



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “What Keeps Xi Up at Night: Beijing’s Internal and External Challenges”

**Opening Statement of Senator Carte Goodwin
February 7, 2019
Washington, DC**

Good morning, and welcome to the first hearing of the U.S.-China Economic and Security Review Commission’s 2019 Annual Report cycle. Thank you all for joining us today. Today, our hearing will examine China’s internal and external challenges and their effects on China’s ability to sustain economic growth, project power, and spread its influence around the globe.

This year marks the 40th anniversary of the establishment of U.S.-China diplomatic relations. Currently, however, the relationship is strained by strategic competition and trade tensions as China seeks to reshape the international order in ways that are often at odds with U.S. interests. While it is important to acknowledge the Chinese Communist Party’s

effectiveness in expanding control of social, political, and economic activity, it is also important to identify and understand the implications of the regime's vulnerabilities.

In the first panel of our hearing, we will examine challenges the CCP faces from within. In the Commission's annual report to Congress last year, we highlighted the trend of the Party's growing control over government, business, and society, as well as President Xi's continued consolidation of power, which has sparked concern from some Chinese elites that the country is backsliding from its stated reform and opening agenda.

This trend extends to the military and domestic security forces, where President Xi has consolidated his political control and oversight by appointing his loyalists to key leadership positions. However, this increased control and emphasis on political reliability could ultimately undermine China's efforts to build a "world class" military if officers are promoted on the basis of politics instead of professionalism.

According to the Party, endemic corruption is the greatest internal challenge to its legitimacy. President Xi's anticorruption campaign began six years ago, but it remains unclear whether the campaign is focused on strengthening his political power or cleaning up the Party, and whether the campaign has had any real effects on reducing corruption.

These are all issues that deserve closer scrutiny. Some analysts believe President Xi's consolidation of power has created a dangerous echo chamber for decision making, which could complicate U.S.-China relations during times of heightened tensions or crisis. They also directly bear on U.S. economic interests—American businesses are threatened under economic and judicial systems that put the Party first.

To our witnesses, thank you for being here to shed light on these very important topics. I look forward to hearing from each of you. I would also like to thank the Senate Foreign Relations Committee and the Senate Rules Committee for securing this room for our use today. I will now turn the floor over to my colleague and co-chair for this hearing, Senator Talent.