unpredictability and political control, the market's reaction had been dramatic. I believe one statistic was that within months, a trillion dollars in market valuation was wiped off by the common prosperity campaign. But the distinction I always make is the distinction between the policy objectives and the policy implementation. The objectives of progressive era style reforms are not wrong. Like when you have big monopolies, when you have delivery workers in the e-commerce sector, it's entirely legitimate for a government to regulate these activities and protect the rights of delivery workers. For example, what went wrong is with the top-down authoritarian way in which these policies were implemented that scared off investors. And what has the walk-back been like? And what has changed? Is something that changed here ideological? Do you think that Xi and the party understand their capabilities or the processes differently or is it just temporary? So that was a very interesting speech given by Xi Jinping at the end of the common prosperity campaign in 2021 in which he sort of expressed a self-reflection and course correction to central bureaucrats. And in that speech, he walked back on the common prosperity campaign telling central bureaucrats that, remember, our point is not to take China back to egalitarianism. We just wanted to regulate the markets. And there was one line that I found particularly interesting, which was him saying that on eradicating poverty, we have plenty of experience. But on managing capitalism, we have much to learn. That is to say that he kind of realizes that if Deng Xiaoping's task was simply to take China out of poverty and generate wealth, that was hard enough, but China did it. But his task is even harder and more complex in the sense that if you are trying to cope with the excesses of capitalism, the Communist Party doesn't have a playbook to turn to. Well, with things like how do you have mass industrialization in China, they could turn to East Asia for lessons. There were many playbooks they could refer to. But with the current problems facing China, the Communist Party has never had capitalism on this scale. It doesn't know how to deal with corruption on this scale, inequality on this scale. And so I think there was a moment of reflection in which Xi thought, okay, I thought we could have this campaign and then we could correct these problems using commands and backfire big time. So I'm going

## [Transcript] The Ezra Klein Show / There's Been a Revolution in How China Is Governed

to step back and think about this. And all I can say is we don't have a solution. And in that speech, he told the local bureaucrats, why don't you guys go and experiment and figure it out? And so what we

now see in 2023 is an even more drastic course correction. As part of the whole grand package of trying to save the Chinese economy, the Chinese top regulator has come out in the public and said,

our regulation of tech companies is pretty much complete. This is a signal that they would like to drastically relax regulations because they want to bring back business confidence.

I open this by talking a bit about envy as I think an important way to understand the way China and its rise have influenced American politics and kind of shaped us towards trying to match or exceed things that at least we believe they are doing well. And I want to end by asking about the opposite, which is over the past, I would say decade, roughly, the American political consensus towards China has become much more negative. Donald Trump ran on a much more forthrightly

anti-China platform. But it's easy to forget that one of Barack Obama's big initiatives was a pivot to Asia, the Trans-Pacific Partnership trade deal, which ultimately becomes a big political fire point and gets destroyed. They understood that as trying to cement American leadership and alternative structures somewhat encircling China economically, at least in the rules of the economic system, then comes Trump with much more anti-China rhetoric and tariffs and confrontation. And then comes Joe Biden. And he is tougher on China, not rhetorically, but in substance in Donald Trump. He doesn't roll back much of what Trump does. And he has added on more, including these very intense rules about semiconductor exports and knowledge sharing. And how has the turn in America, which in America is often justified by Xi's nationalism and authoritarianism and what he's done to the Uyghurs and so on, how has that turn in America changed

China? How is it influencing Chinese politics? How does it change what Xi can and can't do?

What's the other side of that dynamic effect? Oh, that opens up a Pandora's box.

Where should I begin? I think with respect to U.S.-China relations, one of the things I observe is that China and America are similar in the sense that they are both extremely self-centered. So, if you listen to the narrative in America, the dominant story is it's all China's fault. China became aggressive. China became ambitious. And so our relationship fell apart. It's all their fault. And if you go to China and listen to the dominant narrative, it's exactly the same just a mirror image where the Chinese would say, oh, it's all the Americans fault. They bully us. They're jealous. They're trying to contain our eyes. So our relationship fell apart because it's all their fault.

