

Xi Jinping's Governance Vision as Reflected in Institutional Restructuring*

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Summary

This paper analyzes institutional restructuring to interpret the governance vision of the Xi Jinping administration and examine its challenges. The Xi administration aims to build a strong state by ensuring the rule by law, strengthening central authority in key national policy areas such as taxation and finance, and overcoming the inefficiencies of the bureaucratic system. At the same time, it seeks to reduce the bloated bureaucracy and establish a governance system suited to a market economy. Additionally, to prevent internal discord within the administration caused by painful reforms and to suppress potential regime threats from both domestic and foreign actors, Xi has placed trusted allies in key positions in propaganda, public security, and the military, enforcing a highly authoritarian rule. While this approach demonstrates a strong sense of purpose and high execution capacity, it also carries significant risks.

One major risk is the potential failure of governance due to excessive authoritarianism, which could hinder free policy discussions and the utilization of expert knowledge, ultimately leading to policy missteps. Another challenge is the risk of stagnation and disorder within the governance apparatus, as institutional restructuring may disrupt the internal balance within the Party and government, complicating personnel management and policy execution. Furthermore, the absence of a clear successor to Xi Jinping raises concerns about the stability of leadership transition in the post-Xi era, creating uncertainty regarding the continuity of governance reforms. The success or failure of the Xi administration's governance reforms will largely depend on how effectively it can manage these risks while maintaining political stability and economic governance.

Keywords: Xi Jinping, Institutional Restructuring

JEL Classification: Z (Other Special Topics)

I. Introduction: Xi Jinping Administration's Institutional Restructuring of the Governing Apparatus

Nearly twelve years have passed since the Xi Jinping administration took office in the autumn of 2012. Xi's rule has been characterized by the consolidation of his personal au-

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thority, accompanied by a cult of personality, authoritarian rule by the central Party through strict adherence to laws and disciplines, and the tightening of ideological and speech controls. From the perspective of those who consider the separation of party and government, decentralization, and liberalization as essential conditions for marketization, these trends have been described as a “return to the Mao era” or a “retreat from the reform and opening-up policy.”

Indeed, these characteristics are distinctly evident in Xi’s governance. For example, the elevation of Xi’s personal authority is symbolized by the designation of Xi as the “core” of the Communist Party’s Central Committee, the incorporation of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” into both the Party constitution and the national constitution, nationwide campaigns to study Xi’s speeches and thought, and the inclusion of Xi Jinping Thought in the compulsory education curriculum. As a result, Xi has acquired an overwhelmingly dominant authority among the members of the Politburo Standing Committee. Once Xi’s authority was firmly established, the first session of the 13th National People’s Congress in March 2018 amended the constitution to abolish the term limit for the state presidency, thereby paving the way for Xi’s long-term rule. During this period, key positions in the military, public security, the Central Commission for Discipline Inspection, and propaganda departments were filled by Xi’s close associates. By the time the Xi administration entered its third term, the composition of the Politburo, its Standing Committee, and the Central Secretariat was dominated by individuals closely associated with Xi, often referred to as the “Xi Jinping faction.”¹ These developments indicate that an environment enabling Xi’s dictatorship has been steadily constructed.

Another prominent feature of Xi’s governance is the Party’s authoritarian control through laws and disciplines.² The Xi administration convened the fourth plenary session of the 18th Central Committee of the Communist Party of China (CPC) in October 2014, marking the first time that “rule by law” was the primary agenda in a Central Committee plenary session. This resulted in a rapid succession of legal enactments and amendments. Additionally, the authority of the Party’s Central Commission for Discipline Inspection was strengthened, and the “Regulations on the CPC’s Inspection Work” (implemented in August 2015 and amended in July 2017) institutionalized inspection systems (巡视 *xunshi*, 巡察 *xuncha*) targeting Party and government institutions, universities, enterprises, and the media. This allowed for an extensive and systematic crackdown on corruption and other disci-

¹ The Standing Committee of the 20th Politburo consists of Xi Jinping (习近平 General Secretary, Chairman of the Central Military Commission), Li Qiang (李强 Premier of the State Council), Zhao Leji (赵乐际 Chairman of the Standing Committee of the National People’s Congress), Wang Huning (王沪宁 Chairman of the National Committee of the Chinese People’s Political Consultative Conference), Cai Qi (蔡奇 Executive Secretary of the Central Secretariat), Ding Xuexiang (丁薛祥 Vice Premier of the State Council), and Li Xi (李希 Secretary of the Central Commission for Discipline Inspection). The members of the 20th Central Secretariat are Cai Qi (蔡奇 Standing Committee member of the Politburo) as the head, followed by Shi Taifeng (石泰峰 Head of the United Front Work Department), Li Ganjie (李干杰 Head of the Organization Department), Li Shulei (李书磊 Head of the Publicity Department), Chen Wenqing (陈文清 Secretary of the Central Political and Legal Affairs Commission), Liu Jinguo (刘金国 Deputy Secretary of the Central Commission for Discipline Inspection, Director of the National Supervisory Commission, and former Executive Vice Minister of Public Security), and Wang Xiaohong (王小洪 Minister of Public Security, concurrently serving in the State Council).

² Kojima, K (2015)

plinary and legal violations among Party and government officials, as well as key figures in state-owned entities. Furthermore, to ensure the thorough implementation of law enforcement from the central to the grassroots level, the “Regulations on the CPC’s Political and Legal Work” (implemented in January 2019) mandated the establishment of political and legal committees at all county-level or higher Party committees and the appointment of political and legal officers at all township (乡镇*xiang zhen*)- and subdistrict (街道*jiedao*)-level Party organizations. This structure enabled each administrative level’s political and legal committee to oversee the corresponding social security management centers (社会治安综合治理中心*shehui zhian zonghe zhili zhongxin*).

Moreover, ideological and speech controls have been significantly tightened.³ Shortly after the inauguration of Xi’s administration, the Party issued the “Communiqué on the Current Situation in the Ideological Sphere” in May 2013, which designated seven topics as “dangerous ideological trends,” including (1) Western constitutional democracy, (2) universal values, (3) civil society, (4) neoliberalism, (5) Western media perspectives on press freedom, (6) historical nihilism, and (7) skepticism about the reform and opening-up policy. The suppression of these ideas sent shockwaves around the world. In fact, through the above-mentioned inspection system, the central Party authorities have cracked down on research and educational activities in universities and research institutions that diverge from the Party’s official stance. Additionally, efforts have been made to promote the “Sinicization of religion,” and the “Law on the Management of Activities of Overseas Non-Governmental Organizations within Mainland China” (implemented in January 2017) has intensified controls over NGOs with international ties.

