



DEBATE

Ali Aslan, Television presenter and international journalist

I know, Kevin, that you have to leave in a very short while, but I do look into the room and if there are questions I am happy to take one or two as long as the questions are brief so that we can get Kevin out just in time. Please introduce yourself.

Nicolas Véron, senior fellow at Bruegel and the Peterson Institute for International Economics

Thank you very much. I am Nicolas Véron at Bruegel and the Peterson Institute. My question is a little bit nerdy, but I think it is of general interest. You mentioned Deng Xiaoping as having created institutions and processes. As you are well aware, Prime Minister, there is a bit of a revisionist debate about this, in a book by Joseph Torigian in particular this year, but also by many other scholars, so can you expand a bit on it? How do you view that issue in retrospect? Have we not overestimated the degree to which the Communist Party had committed itself, even before Xi Jinping, to orderly succession policies and what is the balance between Xi Jinping as an individual and the more collective body of the party on this issue going forward? Thank you.

Ali Aslan

Thank you. Kevin?

Kevin Rudd, President of the Asia Society Policy Institute, former Prime Minister of Australia

Thank you for the nerdy question. It is a gathering of nerds, so we are happy to deal with questions of complexity, including those of recent Chinese Communist Party history. I think the starting point in terms of politics is: how did Deng Xiaoping and the Chinese Communist Party conclude the party's formal conclusions from the period of the Cultural Revolution? The way in which they did that, as you will be aware, is in the 1981 special resolution of the party on recent questions in party history. That was the formal summation by the party's centre of what went wrong with the Cultural Revolution, with the Great Leap Forward and the Anti Rightist movement, all the way back to 1956. The evaluation was as follows: 'Number one, we, the Chinese Communist Party, must reassert the principles of collective leadership; number two, we cannot allow a principle to emerge of leadership for life and, number three, we can no longer afford any form of cult of personality'. Those are direct quotes from the 1981 document and that established the orthodoxy during the Deng Xiaoping period, the Hu Yaobang period, the Zhao Ziyang period, the Jiang Zemin period and the Hu Jintao period.



It was only by the time we got to 2017, more than 35 years later, that we saw the beginnings of the change of these principles. We saw, for example, at the National People's Congress in March of 2018 a decision to abolish the two term limit which had been previously observed, by and large, by Xi Jinping's predecessors. We have certainly also seen the emergence of new forms of the cult of personality around Xi Jinping, and there is no prospect that Xi Jinping is likely to move from the stage any time soon, opening up the question that leadership for life is once again back on the table. I think these represent significant departures from this earlier formal resolution of the party's history.

The last nerdy part of the answer to the nerdy question which has just been asked is that on the centenary of the party's founding, which was on 1 July 2021, they produced another major resolution reflecting on the party's history. What is fascinating about that is that when Xi Jinping, presiding over that meeting, reflected back on the 1981 party resolution on previous party history, that document produced in 2021 excluded all the references to collective leadership, to avoiding leaders for life and to avoiding cults of personality. Therefore, there is a documentary change in the practices reflected in these high documents of political resolve. Thank you very much, Ali.

Ali Aslan

Thank you, Kevin. Let us take one final question from the audience. The microphone is already in your hands. That is perfect.

Narendra Taneja, Chairman of the Independent Energy Policy Institute of New Delhi, Chairman and founder of the World Energy Policy Summit

I am Narendra Taneja from India. Mr. Prime Minister, you mentioned that China could possibly launch a new charm offensive. Could you elaborate? Are you referring to a customised BRI 2.0 targeting Europe? Thank you.

Kevin Rudd

Thank you very much. Will there be a customised BRI target on Europe? I am not sure. BRI 1.0 has proven to be very expensive for Beijing. It was launched as a USD 2 3 trillion initiative and after USD 750 billion worth of expenditure the central financial authorities in Beijing have begun to trim it back to something with a cap or a ceiling of about USD 1 trillion, so I do not think that is likely to be the case in terms of rolling out that type of charm offensive towards the Europeans. I expect what is more likely to be rolled out towards the Europeans is a whole series of attractive new market openings for European exports and, furthermore, investment opportunities for European firms. The reason I emphasise this is because the interest which the Chinese have is as follows: looking forward to the day when they may need to mobilise global support or at least encourage global neutrality against a possible Chinese military action against Taiwan, what China does not want to happen is to have the Europeans join in financial and economic sanctions against China at America's request, as occurred most recently over the Russian invasion of Ukraine.

