

# Liu He 刘鹤

Born 1952



## Current Positions

- Vice Premier of the State Council (2018–present)
- Member of the Politburo (2017–present)
- Director of the Office of the Central Financial and Economic Affairs Commission of the CCP Central Committee (2013–present)
- Head of the Financial Stability and Development Committee of the State Council (2018–present)
- Head of the Air Traffic Control Committee of the State Council and the Central Military Commission (2018–present)
- Head of the Work Safety Committee of the State Council (2018–present)
- Head of the Leading Group for Building an Advanced Manufacturing Industry (2018–present)
- Head of the Leading Group for the Promotion of Small and Medium-sized Enterprises of the State Council (2018–present)
- Head of the Leading Group for Technological System Reform and Innovation System Construction (2018–present)
- Head of the Leading Group of the State Council on State-owned Enterprise Reform (2018–present)
- Deputy Head of the Leading Group for Science and Technology (2018–present)
- Full member of the Central Committee of the CCP (2012–present)

## Personal and Professional Background

Liu He was born on January 25, 1952, in Beijing. His ancestral home is Changli County, Hebei Province. Liu joined the Chinese Communist Party (CCP) in December 1976. He received a bachelor's degree in economics (1979–83) and a master's degree in management (1983–86), both from the Department of Industrial Economics at Renmin University in Beijing. He was a visiting scholar at the School of Business Administration at Seton Hall University (1992–93) and received an MPA from the Kennedy School of Government at Harvard University (1994–95), where he was a Mason Research Fellow. Liu was a founder and convener of the Chinese Economists 50 Forum.<sup>1</sup> He serves as a professor of economics at Renmin University, Peking University, Tsinghua University, and the Beijing University of Aeronautics and Astronautics.

Liu began his career as a “sent-down youth” in an agricultural commune in Jilin Province (1969–70).<sup>2</sup> He also served as a soldier in the 38th Group Army of the People's Liberation Army (PLA) (1970–73). After demobilization from the military, Liu worked as a manual laborer and then as an official in the Beijing Radio Factory (1973–79). He later taught at Renmin University as an instructor (1983). After that, Liu worked as a researcher at the Development Research Center of the State Council (1986–87). He then served as deputy director of the Research Office and then deputy director of the Industrial Policy and Long-term Planning Department in the State Planning Commission (1987–98). Liu was subsequently promoted to executive deputy director of the State Information Center and concurrently chairman of the China Economic Information Company (1998–2001). He then served as deputy director of the State Council Information Office, where he was in charge of e-commerce and international cooperation (2001–03).

Liu served as deputy director of the Central Leading Group for Financial and Economic Work, where he was responsible for overseeing macro-economic policy planning and drafting speeches for CCP General Secretary Hu Jintao to deliver at annual CCP national conferences on economic affairs

(2003–11). Liu then served as party secretary and deputy director of the Development Research Center of the State Council (2011–13). He served as vice minister and deputy party secretary of the National Development and Reform Commission (NDRC) (2013–18). He was first elected as a full member of the Central Committee at the 18th Party Congress in 2012.

### **Family and Patron-Client Ties**

Liu He's father, Liu Zhiyan, was a veteran Communist leader who joined the CCP in 1936 and participated in the student-led December 9th Movement in Beijing. After the founding of the PRC, Liu Zhiyan served consecutively as an official in the Central Organization Department of the CCP Central Committee, as a member of the Secretariat of the Kunming Municipal Party Committee, as a member of the Standing Committee of the CCP Yunnan Provincial Committee, and as secretary of the Secretariat and chief of staff of the CCP Southwestern Bureau. Liu Zhiyan was persecuted during the Cultural Revolution, and he committed suicide in 1967, at the age of 49, by jumping from the Jinjiang Hotel in Chengdu City, Sichuan Province. Liu He was Liu Zhiyan's only child from his first marriage, which ended in divorce. Liu Zhiyan's second marriage resulted in one son and one daughter. The daughter, Liu He's half-sister, married Gong Zheng, the current mayor of Shanghai. Liu He is married, and he and his wife have a son.