On the other hand, in the latest plenary session of the CPC Central Committee (the third plenary session of the 20th CPC Central Committee in July 2024), the Party adopted the decision to “further comprehensively deepen reform and promote Chinese-style modernization.” This decision emphasized the Party’s commitment to advancing “reform.”⁴ Additionally, during the session, the state-run Xinhua News Agency published a special article titled “Reformer Xi Jinping,” praising Xi as an outstanding reformer comparable to Deng Xiaoping.⁵

The sharp contrast between the assessments of Xi Jinping and his administration both within and outside China can be attributed, at least in part, to the growing discourse war centered around U.S.-China rivalry. Against this backdrop, this study aims to remain detached from political rhetoric and, instead, systematically analyze the organizational reforms that the Xi administration has undertaken on the governing apparatus since its inception. By doing so, this paper seeks to elucidate Xi’s governance vision and determine his administration’s position within the historical trajectory of China’s reform and opening-up policy.

³ Kojima, K (2020)

⁴ The full text of the “Decision” can be found in “Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform to Promote Chinese-style Modernization” (<https://www.12371.cn/2024/07/21/ARTI1721551217863166.shtml>).

⁵ The article was retracted on July 17 after its publication. The reason for the retraction remains unknown.

What kind of governance vision does Xi hold, and how does he seek to realize it? This study argues that, analyzing the contents of organizational reforms of the governing apparatus, which comprehensively and systematically embody the governance visions of the Xi administration, can provide an interpretation of these questions. Likewise, a meticulous examination of the challenges faced during the implementation of the reforms may reveal the inherent issues in Xi's governance vision.

The remainder of this paper is structured as follows. Chapter 2 provides an overview of the organizational reforms of 2018 and 2023 under Xi's administration, with reference to organizational reforms during the reform and opening-up period. Chapter 3 analyzes three major characteristics of organizational reforms under the Xi administration. Finally, based on these analyses, the paper discusses Xi's governance vision, identifies its challenges, and situates his administration's policies within the broader historical context of China's reform and opening-up process.

II. Overview of Organizational Reform of the Governing Apparatus During the Reform and Opening-Up Period

This chapter provides an overview of the process of organizational reform of the governing apparatus carried out by successive administrations during the reform and opening-up period. In China, large-scale reforms of the governing apparatus have been implemented nine times since the beginning of the reform and opening-up era: in 1982, 1988, 1993, 1998, 2003, 2008, 2013, 2018, and 2023. However, there is a significant difference between the institutional reforms implemented up to 2013 and those carried out by the Xi administration from 2018 onward. While the institutional reforms up to 2013 were limited to the restructuring of the State Council, the reforms in 2018 and 2023 extended beyond the State Council to include party organizations, encompassing a broader range of the governing apparatus.

The institutional reforms conducted between 1982 and 2013 aimed to downsize and transform the government administrative apparatus under the State Council, which had expanded both structurally and functionally under the planned economy system, into a scale more suitable for a market economy. The 1982 reform of the State Council established the Executive Meeting of the State Council, composed of the Premier, Vice Premiers, State Councilors, and the Secretary-General. Additionally, the number of ministries, commissions, and directly affiliated institutions under the State Council was reduced from 98 to 52, and the number of personnel with officially allocated posts (*bianzhi*, regular staff whose wages and benefits are covered by the state budget) was reduced from 49,000 to 32,000.⁶ Not only the central government but also government institutions at various administrative levels nationwide underwent personnel downsizing based on factors such as population, land area, and economic conditions. Subsequent reforms followed a similar pattern, focusing on the consolidation or transformation of industrial economic management departments which had

⁶ Zhao, Y (2020)

been responsible for the planned economy, the reduction of direct administrative control over economic and social affairs, and corresponding reductions in personnel.

In contrast, the institutional reforms of the governing apparatus implemented under the Xi administration in 2018 and 2023 were characterized by an integrated restructuring that went beyond the government administrative apparatus under the State Council to include party organizations and various public institutions. These reforms were referred to as the “Reform of Party and State Institutions.” The 2018 reform was outlined in two documents adopted at the Third Plenary Session of the 19th Central Committee of the Communist Party of China (CPC) in late February 2018: the “Decision of the CPC Central Committee on Deepening the Reform of Party and State Institutions” and the “Plan for Deepening the Reform of Party and State Institutions.”⁷ Based on these decisions, central and provincial-level reforms were required to be completed by the end of 2018, while reforms at the municipal and prefecture levels were to be reported to the CPC Central Committee by the end of 2018 and implemented by March 2019. Similarly, the 2023 reform plan was announced in March 2023⁸, requiring the completion of central-level reforms by the end of the same year and local-level reforms by the end of 2024. The implementation of these reforms is currently ongoing.

III. Three Key Directions in the Institutional Reform of the Governing Apparatus Under the Xi Jinping Administration

As mentioned earlier, the institutional reforms of the governing apparatus in 2018 and 2023 were designed not only to restructure government institutions but also to transform the entire governing apparatus, including party organizations. What key directions can be observed in these reforms? The following discussion organizes them into three main points.

III-1. Strengthening the Leadership of the CPC Central Committee

The first and most crucial objective of the institutional reforms was to strengthen the leadership of the Communist Party of China (CPC), particularly that of the CPC Central Committee. The inclusion of the phrase, “The Party leads everything, including the government, military, society, and education, across all regions and sectors,” in the CPC Constitution at the 19th National Congress of the Communist Party of China (October 2017) clearly demonstrated that reinforcing party leadership was a predetermined course of action, consistently reflected in the institutional reforms of the governing apparatus.

⁷ The full text of the Plan for the Reform of Party and State Institutions can be found in “The Central Committee of the Communist Party of China and the State Council Issue the ‘Plan for the Reform of Party and State Institutions (中共中央国务院印发《党和国家机构改革方案》),” available on the official website of the Central People’s Government of the People’s Republic of China: https://www.gov.cn/zhengce/2023-03/16/content_5747072.htm?dzb=true.

⁸ “The Central Committee of the Communist Party of China and the State Council Issue the ‘Plan for the Reform of Party and State Institutions (中共中央国务院印发《党和国家机构改革方案》),” available at https://www.gov.cn/gongbao/content/2023/content_5748649.htm.

