

Chapter 5: Will Economic Stagnation and a Preoccupation with National Security Continue Under the Increasingly Personalised Control of Xi Jinping?

◆ The unstable personal rule of Xi Jinping

The concentration of power in the hands of General Secretary Xi Jinping shows no signs of stopping. The key posts in the party and state are occupied by Xi Jinping's adulators, the Chinese media has coined the honorific title of "the People's Leader", and a campaign of personal worship is being waged to praise his political stances, abilities, and ideological excellence. Xi's power base is stable, and there are no forces capable of challenging him. China has now moved away from the collective leadership system of the Jiang Zemin and Hu Jintao eras, and Xi Jinping's personal rule system can be said to have taken root. Unless there is an accident or a health problem, there is little possibility that Xi Jinping's rule will be shaken in 2025. In fact, it is widely expected that he will remain in the position of supreme leader at the 2027 Party Congress.

However, a stable power base does not necessarily mean a stable government. A string of political scandals has come to light since 2023, resulting in the downfall of former Foreign Minister Qin Gang and former Defence Minister Li Shangfu, the dismissals of the commander and political commissar of the Rocket Force, and the exposure of high-level corruption and bribery, leaving the administration of the government in disarray. In November 2024, it was revealed that Miao Hua (Director of the Central Military Commission's Political Work Department) was being investigated, and there were also rumours that Minister of National Defence Dong Jun, who succeeded Li Shangfu, had been disgraced (as reported by the *Financial Times*).

More than ten years have passed since the start of the Xi Jinping administration and the anti-corruption campaign has continued throughout that time, but corruption remains rife even at the senior executive level. From the perspective of combatting corruption, Xi's anti-corruption campaign has had almost no effect. Under the slogan of "top-level design", Xi's influence over personnel and policy in the political process has become excessive, and those around him are completely deferential. Inconvenient information is less likely to reach Xi's ears, making it difficult for him to form an objective picture of circumstances. Xi himself relies on a small number of close aides, among them Li Qiang and Cai Qi, out of a lack of trust in party or government officials. Li Qiang even cancelled his press conference as premier at the 2024 National People's Congress, further reducing his presence. This situation is unlikely to change significantly in 2025, which is expected to see policy stagnation and further scandals.

◆ Preparations for the Party Congress

The next Communist Party Congress is scheduled to be held in the autumn of 2027, and preparations for the Party Congress will begin in 2025. One thing to watch out for is the appointment of local leaders; the replacement of party committee secretaries and regional-level government leaders is likely to get underway. From there, the composition of the next Central Committee will gradually begin to take shape. At the 2022 Party Congress, none of the



The Third Plenum of the 20th Central Committee of the Chinese Communist Party (Photo: Xinhua/Aflo)

1970s-born members of the “seventh generation” were elected to the Central Committee and, as a whole, the promotion of young cadres is lagging behind. As of November 2024, among seventh generation cadres, Shi Guanghui from the Inner Mongolia Autonomous Region, Liu Jie from Zhejiang Province, Zhuge Yujie from Hubei Province, and Zhu Zhongming from Shanghai are serving as deputy-secretaries at the provincial level. During 2025’s personnel reshuffle, it is possible that one or more of these potential top leaders will be promoted to the position of provincial governor. They will be the candidates for the future leader.

◆ Economic stagnation and social unrest

The biggest problem facing China today is economic stagnation. Real estate prices are falling, and the unemployment rate among young people remains high. Consumption has fallen, and concerns about deflation are increasing. The Third Plenum of the 18th Central Committee was delayed until July 2024, partly due to controversy over economic policy. Decisions were made at the Third Plenum to expand local government revenue sources and there was an awareness of the need to address the long-term issue of increasing social security burdens due to a declining birthrate and an aging population, but specific measures to improve the country’s financial situation and stimulate personal consumption were insufficient, and the feasibility of reform is unclear.

The Xi Jinping administration is taking an excessively national security-focused line and is becoming more wary of foreign countries. With the risk of their employees being suddenly detained on the rise, foreign companies are hesitant about making investments, and this reluctance is a major cause of the economic slowdown. Despite Xi loudly proclaiming the importance of national security, public security at home is rapidly deteriorating. Numerous random street attacks were reported across the country in 2024 and many have been injured or killed. Foreigners have also been targeted and even killed, with particularly notable incidents taking place at Japanese schools in Suzhou and Shenzhen in June and September, respectively. These incidents may have been hate crimes, where social unrest accompanying the worsening economic situation has combined with xenophobia.

Despite facing such economic stagnation and social unrest, the Xi administration has been unable to take effective action. With no prospect of economic recovery, instability is likely to continue into 2025.

◆ Recommendations

- Ensuring the safety of Japanese nationals in China is a priority issue. Seventeen Japanese nationals have been detained since the Anti-Espionage Law came into force in 2015, but Chinese authorities have provided little explanation of the circumstances. With the resumption of visa-free travel to China for Japanese nationals and an increase in private-sector travel, Japan must continue to demand greater transparency and reasonable law enforcement efforts from Chinese officials.
- The recent incidents of violence at Japanese schools have had serious impacts. This is a political issue stemming from the Chinese government’s mismanagement of the situation, which has fostered hostility towards Japan and allowed malicious rumours about Japanese nationals and harassment of Japanese schools to go unchecked. Japan has demanded that China respond in good faith, and it should continue to do so. At the same time, the horrific incidents have also caused pain and sorrow

among the sensible Chinese people, who have demonstrated a widespread outpouring of sympathy. It is important to convey this situation to Japan.

- Japan and China are deeply connected, separated as they are by “only a narrow strip of water”. The two governments have reconfirmed their commitment to comprehensively promoting a “Strategic Mutual Beneficial Relationship” and building constructive and stable relations, but they should deepen substantive cooperation so that this policy is backed up by reality. In particular, the exchange of government officials and young politicians should be continued and expanded. At the same time, Japan needs to ensure that it has multiple channels of communication with China at all times, and avoid a situation where exchanges between the two countries are cut off due to internal political circumstances in China.

(December 2, 2024, LI Hao,
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