

**CHINA'S POLITICS 2023: PARTY
TIGHTENED GRIP OVER STATE AND
DELAYED ECONOMIC REFORM**

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Executive Summary

1. China's President Xi Jinping started his precedent-busting third term as China's president in March 2023. Li Qiang was appointed premier to oversee the cabinet in the State Council.
2. In less than a year, Foreign Minister Qin Gang and Defence Minister Li Shangfu were replaced by diplomatic veteran Wang Yi and ex-navy chief Dong Jun, respectively. No official reasons have been disclosed for their removals, revealing the seriousness of the political repercussions and divergences among top leaders.
3. The escalating US-China tensions and the Ukraine war have stimulated the formation of a left-right ideology spectrum in Chinese politics. There have been heated domestic debates about whether China's neutrality on the war should be tilted towards Russia or the West.
4. The State Council's leadership is dominated by technocrats with science and technology (S&T) backgrounds like Ding Xuexiang, Liu Guozhong and Zhang Guoqing. Regrettably, the harder the technocratic leadership is pushing the country to become an S&T superpower, the more likely China is stuck in the security dilemma with the United States.
5. Vice Premier He Lifeng has replaced Liu He as director of the office of the Central Finance and Economic Affairs Commission. In October, Xi Jinping made his first known visit to China's central bank and its State Administration of Foreign Exchange in the company of He Lifeng.
6. By establishing the Central Financial Commission, National Financial Regulatory Administration, National Data Bureau and Central S&T Commission, the Chinese Communist Party seeks to ensure that its financial system and tech sectors, especially the manufacturing of semiconductors and big data management, are prepared for any systematic risks in geopolitics, financial market or cybersecurity.

7. The delay of the Party's third plenum may reflect divergences between leaders obsessed with security and geopolitical concerns and those discontented with a lacklustre economy.
8. As citizens' level of satisfaction continues to fall in the troubled economy, security obsessions are giving way to development-first approach again, at least for now.
9. The reinforced technocratic momentum has weakened the previously prevailing factional politics based on *guanxi* and network politics, but region-based factional background still plays a crucial role in determining officials' career advancement.