In line with this policy direction, the CPC Central Committee issued the Regulations on the Organization and Staffing Work of the Communist Party of China in August 2019. The intent of these regulations is evident in the following provisions: Article 1 states that the regulations were formulated “to strengthen the Party’s unified leadership over organizational and staffing work, standardize the organization and staffing of Party and state institutions, and solidify the organizational foundation for the Party to govern the country, in accordance with the Constitution of the Communist Party of China.” Furthermore, Article 3, Section 1 specifies: “The Party’s centralized and unified leadership over organizational and staffing work must be upheld, firmly safeguarding General Secretary Xi Jinping’s core position in the CPC Central Committee and the Party as a whole, as well as the authority and centralized leadership of the Central Committee. The principles of democratic centralism must be followed to ensure that Party leadership is integrated into all aspects and processes of organizational and staffing work, guaranteeing the Party’s comprehensive leadership in a systematic manner and effectively implementing the policies and directives of the CPC Central Committee.”⁹ At the first meeting of the 20th Central Organizational and Staffing Commission on July 3, 2023, Xi Jinping reiterated that strengthening the Party’s overall leadership should be the central theme of organizational and staffing work. He emphasized that all considerations should be made based on whether they strengthen the Party’s leadership, reinforce its long-term ruling position, and enhance its ability to determine policy directions, oversee major strategies, and drive reforms. He also stressed the need to extend Party leadership comprehensively across all areas, levels, and aspects of governance.¹⁰ Additionally, at the Second Session of the 14th National People’s Congress (NPC) in March 2024, the Organic Law of the State Council was amended for the first time in 42 years, explicitly stating that the State Council must adhere to the leadership of the CPC. These developments demonstrate that the Xi administration’s organizational reforms prioritize the strengthening and institutionalization of the party-state system based on the absolute leadership of the CPC.

III-1-1. Strengthening the CPC Central Committee’s Policy-Making Functions

A key aspect of institutional reform to reinforce and institutionalize the CPC Central Committee’s leadership has been the strengthening of its policy-making functions. One of the defining features of governance under the Xi administration is the concept of “top-level design” (顶层设计)—a model where the CPC Central Committee, with Xi Jinping at the helm, centrally coordinates all policy-making and implementation processes. To implement top-level design, the Xi administration expanded and institutionalized policy-making coordination bodies (政策决策议事协调机构) within the CPC Central Committee. These bodies, which previously existed as ad hoc deliberative and coordinating groups, were for-

⁹ “The Central Committee of the Communist Party of China Issues the ‘Regulations on the Organizational Structure and Staffing of the Communist Party of China (中共中央印发《中国共产党机构编制工作条例》),” available at https://www.gov.cn/zhengce/2019-08/15/content_5421505.htm.

¹⁰ “Speech at the First Meeting of the 20th Central Organizational and Staffing Commission (在二十届中央机构编制委员会第一次会议上的讲话)” available at <http://politics.people.com.cn/n1/2023/1215/c1024-40139903.html>.

mally established as standing committees overseeing key policy areas.

As outlined in Table 1, as of March 2024, numerous policy-making coordination committees exist within the CPC Central Committee, most of which were either created through institutional reforms or upgraded from leading small groups (领导小组) to commissions. This expansion reflects the Xi administration's efforts to enhance the CPC Central Committee's policy-making functions through structural reforms.

Another critical aspect of these policy-making coordination bodies under the Xi administration has been the legal formalization of their functions and operations. The Regulations on the Work of the CPC Central Committee, promulgated in September 2020, state that the Central Policy-Making Coordination Bodies are responsible for “top-level design, integration and coordination, comprehensive advancement, and oversight of major initiatives under the leadership of the CPC Central Committee.” They convene meetings based on “the decision-making procedures of the CPC Central Committee and the directives of the General Secretary, reviewing, deciding, and coordinating major tasks within relevant policy domains. The agenda for these meetings is determined by the General Secretary, and decisions made by these bodies may be further deliberated by the Standing Committee of the Political Bureau of the CPC Central Committee, as necessary.”¹¹ This structure, in which the General Secretary determines all policy agendas, effectively places Xi Jinping in direct control of all major policy decisions. In fact, Xi himself holds the top leadership position in all of these policy-making coordination bodies. This marks a significant departure from the governance model under Hu Jintao's administration, where members of the Standing Committee of the Political Bureau were responsible for different policy domains. Under Hu Jintao, a collective leadership system functioned in practice, whereas under Xi, the system has evolved into one where Xi Jinping's dominant position is explicitly institutionalized.

III-1-2. Transfer and Integration of Functions from Government Administrative Agencies to the Party

To ensure the thorough implementation of policies under the leadership of the CPC Central Committee, the Xi administration has actively pursued the transfer and integration of functions from government administrative agencies to the Party's functional institutions. The main changes in responsibilities between the Party and the government in the two rounds of organizational reform are summarized in Table 2.

In the 2018 institutional reform, the Party assumed control over key areas related to organization and personnel management, information and media, discipline inspection, law enforcement and security, and ethnic and religious affairs. Regarding organization and personnel management, the Central Work Committee for Directly Subordinate Institutions and the Central Work Committee for State Institutions were abolished and reorganized into

¹¹ “Regulations on the Work of the Central Committee of the Communist Party of China (中国共产党中央委员会工作条例)” (Reviewed and approved at the meeting of the Political Bureau of the CPC Central Committee on September 28, 2020, and issued by the CPC Central Committee on September 30, 2020), available at <http://politics.people.com.cn/n1/2020/1013/c1001-31889182.html>.