What is animating China here is to peel the Europeans away from the United States over time and, furthermore, if they can, to do so in the meantime on the question of technology exports. You would have seen, for example, the statement by the US Department of Commerce on 7



October, from memory, banning US semiconductor exports to China and calling upon its allies to do the same, and I see the Dutch have just joined suit. The effort which China will be making to provide other incentives for the Europeans in terms of market access for goods and services and investment access for European firms, I think, is the way in which they are going to seek to ameliorate China's image in Europe after the Russian invasion of Ukraine, as well as to discourage the Europeans from joining the United States at some later point around Taiwan contingencies.

Ali Aslan

Kevin, we are wrapping up the Q&A part, but when the host of the conference is reaching for the microphone of course we will allow him to do so. Thierry, please you are up.

Thierry de Montbrial, Founder and Chairman of IFRI and WPC

Kevin, I want to thank you very much. You were excellent and the moderator was very good, too, so that is a good couple I must say. I thank you especially because I know it was not easy for you to do it. My conclusion is that I want to book you for the World Policy Conference for the next 30 years, to start with, and as many meetings in Paris at IFRI. Is that clear and agreed?

Kevin Rudd

Pas de problème.

Thierry de Montbrial

Thank you.

Ali Aslan

I think the invitation for 2023 has already been issued.

Thierry de Montbrial

That is for sure.

Ali Aslan

That is for certain, and then obviously we will be more than happy to welcome you in person this time. A final question before we wrap up the session: you are one of the most preeminent China experts out there. You have proven it again today. You proved it last time you and I met in Singapore at the Asia Pacific Conference of German Business not too long ago. What is the biggest western/global misconception that we have of China? What are we paying too much attention to and not enough to?

Kevin Rudd

Let me just speak about the United States because I am more familiar with that than I am necessarily with the Europeans, though I do spend a fair bit of time in Brussels, Berlin and Paris these days. We have just established an Asia Society centre in Paris as well. I spend

less time in London because I never know who is going to be in government in London, but that is a separate matter. As far as the United States is concerned, however, I think there is a temptation or a predisposition in the United States to assume that China is somehow 10 foot tall as opposed to the reality as perceived by China domestically, which is a country replete with massive domestic challenges. The number one domestic challenge actually is the economy. The Achilles heel for Xi Jinping is future economic growth, particularly given that his ideological reset for China has created new disincentives for the Chinese private sector to continue to vigorously invest in private fixed capital investment.

Then you have the problem of demography. China has got the second lowest birth rate in Asia after South Korea. You have an age dependency ratio which has now reached almost developed country standards and, furthermore, with the population peaking next year, as India surpasses China as the world's most populous country, with 1.4 billion people. Then you throw in other factors, like the impact of COVID. Therefore, the economic headwinds bearing down on China, both domestic and external, are huge, and so I think the misconception that I often have to deal with here in the United States is to assume that China is this unstoppable monolith moving inexorably towards global domination, when in fact it is a much more complex reality than that. As I say to the Americans, 'If you guys are six foot two, think of the Chinese as five foot nine. They are still growing, and sooner or later they are going to be six foot, and you guys are still likely to be six foot two, but the assumption that China is already 10 foot tall I just do not think is wise from an analytical point of view and, if policy is based on analysis, then a more moderate view of China's growth trajectory should inform a more cautious approach to policy as well'.

Ali Aslan

Echoing what Thierry said, I think I speak for all here in the audience that this was a very content rich, perfect, rewarding ending to a very long day, namely day one of the World Policy Conference. The former Prime Minister of Australia Kevin Rudd, ladies and gentlemen. Thank you so much.

Kevin Rudd

Thanks, Ali. Thanks, Thierry. All the best to those of you in Abu Dhabi. Bye then.