

Person in the News **Liu He**

## Liu He, the man in charge of China's economy

This low-profile adviser steps into the spotlight as the US ramps up trade war talk



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For the past five years the choice of a meeting with either Chinese Premier Li Keqiang or [Liu He](#), a low-profile economic adviser to President Xi Jinping, was no choice at all.

Ever since Mr Xi became general secretary of the party in 2012, discerning Chinese officials and foreign dignitaries have beaten a path to Mr Liu's offices at a Chinese Communist party "leading group" responsible for advising the president on financial and economic matters. When it came to discussions on these subjects, a meeting with Mr Liu was the next best thing to a meeting with Mr Xi.

During President Xi's first five-year term in office, Mr Liu was only a member of the party's Central Committee — composed of its 200 most senior officials — and a vice-minister at China's planning ministry. But operating out of his leading group's offices in

central Beijing, he exercised more influence over [economic and financial policies](#) than Mr Li, who is technically the party's second highest ranking official.

As Mr Xi formally begins his second term, his 66-year-old economic adviser is no longer in the shadows.

In October Mr Liu was elevated to the party's 25-member politburo. And on Monday Mr Liu was formally appointed as a [vice-premier](#) with responsibility for the financial sector, state-owned enterprise reform, industrial policy and relations with the US, China's most important trading partner and principal geopolitical rival.

As the world's two largest economies brace themselves for a [trade war](#), Mr Liu will find himself in the brightest spotlight of his life.

## **Liu He is now in charge of the economy and he is already pushing us to open up**

**A senior Chinese government official**

For the many US and EU politicians who will soon be dealing with Mr Liu on a range of contentious issues, his formal arrival on the international stage is a welcome development. Besides having the confidence and trust of Mr Xi, [China's most powerful leader in decades](#), Mr Liu speaks English fluently and is as comfortable at international forums as he is in the halls of Zhongnanhai, the party's leadership

compound.

After studying and teaching economics at Beijing's elite Renmin University, Mr Liu studied at both Seton Hall University in New Jersey and the Kennedy School of Government at Harvard in the early 1990s.

He is an advocate of long-delayed financial and economic reforms. As this year's leader of the Chinese delegation to the World Economic Forum in Davos, Mr Liu promised Mr Xi would kick off his second term with a reform drive that would exceed "the international community's expectations".

"Liu He is now in charge of the economy and he is already pushing us to open up," says one senior Chinese government official, adding that there will be a raft of significant market liberalisation measures over the next two to three months.

Many people, however, point to Mr Liu's lack of administrative experience as a potential Achilles heel in his new role. He has never run a big bureaucracy, let alone a city or province. "He is not very experienced with the practical affairs involved in managing an economy," says one senior Chinese government adviser, noting that Mr Liu is the only one of China's four new vice premiers to lack regional administrative experience. "If Xi has any weakness, it's that he doesn't have a wide circle of friends to draw on for key appointments," the adviser adds.

"Liu He is more of a thinker than a doer," agrees another person who has known him since he was a promising young official climbing the ranks of China's State Planning Commission, later renamed the National Development and Reform Commission. "It's not clear how he will do in a difficult job involving hard decisions, difficult trade-offs and unhappy people."

Mr Liu is a year older than Mr Xi and the two men appear to have first met when they were privileged "princelings", or sons of party officials growing up in Beijing. As teenagers they were both "sent down" to the countryside during the chaos of the [cultural revolution](#). Mr Liu later served three years in the army and worked at a Beijing factory before resuming his education, this time at Renmin University.

Like many of his princeling peers who have gone on to successful party careers, Mr Liu appears to believe that the party alone knows what is best for China and its people. "Political stability is a precondition for China's economic development," he wrote in an article published in 2008, during the depths of the global financial crisis. "China cannot walk the path of western-style democracy."

For many Chinese officials, Britain's decision to leave the EU and Donald Trump's haphazard governing style have further hardened their already sceptical view of western democratic systems.

According to Chinese and US officials, Mr Liu once thought he could manage the world's most important bilateral relationship through pragmatic counterparts such as Gary Cohn, Mr Trump's economic adviser. But Mr Cohn's recent departure — and the rising power of China hawks such as Peter Navarro, Mike Pompeo and [John Bolton](#) — has dashed that hope.

“I don’t think the US and China are enemies,” Mr Liu once told an American visitor. “Our real enemies are terrorism, climate change and [the challenges arising from] technological change.”

Unfortunately for China’s powerful new vice-premier, it is an assessment that fewer and fewer people in Mr Trump’s administration agree with.

*The writer is the FT’s Beijing bureau chief*

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