Table 1. Major Central Party Policy Decision-Making and Coordination Bodies (As of March 2024)

Name of the institution	Location of the office	
Central Financial and Economic Affairs Commission (中央财经委员会)		Upgraded from a Leading Group to a Commission in the 2018 Institutional Reform
Central Foreign Affairs Commission (中央外事工作委员会)		Upgraded from a Leading Group to a Commission in the 2018 Institutional Reform
Central Commission for Comprehensively Deepening Reform (中央全面深化改革委员会)	Central Policy Research Office (中央政策研究室)	Established as a Leading Group in 2014, Upgraded to a Commission in the 2018 Institutional Reform
Central Cyberspace Affairs Commission (中央网络安全和信息化委员会)	* Same as the Cyberspace Administration of China	Established as a Leading Group in 2014, Upgraded to a Commission in the 2018 Institutional Reform
Central National Security Commission (中央国家安全委员会)		Established in 2014
Central Commission for Integrated Military and Civilian Development (中央军民融合发展委员会)		Established in 2017
Central Commission for Comprehensively Governing the Country by Law (中央全面依法治国委员会)	Ministry of Justice (司法部)	Established as a Leading Group in 2017, Upgraded to a Commission in the 2018 Institutional Reform
Central Audit Commission (中央审计委员会)	National Audit Office (审计署)	Established in the 2018 Institutional Reform
Central Education Work Leading Group (中央教育工作领导小组)	* The Secretariat is established within the Ministry of Education (教育部)	Established in the 2018 Institutional Reform
Central Financial Commission (中央金融委员会)	* Same as the Central Financial Work Commission Office	Established in the 2023 Institutional Reform
Central Science and Technology Commission (中央科技委员会)	Ministry of Science and Technology (科学技术部)	Established in the 2023 Institutional Reform

Source: Compiled by the author

Table 2. Institutional Reforms and Major Changes in Responsibilities

2018 Institutional Reform	2023 Institutional Reform
<p>■Transfer of Civil Service Management from <i>the National Civil Service Administration</i> to <u>the Central Organization Department</u></p> <p>■Transfer of the Management of the National Computer Network and Information Security Management Center from <i>the Ministry of Industry and Information Technology</i> to <u>the Office of the Central Cyberspace Affairs Commission</u></p> <p>■Transfer of News Publishing and Film Management from <i>the State Administration of Press, Publication, Radio, Film, and Television</i> to <u>the Central Propaganda Department</u></p> <p>■Integration of Ethnic Minority, Religious, and Overseas Chinese Affairs from <i>the National Ethnic Affairs Commission, the State Administration for Religious Affairs, and the Overseas Chinese Affairs Office of the State Council</i> into <u>the United Front Work Department</u></p> <p>■Integration of <i>the National Academy of Administration</i> into <u>the Party School of the Central Committee of the CPC</u></p>	<p>■Transfer of the responsibilities of <i>the Office of the Financial Stability and Development Committee of the State Council</i> to <u>the Office of the Central Financial Commission</u></p> <p>■Transfer of responsibilities for the decision-making on science and technology development strategy, planning, and policies to <u>the Central Science and Technology Commission</u>; Placement of <i>the National Science and Technology Advisory Committee</i> and <i>the National Science and Technology Ethics Committee</i> under <u>the Central Science and Technology Commission</u></p> <p>■Transfer of grassroots social governance and grassroots government development from <i>the Ministry of Civil Affairs</i>, and the construction of Party organizations in industry associations, chambers of commerce, and non-public enterprises from <i>the State-owned Assets Supervision and Administration Commission of the State Council</i>, to <u>the Central Social Work Department</u>; Placement of <i>the National Public Complaints and Proposals Administration</i> under the supervision of <u>the Central Social Work Department</u></p> <p>■Transfer of Hong Kong and Macao policy responsibilities from <i>the Hong Kong and Macao Affairs Office of the State Council</i> to <u>the Central Hong Kong and Macao Work Office</u></p> <p>■Transfer of certain data management responsibilities from <u>the Office of the Central Cyberspace Affairs Commission</u> to the newly established <i>National Data Administration</i> under <i>the National Development and Reform Commission</i></p>

Note: Government agencies are italicized, and Party agencies are indicated with wavy lines.

Source: Compiled by the author

the New Central Work Committee for State Institutions, which was established as a dispatched agency of the CPC Central Committee. Additionally, the National Civil Service Administration was formally abolished (though its external name remained), and the CPC Central Organization Department took over the unified appointment and management of civil servants. The National Academy of Governance, which was responsible for training government officials, was integrated into the Party School of the CPC Central Committee, a directly affiliated institution of the CPC.

In the information and media sector, the National Computer Network and Information Security Management Center was transferred from the Ministry of Industry and Information Technology to the Office of the Central Cyberspace Affairs Commission for direct management.¹² The State Administration of Press, Publication, Radio, Film, and Television was abolished, and its responsibilities for press and film management were transferred to the CPC Central Propaganda Department.¹³ Furthermore, China Media Group was established under the leadership of the Central Propaganda Department. Additionally, the CPC Central Party History Research Office, the CPC Central Literature Research Office, and the CPC Central Compilation and Translation Bureau were abolished and merged into the newly established Central Institute of Party History and Literature Research, a directly affiliated institution of the CPC Central Committee.¹⁴

In the discipline inspection and law enforcement sector, the CPC Central Committee had already strengthened the authority of the Central Commission for Discipline Inspection (CCDI) at the beginning of Xi's administration, conducting large-scale anti-corruption campaigns targeting Party cadres. In the 2018 reform, the National Supervisory Commission (NSC) was newly established, expanding its scope to cover all public officials. The NSC assumed responsibilities previously held by the Ministry of Supervision, the National Bureau of Corruption Prevention, and the Supreme People's Procuratorate's functions related to corruption, dereliction of duty, and abuse of power. Given that the NSC shares the same organizational structure as the CCDI, this restructuring effectively expanded the responsibilities and authority of the CCDI. In the security sector, multiple CPC Central organizations—including the Central Committee for Comprehensive Social Governance and its office, the Central Leading Group for Maintaining Stability and its office, and the Central Leading Group for Preventing and Handling Cult Issues and its office—were integrated into the Central Political and Legal Affairs Commission.

In the ethnic and religious affairs sector, the National Ethnic Affairs Commission was placed under the unified leadership of the CPC Central United Front Work Department. Ad-

¹² Subsequently, as part of the 2023 institutional reform, the National Data Administration (国家数据局) was established under the management of the National Development and Reform Commission. This new agency is tasked with the centralized oversight of responsibilities previously handled by the Office of the Central Cyberspace Affairs Commission and the NDRC, including the development of data infrastructure systems, the integration and sharing of data resources, and the promotion of Digital China, the digital economy, and the digital society.

¹³ The Central Propaganda Department operates externally under the names of the National Press and Publication Administration and the National Film Administration, conducting its respective duties under these designations.

¹⁴ The Central Compilation and Translation Bureau retained its designation for external use.

ditionally, the State Administration for Religious Affairs and the Overseas Chinese Affairs Office of the State Council were nominally retained but were effectively integrated into the United Front Work Department.