The real story is that it takes two for a relationship to fall apart. And I think this falling apart has a lot to do with timing, particular circumstances. On the Chinese side, it just so happens that Xi Jinping is the ruler at this time. And he chose to project ambition as a global power, which alarmed the United States. He also chose to take the country on a more authoritarian path, which alarmed the United States even more. And then on the American side, it so happens that America is now at a critical juncture of crisis, both in terms of democracy and capitalism. And if you look at the Biden administration, I think it is trying to create popular support for great government action, the kinds of decisive grand action that you've been writing about on supply side, progressivism. And in order to create public support for that kind of grand government action,

the story it tells is, look, look at how China is strong, decisive, look at its industrial policies and its subsidies. So we better catch up. We better match that. And so that is why I think this convergence of domestic conditions in both China and the US led up to the narratives that have become very popular today. And this idea of a zero sum competition where if China has the Belt and Road, the US is going to double that. If China has industrial policies, we are going to double that. But if we truly have a better understanding of not only China, but also the United States, there really is no need for envy because the two countries have extremely different strengths and weaknesses. It's not a competition of China being necessarily stronger or richer. China has its own set of tremendous problems, just as the United States has. And at the end of the day,

to me, what the US-China competition is really about, if there is one, is which of these two countries are going to make use of their political system to solve problems of capitalism. That is the real competition. But it's not a zero sum competition of you are doing this, so I'm going to double you on that. I think that's a good place to end. Always our final question. What are three books that have influenced you that you would recommend to the audience? So I'm often asked if there is one book you should read on China, what would it be? And my answer is, read the English translations of essays by the Chinese anthropologist Fei Xiaotong. So his last name is called FEI. And there's one book that's very popular. It's called From the Soil, The Foundations of Chinese Society. And this book might seem unrelated to modern China, which is highly industrialized,

but it's actually the best text to understand China, because for thousands of years, China was an agrarian society. And many of the political systems, the social customs and norms, evolved and emerged out of agrarian conditions. And because they have been in place for thousands and thousands

of years, they endure until this day. And they coexist in tension with a modern China.

So if you read this book, it actually gives you deep, enduring insights into the nature of Chinese society. The second book I would recommend is a biography of Fei Xiaotong. And it's called Fei Xiaotong and Sociology in Contemporary China. The reason I recommend that is I like to read about a set of ideas and then to read the story behind the ideas. And so the story behind this man called Fei Xiaotong is that he is one of the very, very few elites in China who was Western educated and was trained at LSE. And during the 1940s, he spent time in the United States.

What shaped his ability to read China the way he does is that he is described as a marginal man, a man who lives in both East and the West, in both of which he's more or less a stranger.

And so it's precisely because of his marginal mix identity that he's able to explain China to the West and also to explain the West to China. So if you read the two books together, you get a lot more out of them. And then the third book I would recommend has nothing to do with China. As someone who studies the country, I always try to make time to read something completely outside my realm because it actually helps me to think about China in fresh light. So this book is called

The Fractalist, Memoirs of a Scientific Maverick by Benoit Mandelbrot. And this is the pioneer of the geometry of fractals, which is the geometry of complex shapes that we see in nature. And this is his own autobiography. It is really a fascinating story about a mathematical genius who is not accepted for many, many years by society because his genius was so wide that it could not fit in any given disciplinary box. And so it was only at a very old age that he finally was tenured at Yale. I believe he was given tenure at 75 years old. So it's a fascinating story about

## **[Transcript] The Ezra Klein Show / There's Been a Revolution in How China Is Governed**

creativity and it's always nice to be reminded of the spirit of creativity and also the resistance to creativity that we experience in the human world. So these are the three books that I would recommend. You and you and Ang, thank you very much. Thank you very much for having me. The Ezra Glances is produced by Emma Fagabou and Yigalvin Jeff Gelb, Rashid Karman, Kristen Lin. Fact-checking by Michelle Harris and Kate Sinclair. Original music by Isaac Jones, mixing by Jeff Gelb. Audience strategy by Shannon Busta. The executive producer of New York Times painting audio is Annie Rose-Stressor. Special thanks to Carol Saburo and Christina Semilowski.