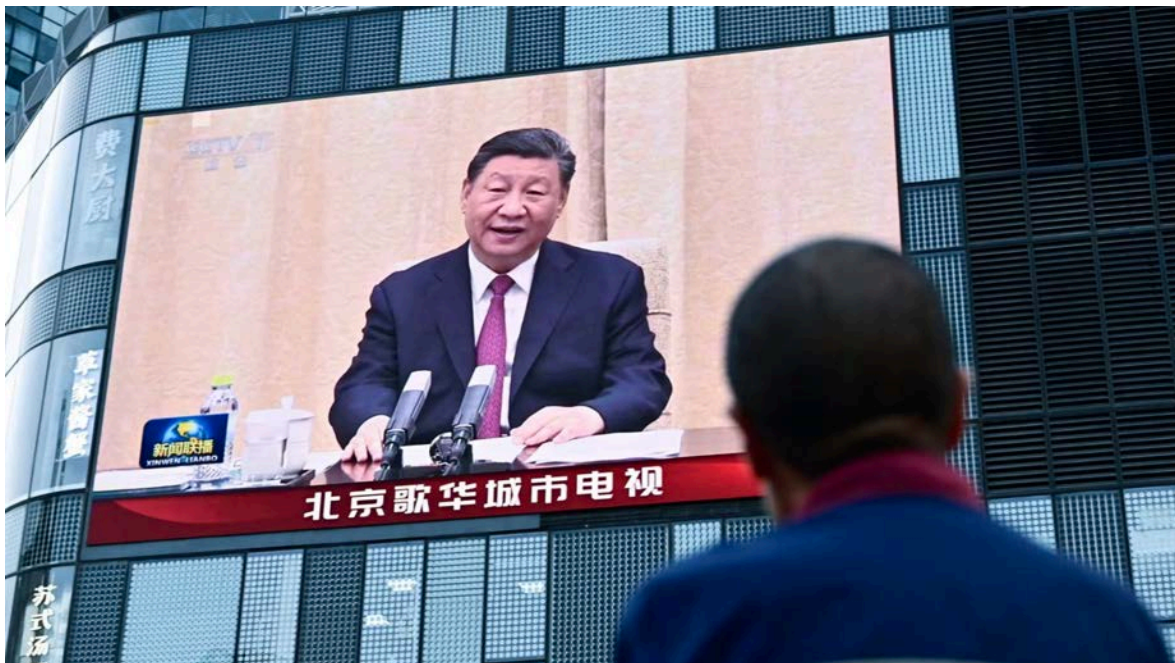


Chinese politics & policy**China's leaders warn of economic risks and call for stronger social controls**

Top Communist party committee outlines need to 'prevent ideological risks' at five-year policy meeting



President Xi Jinping's vision for China's economy has focused on high-technology manufacturing while de-emphasising domestic consumption, which analysts say is crucial to a full recovery © Pedro Pardo/AFP/Getty Images

Joe Leahy in Beijing JULY 18 2024

China's leaders have warned of "risks" in areas such as the country's slumping property market, government debt and financial institutions at a top Communist party meeting, and called for tighter social controls to ensure stability.

The party's Central Committee gave security the same level of importance as economic growth as it warned of geopolitical risks, saying China should "lead global governance" as it concluded the third plenum, one of its most important meetings, where it sets out medium- to long-term policies.

"It is necessary to co-ordinate development and security, implement various measures to prevent and resolve risks in key areas such as real estate, local government debt and small and medium-sized financial institutions," policymakers wrote in a communiqué from the meeting.

They added that [China](#) must “weave a dense social security risk prevention and control network, and effectively maintain social stability” and step up state propaganda. “It is necessary to strengthen public opinion guidance and effectively prevent and resolve ideological risks,” they wrote.

The statement from the [long-awaited conclave](#), which assembled the 363 members and alternate members of the Communist party’s elite Central Committee by President Xi Jinping, is regarded as a general summary of the meeting. More details of any reforms could be released in the coming days in a separate document.

[China’s economy](#) is struggling to emerge from a real estate slowdown and revive investor confidence after crackdowns on the private sector. Xi’s vision for the economy has focused on high-technology manufacturing rather than domestic consumption, which analysts say is crucial to a full recovery.

While the third plenum statement encouraged the development of market mechanisms, starkly absent was any reference to consumer demand.

“It is necessary to better leverage the role of market mechanisms, create a fairer and more dynamic market environment [and] optimise the efficiency of resource allocation,” the statement said while pledging to “better safeguard market order” and “remedy market failures”.

The statement did not specify any reduction in the dominant role of state-owned enterprises in many sectors, which economists believe are crowding out their private sector counterparts.

“It is essential to ensure . . . various ownership economies have equal access to production factors,” the statement said.

The communiqué also promised to deepen reforms of the fiscal and taxation system but offered no details. Analysts believe a better balance is needed between central and local government finances.

“The plenum has re-articulated the government’s economic objectives and acknowledged some key risks but inspires little confidence that the government has a strategy for effectively managing the economy’s cyclical and structural problems,” said Eswar Prasad, a professor at Cornell University and senior fellow at Brookings.

Bert Hofman, a former Beijing-based country director for China at the World Bank, wrote on X that one striking difference between this communique and a previous landmark third plenum in 2012 was the reference to markets.

In 2012, the aim was to give the market a “decisive role”. “This time, at least on the Communique, it is less forceful,” he said.

On foreign affairs, the statement emphasised Xi’s pursuit of a multipolar world — code for a reduced role for the US. “China’s modernisation is a . . . path of peaceful development,” it said, adding that it was necessary to “advocate for a world of diverse poles”.

The communiqué stressed China’s ambition to become a “socialist modern power” by the middle of the century, without providing a detailed definition.

The party also formally accepted the “resignation” of former foreign minister Qin Gang from the Central Committee. [Qin disappeared](#) without explanation last year, and was replaced by his predecessor, Wang Yi.

The statement said the Central Committee confirmed, too, a decision to expel former defence minister Li Shangfu and People’s Liberation Army [Rocket Force officers](#) Li Yuchao and Sun Jinming from the party for “serious violations”. China’s Central Military Commission, which Xi also chairs, announced an anti-corruption probe last year into equipment procurement.

Li was replaced by Dong Jun, a former navy chief, in December.

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