In the 2023 institutional reform, the focus shifted to the transfer and integration of economic and social affairs responsibilities from government administrative departments to the Party's functional institutions. With the establishment of the Central Financial Commission, functions previously handled by the Office of the State Council Financial Stability and Development Committee were transferred to the Office of the Central Financial Commission. Similarly, with the creation of the Central Science and Technology Commission, the National Science and Technology Advisory Committee and the National Science and Technology Ethics Committee were reorganized under the newly established Expert Committee of the Central Science and Technology Commission.

In the social policy sector, the Central Social Work Department was newly established as a functional institution of the CPC Central Committee. Responsibilities previously handled by the Ministry of Civil Affairs, including grassroots governance and the establishment of local administrative structures, were transferred to this new department. Additionally, tasks related to Party organization-building within industry associations, chambers of commerce, and non-public enterprises, previously managed by the Central Work Committee for State Institutions and the Party Committee of the State-Owned Assets Supervision and Administration Commission (SASAC), were also transferred to the Central Social Work Department. Furthermore, the National Public Complaints and Proposals Administration (国家信访局) was upgraded to a directly subordinate agency of the State Council and placed under the supervision of the Central Social Work Department¹⁵.

Another notable change in the 2023 reform was the transfer of Hong Kong and Macau affairs from the Hong Kong and Macau Affairs Office of the State Council to the Central Hong Kong and Macau Work Office. Additionally, the China Local Chronicles Guidance Group, which had been managed by the Chinese Academy of Social Sciences (CASS) under the State Council, was abolished. In its place, the China Local Chronicles Work Office was established and placed under the leadership of the CPC Central Propaganda and Ideological Work Leading Group, strengthening Party influence over the compilation of local historical records¹⁶.

Through these two rounds of organizational reform, the Xi administration has trans-

¹⁵ Under the Xi administration, the revised Regulations on Handling Public Complaints and Proposals were issued in February 2022 and came into effect in May of the same year. While the previous regulations were administrative laws formulated and issued by the State Council, defining how government departments at all levels and their affiliated agencies should handle petitions, the new regulations were approved by the meeting of the Political Bureau of the CPC Central Committee and jointly issued by the CPC Central Committee and the State Council. As a result, the new regulations not only serve as administrative laws but also define key responsibilities within the Party's work. The full text of the Regulations on Petition Work is available on the website of the National Public Complaints and Proposals Administration: https://www.gjxfj.gov.cn/2022-04/08/c_1310549186.htm. Regarding the Social Work Department, there remain unclear divisions of responsibilities in several areas: In grassroots Party-building, how its duties are distributed in relation to the Organization Department; In grassroots social governance and dispute mediation, how it shares responsibilities with the Political and Legal Affairs Commission; In guiding industry associations, non-public enterprises, and new economic and social organizations, how its role is divided in relation to the United Front Work Department.

ferred a portion of the government's administrative responsibilities to the Party's functional institutions. As a result, the Party's leadership has become more directly involved in governance, further reinforcing the party-state system. This restructuring has also led to the expansion of both the organizational and functional scope of the CPC Central Committee's institutions. Moreover, the leadership positions of these newly established and strengthened Party organizations have been filled with individuals who have strong personal ties to Xi Jinping. For example, in the 20th CPC Central Committee, key positions were assigned as follows: Cai Qi (蔡奇), a former subordinate of Xi from his time in Fujian, was appointed Executive Secretary of the Secretariat of the CPC Central Committee. Li Ganjie (李干杰), who is connected to the Tsinghua University network, was appointed Minister of the CPC Central Organization Department. Li Shulei (李书磊) and Zhuang Rongwen (庄荣文), both associated with Xi's Fujian network, were appointed Minister and Vice Minister of the CPC Central Propaganda Department, with Zhuang also serving as Director of the Cyberspace Administration of China. Shi Taifeng (石泰峰) and Lin Rui (林锐), former subordinates of Xi at the CPC Central Party School and in Fujian, respectively, were appointed Minister and Vice Minister of the CPC Central United Front Work Department. Xia Baolong (夏宝龙), a former official from Xi's Zhejiang network, was appointed Director of the Central Hong Kong and Macau Work Office. Chen Xi (陈希), a member of Xi's Fujian network, was appointed President of the CPC Central Party School. Chen Wenqing (陈文清) and Wang Xiaohong (王小洪), both from Xi's Fujian network, were appointed Secretary and Deputy Secretary of the CPC Central Political and Legal Affairs Commission.

By consolidating critical functions within the Party while ensuring that these institutions are led by trusted allies of Xi Jinping, the Xi administration has not only centralized power within the CPC but also created a structure that closely aligns with Xi's leadership vision.

III-2. Rational Allocation of Vertical and Horizontal Leadership Systems

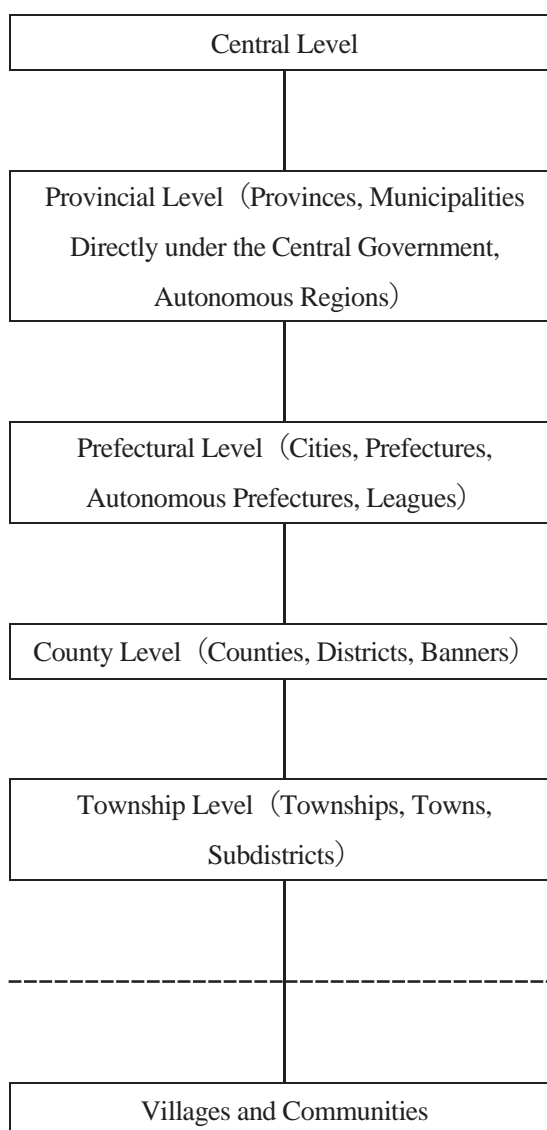
The second key direction observed in the organizational reforms under the Xi administration is the adjustment of vertical and horizontal leadership systems to improve administrative efficiency. As shown in Figure 1, China's vast territory requires a multilayered administrative structure, consisting of central, provincial (province, directly administered municipality, autonomous region), prefectural (city, district, autonomous prefecture, league), county (county, district, banner), and township (township, town, subdistrict) levels. At each of these levels, both government administrative agencies and Party committees are established.¹⁷ Each administrative agency operates under vertical leadership from the corresponding higher-level agency, while simultaneously receiving horizontal leadership from the Party

