

## EDITORIAL

# Reform, opening-up to 'start over'

Xi stresses China's commitment to press ahead with a newfound confidence and sense of direction

In his 100-minute, 13,000-character speech addressing the official commemoration of the 40th anniversary of reform and opening-up, President Xi Jinping offered what is to date the most comprehensive elaboration of the latest proposal for the 40-year-old cause to "start over".

That, according to Xi, means to press ahead with reform and opening-up with a newfound confidence and sense of direction. Which boils down to a deeper conviction in the continuous indispensability of reform and openness as well as a continuous com-

mitment to doing it the right way.

No one is in a position to dictate to the Chinese people what should or should not be done, Xi said, making it clear that the country will change what should and can be reformed, but it will not change what should not and cannot be.

Commemorating China's transformative journey over the past 40 years is more than just marking the milestones, it is also about carrying forward what this nation of over 1.3 billion people has learned in the process. In particular what the Communist Party of China (CPC) has learned through its "great awakening", an awakening that 40

years after it began, continues.

"Only when conforming to the trends of history, actively responding to changes, spontaneously seeking changes, can we advance with the times," Xi said. And in the CPC's understanding, China can contribute more to the world by being the guide for countries to build a community with a shared future for humanity.

Xi officially attached the country's opening-up to those trends and the envisioned community. "China's development can't go without the (rest of the) world, the world's prosperity also needs China," he observed, summing up

a precious lesson the country has taken to heart.

The remarkable social and economic development China has witnessed over the past four decades would not have been possible had the country not opened its door to the outside world, and been embraced by the latter. Overseas capital, technologies, management know-how, and then markets have been instrumental in China's rise. The Chinese economy has integrated so seamlessly with the rest of the global economy that it is unprecedentedly a provider and consumer of what global markets demand and have to offer.

There is no reason for a country whose economy has entered such a stage to "delink" itself from the global supply chains.

While some in the West see Chinese moves on the global stage through the prism of old-school hegemony, Xi made a special mention of the Chinese nation's broad-minded traditional ideal of "having all nations live in perfect harmony".

This represents China's commitment to inclusive and shared development, and other countries will certainly benefit if they cast aside their zero-sum preoccupations and rediscover the positive potential of cooperation.

# Nation to 'stay the course'

Despite Washington's trade actions, China will continue to broaden and deepen its opening-up process

By DAN STEINBOCK

As President Xi Jinping gave his highly anticipated speech on Dec 18 to mark the 40th anniversary of reform and opening-up, it was closely watched internationally in light of the 90-day truce, from Dec 1, in the trade dispute between China and the United States.

Xi called the pursuit of reform and opening-up, and socialism with Chinese characteristics, "a milestone in realizing the Chinese nation's rejuvenation". He emphasized the importance of innovation, which has been prominently displayed by world-class productivity in the Greater Bay Area of South China, and international cooperation, as evidenced by the Belt and Road Initiative that is fueling globalization.

In particular, Xi's speech was clear about China's historical debt to Deng Xiaoping and other reformers — and the need to go further.

In Chinese modern history, it was Sun Yat-sen who paved the way for sovereignty with his "three principles". But following imperial disintegration and Western colonialism, these efforts could be started only after the world wars, the War of Resistance Against

Japanese Aggression (1931-45) and a civil war.

It was only after Mao Zedong finally declared on Oct 1, 1949, that "the Chinese people have stood up" that China began the march to a new future. In the early 1950s, Mao's economic policies unleashed State-led industrialization, which started promisingly but stagnated amid the Cold War polarization. In historical view, among Mao's crucial contributions was the establishment of Chinese sovereignty.

Already by the early 1960s, then premier Zhou Enlai called for the "Four Modernizations" in agriculture, industry, defense, and science and technology. These reforms started in the late 1970s when Deng Xiaoping initiated the "reform and opening-up" era, with the special economic zones first in southern China, then in Shanghai and elsewhere.

It was Deng's bold pragmatism — "It doesn't matter if the cat is black or white as long as it catches the mice," as he put it — that finally led to the inflow of foreign investment and technology, business success, and parallel price structures.

With extraordinary foresight, Deng understood the opportunities of globalization, but also knew the risks of the international environ-

ment in the Ronald Reagan-Margaret Thatcher era when "one had to cross the river by feeling the stones" — a phrase that Xi quoted approvingly in his speech.

As former president Jiang Zemin pushed the role of the private sector — "the Three Represents" doctrine — and then premier Zhu Rongji began the struggle against corruption in the 1990s, China became a member of the World Trade Organization in 2001. That paved the way to a decade of export-led double-digit growth, which the former president Hu Jintao characterized as "China's peaceful development".

The fourth great transition — the shift to post-industrialization — has been intensified by the leadership with President Xi as its core.

Just as the WTO membership allowed China to execute tough reforms, the ongoing trade conflicts with the US may also accelerate Chinese reforms, so as to meet the needs of the economic transformation and people's growing need for a better life, as long as compromise makes pragmatic sense.

Xi's reform speech offered clarity in a difficult global environment that is often overshadowed by ideological misinterpretations of economic fundamentals. Recently, *The New York Times* reported that

China was amid "a steep downturn". Yet, the growth forecast for the year remains 6.5-6.6 percent, after a strong first half.

Moderation will ensue in the second half and especially in 2019, depending on US tariffs and slower demand worldwide.

The US may be navigating toward a correction by 2019-20, which will prove challenging to all major economies. Indeed, many Americans oppose the White House's policies and the word "impeachment" is getting louder on Capitol Hill.

Besides, a bipartisan group of senators — Rob Portman (Republican-Ohio), Doug Jones (Democrat-Alabama) and Joni Ernst (Republican-Iowa) — seeks to claw back trade power from the US administration with legislation.

The group hopes to "better align" Section 232 of the US Trade Expansion Act of 1962 with its "original intent", which was to respond "to genuine threats to national security". Foreign cars and car parts are not exactly a typical geopolitical threat.

In his speech, Xi also emphasized the role of the Communist Party of China in the reforms. Historically, when China has thrived, it has been attributed in the West to "Westernization", and when China

has ailed, it has been attributed to CPC policies.

The West has not yet come to terms with the inconvenient truth that China's economic miracle has been possible because of the Party's leadership, not despite it. Unlike the West where middle classes continue to shrink at the expense of the ultra-wealthy, the middle-income group is expanding in China, and the country is fighting corruption and fostering sustainability.

Irrespective of Washington's trade actions, the pressure and challenges from the outside will not change the course of Chinese reforms; the reforms will continue to broaden and deepen.

China will "stay the course", as Xi put it, while stressing that "no one is in a position to dictate to the Chinese people what should or should not be done".

Chinese reformers are determined to complete by the late 2020s the rebalancing of their economy, which is rapidly moving toward consumption and world-class innovation.

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