Liu He is one of Xi Jinping's most trusted confidants.<sup>3</sup> Their friendship stems from their childhoods in Beijing. Some foreign and Chinese media outlets have mistakenly reported that Xi Jinping and Liu He attended the same middle school.<sup>4</sup> In fact, Xi attended the Bayi School and Beijing No. 25 School, while Liu went to Beijing No. 101 School in the same district. It is likely that their friendship developed while they grew up together in the same neighborhood.

As an accomplished financial expert as well as an effective communicator in both Chinese and English, Liu He has proven to be a great asset to Xi. Liu He has also been recognized for his humble demeanor. He has responded to praise of his work by stating that it is inappropriate to emphasize any one individual's contributions to China's economic policy. Unsurprisingly, when Xi Jinping became general secretary of the party, he promoted Liu He to vice minister of the NDRC and office director of the Central Leading Group for Financial and Economic Work, in which capacity he serves as Xi's chief economic strategist.

### **Policy Preferences and Political Prospects**

The author of five books and over 200 articles, Liu He focuses his research on five broad areas: the relationship between economic development and changes in industrial structure in China; macroeconomic theory; corporate governance and property rights; the new economy and the information industry; and the reform of Chinese state-owned enterprises (SOEs). Liu He has contributed significantly to the new economic paradigms and concepts outlined in Xi Jinping's first term, such as the "economic new normal" and "supply-side reform." His economic outlook is remarkably liberal. Liu served as a chief drafter of the communiqué at the Third Plenum of the 18th National Party Congress, which claimed to be "version 2.0" of China's market development.<sup>5</sup> It is still unclear why that blueprint failed to be implemented in the following years, although it was probably a result of resistance from SOEs and the changing international economic environment.

As vice premier in charge of China's finance and economic structural reforms, Liu plays a key role in implementing Xi's economic agenda, including that of innovation-driven growth and environment-sensitive urbanization, poverty alleviation, and prevention of financial crisis as well as trade negotiations with the United States. Given his age, he may step down from the Party leadership at the 20<sup>th</sup> Party Congress and serve in a more ceremonial governmental position such as vice president of the PRC. But

Liu He may still be a candidate to serve as the next premier if Xi and the party leadership intends to place more emphasis on improving China's relations with other major powers such as the EU and enhance international confidence in Chinese market reform and economic growth in the next five years.

*Compiled by Cheng Li and the staff of the John L. Thornton China Center at Brookings*

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**Notes:**

<sup>1</sup> The Forum consists of the country's most influential economists and financial technocrats, including the current governor of the People's Bank, Zhou Xiaochuan; executive vice-governor Yi Gang; and former minister of finance, Lou Jiwei. The mission of the Forum is to provide policy recommendations to the government on major economic issues. For more information, see <http://www.50forum.org.cn/home/article/jianjie.html>.

<sup>2</sup> "Sent-down youth" (插队知青) refers to young, educated urbanites who left their home cities to serve as manual laborers in the countryside during the Cultural Revolution.

<sup>3</sup> In the fall of 2013, Xi introduced Liu He to the U.S. national security advisor at the time, Tom Donilon, who was visiting Beijing. Xi said, "This is Liu He. He is very important to me." Quoted from Bob Davis, "Meeting Liu He, Xi Jinping's Choice to Fix a Faltering Chinese Economy," *Wall Street Journal*, October 6, 2013.

<sup>4</sup> For example, Bob Davis and Lingling Wei reported that "both [Xi Jinping and Liu He] were schoolmates in Beijing's No. 101 Middle School in the 1960s." Ibid. Also see Wu Ming, "China's new leader: Biography of Xi Jinping" [中国新领袖: 习近平传], enlarged new edition (Hong Kong: 文化艺术出版社, 2010), p. 572.

<sup>5</sup> Cheng Li, *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership* (Washington, DC: The Brookings Institution Press, 2016), p. 324.