¹⁶ "Notice of the General Office of the CPC Central Committee and the General Office of the State Council on Adjusting the Responsibilities of the Chinese Academy of Social Sciences and Other Matters" (September 24, 2023), available at https://www.gov.cn/zhengce/202310/content_6908729.htm.

¹⁷ In subdistricts (街道), offices (办事处) are established not as government entities themselves, but as dispatched agencies of the government.

committee at the same administrative level. In theory, a stronger vertical leadership system increases centralization, while a stronger horizontal leadership system grants greater autonomy to local authorities. However, strengthening vertical leadership can also lead to bureaucratic “departmental silos,” whereas reinforcing horizontal leadership may result in local vested interests influencing governance. Modern Chinese history has been marked by a constant search for an optimal balance between these two systems. During the early years of reform and opening-up, under Deng Xiaoping’s push for decentralization (下放), horizontal leadership gained prominence. This led to the emergence of “local government

Figure 1. Administrative Levels in China



Source: Compiled by the author

corporatism,” where local Party and government-led economic development brought prosperity nationwide¹⁸. However, this model also exacerbated economic disparities, corruption, market fragmentation, speculative bubbles, and macroeconomic mismanagement, prompting both the Jiang Zemin and Hu Jintao administrations to work toward correcting these issues. Similarly, in Xi’s organizational reforms, there is an effort to utilize the advantages of horizontal leadership while reconstructing vertical leadership systems in policy areas requiring strong macro-level control.

III-2-1. Strengthening Vertical Leadership Systems

One prominent reform strengthening vertical leadership is the streamlining and standardization of deliberative and coordinating bodies (议事协调机构) at the local level, a trend that became evident in the 2023 organizational reform. At the first meeting of the 20th Central Organizational and Staffing Commission (July 3, 2023), Xi Jinping explicitly called for the reduction and standardization of local deliberative and coordinating bodies.¹⁹ This move was intended to prevent excessive bureaucratic layering and complexity at the local level, ensuring the swift implementation of central policies.

Strengthening vertical leadership was also a key objective in the areas of taxation, finance, and data management. In taxation, the 2018 reform merged national tax and local tax agencies at the provincial and lower levels, establishing a dual management system in which the State Tax Administration serves as the primary authority while provincial governments provide secondary guidance. In finance, the 2023 reform saw the establishment of the Central Financial Commission as a policy-making and coordinating body under the CPC, and the Financial Work Commission as an institution responsible for Party-building efforts in the financial sector. Additionally, a new regulatory framework was introduced, in which the newly established National Financial Regulatory Administration and the restructured China Securities Regulatory Commission (which was upgraded from a public institution under the State Council to a directly subordinate agency) oversee financial and securities markets, thereby enhancing the State Council’s grip on financial regulation. Furthermore, a unified personnel system was introduced in which officials in financial regulatory agencies, including the People’s Bank of China and its regional branches, are managed as civil servants under a centralized framework. In 2024, provincial Party committees also established Financial Commissions and Financial Work Commissions, as well as Local Financial Regulatory Bureaus based on existing institutions. However, at the municipal and county levels, except for major cities such as provincial capitals and municipalities with independent planning status, financial regulatory bureaus were not established, and local financial regulation was centralized through dispatched offices of central financial authorities.

In the field of data management, the 2023 reform established the National Data Bureau under the National Development and Reform Commission, requiring provinces, prefectures,

¹⁸ Oi, J. (1992)

¹⁹ Xi Jinping, “Speech at the First Meeting of the 20th Central Institutional Organization Commission” (July 3, 2023), available at <http://politics.people.com.cn/n1/2023/1215/c1024-40139903.html>.

and counties to set up local data bureaus to integrate, share, and utilize regional data resources. This initiative aims to build and operate a nationwide big data infrastructure. However, the current reality is that the structure and status of local data management institutions vary widely. For example, the Guizhou Provincial Big Data Development and Management Bureau is a provincial-level agency directly under the provincial government, while the Jiangsu Provincial Data Bureau is a provincial-level agency under the Development and Reform Commission. Similarly, the Fujian Provincial Big Data Management Bureau, although also under the Development and Reform Commission, holds a lower rank, classified as a vice-bureau-level agency. Meanwhile, the Beijing Big Data Center and the Shanghai Big Data Center are public institutions affiliated with the Economic and Informatization Bureau and the Municipal Government Office, respectively. Hainan Province has taken a different approach, establishing the Hainan Big Data Management Bureau as an independent legal entity outside the formal administrative hierarchy. These variations indicate that local governments have followed different approaches in establishing their data management institutions, and there is currently no standardized framework.²⁰

A more complex leadership structure is being considered in the field of administrative law enforcement. Administrative law enforcement refers to government agencies' enforcement of laws that affect individuals' rights and obligations. In China, overlapping and unclear enforcement authorities have historically led to jurisdictional conflicts, lack of enforcement, and excessive intervention, particularly at the township and subdistrict levels. To address these issues, the Fourth Plenary Session of the 18th CPC Central Committee adopted the Decision on Comprehensively Advancing Law-Based Governance, which called for the reorganization of enforcement authority and the integration of enforcement powers under single institutions. Furthermore, the 2021-2025 Implementation Plan for Building a Law-Based Government outlined specific frameworks for each administrative level to establish an integrated law enforcement system.²¹ In August 2023, the State Council Office issued the Three-Year Action Plan for Improving Administrative Law Enforcement (2023-2025), instructing provincial judicial authorities to list and supervise delegated enforcement powers at the township level.²² In response to these central directives, Chongqing Municipality implemented a division of labor in which specialized enforcement is carried out by district- and county-level agencies stationed at townships, while general administrative law enforcement is managed by integrated township law enforcement teams. Moreover, personnel from these township enforcement teams are dispatched to communities and smaller grid-based units to detect and handle violations, creating a hierarchical enforcement system.²³

²⁰ "More than 20 Provinces Have Completed Arrangements: How Will Local Institutional Reforms Be Carried Out? (20余省份完成部署，地方机构改革怎么改？)" Available at <https://web.shobserver.com/wx/detail.do?id=704578>.

²¹ "The CPC Central Committee and the State Council Issue the Implementation Outline for the Construction of a Law-based Government (2021-2025) (中共中央国务院印发法治政府建设实施纲要(2021-2025年))," available at <http://politics.people.com.cn/n1/2021/0812/c1001-32189930.html>.

²² "Notice of the General Office of the State Council on Issuing the 'Three-Year Action Plan for Improving the Quality of Administrative Law Enforcement (2023-2025)' (国务院办公厅关于印发《提升行政执法质量三年行动计划(2023-2025年)》)" (August 9, 2023), available at https://www.gov.cn/zhengce/content/202309/content_6902222.htm.

III-2-2. Respect for Regional Characteristics

In contrast to the aforementioned policy areas, where vertical integration has been strengthened, economic and technological development policies tend to allow for greater local discretion. At the July 2023 meeting of the Central Organizational and Staffing Commission, Xi Jinping emphasized that science and technology policies should be adapted to different administrative levels, stating that the responsibilities and structures required at the central level differ from those needed at the provincial level, and even more so at the municipal and county levels. He noted that while the central government established the Central Science and Technology Commission to integrate national resources and focus efforts on major projects, the situation at lower levels varies, and there is no need for strict replication of central-level structures. He further stressed that responsibilities should be centralized where necessary, but resources should not be distributed indiscriminately.²⁴

Regional characteristics are also evident in institutional reforms related to economic development strategies. In the 2018 reform, Shandong Province established the Marine Development Commission and Marine Bureau, while Hainan Province set up the Provincial Comprehensive Deepening Reform Committee Office, which also functions as the office for the Provincial Free Trade Zone (Port) Work Committee. Additionally, Hainan integrated the provincial departments responsible for natural resources, forestry, tourism, culture, and sports to form the Department of Tourism, Culture, Radio, Film, and Sports. Guangdong Province established the Greater Bay Area Construction Leading Group, and Liaoning Province created the Provincial Business Environment Bureau and the Military-Civil Fusion Development Committee Office.²⁵ In the 2023 reform, the Guangxi Zhuang Autonomous Region proposed the establishment of industrial park management institutions and energy management agencies.²⁶ Although these reforms are conducted within the constraints of a 2012 directive prohibiting increases in personnel numbers at government agencies and public institutions, local governments continue to explore institutional arrangements that address their specific regional challenges.

²³ “Implementation Opinions of the General Office of the Chongqing Municipal People’s Government on Deepening the Comprehensive Administrative Law Enforcement Reform in Townships (Subdistricts) (重庆市人民政府办公厅关于深化乡镇（街道）综合行政执法改革的实施意见)” (October 17, 2023), available at https://www.cq.gov.cn/zwgk/zfxxgkml/zfgb/2023/d17q/202310/t20231026_12479821.html.

²⁴ Xi Jinping, “Speech at the First Meeting of the 20th Central Institutional Organization Commission (习近平在二十届中央机构编制委员会第一次会议上的讲话)” (July 3, 2023), available at <http://politics.people.com.cn/n1/2023/1215/c1024-40139903.html>.

²⁵ “Institutional Reform Plans Approved for 31 Provinces: Many Provinces Reduce Public Institution Staff and No Longer Assume Administrative Functions (31省份机构改革方案获批：多省份事业单位减员，不再承担行政职能),” available at https://mp.weixin.qq.com/s?__biz=MjM5MDA5NTYyMQ==&mid=2662285487&idx=2&sn=895340665093de63f97255fa9f06c017&chksm=bd11e0c58a6669d3ce618ddb2f6e61545594279aef4e462e7a7caea4f045b947fd5e4479d87&scene=27.

²⁶ “More than 20 Provinces Have Completed Arrangements: How Will Local Institutional Reforms Be Carried Out? (20余省份完成部署，地方机构改革怎么改？),” available at <https://export.shobserver.com/baijiahao/html/704578.html>.

III-3. *Reduction of Personnel Quotas and Redistribution Toward Townships (Sub-districts)*

The third pillar of the governance apparatus reform under the Xi administration is the reduction of personnel within government administrative agencies and the redistribution of resources toward townships (subdistricts). This reform reflects the Xi administration's concerns about several issues within the government administrative structure.

The first issue is organizational expansion. This problem is a legacy of the planned economy era, during which the government managed all aspects of economic and social life. Additionally, it is rooted in the strong inclination among the Chinese population toward bureaucracy as a privileged class and the deep-seated attachment to the concept of the “iron rice bowl” (a secure, lifelong job). As mentioned earlier, every round of organizational reform since the beginning of the reform and opening-up period has involved personnel reductions. However, the issue of excessive personnel within government administrative agencies remains unresolved, leading to financial strain due to personnel costs and a decline in administrative efficiency. While accurate data is unavailable, an article by Yin Jianfeng (殷剑峰), a professor at the University of International Business and Economics, published in *Caixin* (财新) states that between 2012 and 2020, personnel costs accounted for an average of 34.0% of total fiscal expenditure in China, a figure significantly higher than in Japan (5.9%), the United States (9.4%), and South Korea (10.1%)²⁷. Even so, when China was experiencing high economic growth and local government revenues were expanding, it was not a significant issue to sustain a large workforce through fiscal spending. However, in recent years, with the growing problem of excessive local government debt, reassessing administrative efficiency and reducing organizational size and personnel has become an inevitable choice.

The second issue is the loosely structured nature of government administrative agencies. Max Weber once described China's bureaucracy as an example of “patrimonial rule,” noting that the number of bureaucrats was low relative to the population, and as a result, at the lower levels of the bureaucratic system, local forces had to be accommodated.²⁸ During the Qing Dynasty, county-level administrative offices called *xian yamen* (县衙门) were established, but actual administrative tasks—including taxation—were carried out not by external officials unfamiliar with local dialects and customs, but by clerks known as *xuli* (胥吏), who were locally hired as informal, non-permanent staff. These quasi-bureaucrats worked entirely at their own discretion²⁹, and while local officials employed them almost without compensation, they tacitly allowed them to exploit the local population for personal gain. In some cases, local officials even colluded with these clerks to amass wealth. During the Republic of China period, county-level governments were established and ad-

²⁷ Ying, J. (2023)

²⁸ Weber, M. (1960)

²⁹ Huang, Z. (2008)

ministrative institutions were modernized, but again, low-paid quasi-bureaucrats were responsible for governance, leading to repeated instances of profiteering and exploitation.³⁰

Although the establishment of government administrative institutions and Party organizations after the founding of the People's Republic of China helped to resolve some of these issues, certain structural problems persist. One of these is that the lower one goes in the administrative hierarchy, the more loosely structured government institutions become, both in terms of organizational setup and personnel allocations. At the prefectural and county levels, government agencies frequently hire large numbers of non-regular staff without proper regulation, either to handle the vast workload assigned from higher authorities through the vertical command system or to provide local employment opportunities. This situation continues to have various negative effects on governance, including a decline in administrative efficiency, financial strain, lack of clear employment and labor regulations, and inequities in hiring practices. Furthermore, non-regular employees often violate job regulations by leaking confidential information, engaging in urban management law enforcement (城管执法) and business inspections (涉企检查) in collusion with criminal organizations, or committing illegal acts known as “red-top brokerage” (红顶中介),³¹ all of which have eroded public trust in the government.

III-3-1. Reduction of Personnel Quotas

To address these issues, the Xi administration introduced new regulations in the 2023 governance apparatus reform, including the Regulations on the Organizational Structure of the Communist Party of China, which established strict controls over personnel allocations (编制). Under these rules, the number of Party and government institutions and personnel quotas at the central and provincial levels must follow the decisions of the CPC Central Committee, while at the municipal and county levels, they must comply with provincial Party committee decisions.³² Based on this framework, the government announced a uniform 5% reduction in personnel quotas for all departments within central and national agencies, with the reclaimed quotas being reallocated to key policy areas and essential tasks. Additionally, a directive jointly issued by the General Office of the CPC Central Committee and the General Office of the State Council in October 2023 called for a nationwide 15% reduction in total personnel quotas across all levels of Party and government institutions by 2025. The 2023 reform targeted multiple institutions, including the National Health Commission, Ministry of Ecology and Environment, Ministry of Industry and Information Technology, Ministry of Emergency Management, Chinese Academy of Social Sciences, and the

³⁰ Shen, H. (2011), p.42

³¹ The term “Red-Capped Intermediary” (红顶中介) refers to a corruption phenomenon in which government officials receive financial benefits—such as service fees, membership fees, cooperation fees, or consulting fees—when handling administrative procedures, inspections, qualification reviews, or certifications. It also includes cases where government agencies or public institutions receive financial support or are coerced into covering excessive rent or public utility costs as a form of corruption. In Chinese, this type of profit-sharing is referred to as “分红” (dividends or kickbacks).

³² “The CPC Central Committee Issues the ‘Regulations on the Organizational Structure and Staffing of the Communist Party of China’ (中共中央印发《中共中央机构编制工作条例》),” available at https://www.gov.cn/zhengce/2019-08/15/content_5421505.htm.

People's Bank of China. For example, the People's Bank of China was ordered to reduce its administrative personnel quota by 30 and its senior official positions by six. After these adjustments, the number of internal departments within the central bank was set at 20, with a total administrative personnel quota of 714 and a senior official quota of 87.³³

In addition to reducing administrative personnel quotas, the reform also targeted the reduction of personnel quotas in public institutions (事业单位). These quotas refer to the number of regular employees allocated to various public institutions,³⁴ whose salaries are paid from state-funded operating expenses. Over the past decade, efforts have been made to separate public institutions from administrative agencies, consolidate them, or convert them into enterprises. However, because the regulatory constraints on personnel quotas for public institutions are less stringent than those for administrative agencies, progress in reducing these quotas has been slow. The 2018 governance apparatus reform intensified efforts to restructure and reduce personnel in public institutions. For example, in Liaoning Province, the number of provincial-level public institutions was reduced from 650 to 65.

The 2023 reform continued to focus on reducing personnel in public institutions. Heilongjiang Province, one of nine pilot regions for institutional reform, eliminated 2,735 public institutions, cutting more than 83,000 personnel quotas. In Harbin, the provincial capital, municipal-level public institution personnel were reduced by 8,246 (25.3% of the total), district-level personnel by 7,816 (22%), and county-level personnel by 15,574 (32%).³⁵

These reductions were particularly concentrated in smaller cities and regions experiencing population decline. In April 2020, Shanxi Province formulated the first-phase pilot program for county-level population decline reforms. By 2023, six pilot counties had begun publishing the results of their institutional reforms. In Fushan (浮山), Hequ (河曲), Loufan (娄烦), and Shilou (石楼) counties, the number of Party and government institutions was reduced by an average of 38%, from 35 to 22. Fushan and Hequ cut the number of division-level (科级) official posts from 154 to 128 and from 135 to 114, respectively. Public institutions were also significantly downsized, with Loufan County reducing personnel quotas by 88.6%, and Fushan and Hequ each cutting their quotas by more than half. In 2022, personnel costs accounted for around 25% of general public expenditure in these counties, reaching 31.3% in Fushan County, placing a significant financial burden on local governments.³⁶

At the same time, while reducing personnel quotas across government institutions, the Xi administration has deliberately excluded townships (subdistricts) from these reductions due to chronic understaffing at the grassroots level. Xi Jinping stated that the guiding

³³ "Notice of the General Office of the CPC Central Committee and the General Office of the State Council on Adjusting the Responsibilities, Institutional Structure, and Staffing of the People's Bank of China (中共中央办公厅国务院办公厅关于调整中国人民银行职责机构编制的通知)" (September 24, 2023), available at https://www.gov.cn/zhengce/202310/content_6908743.htm.

³⁴ The term "public institutions" (事业单位) refers to organizations established by state agencies for public welfare purposes or organizations founded by other entities using state-owned assets. These institutions include those in education, research, media, and healthcare sectors.

³⁵ "Things Are Starting to Change: How to View the Top-Down Wave of Institutional and Staffing Reductions? (事情开始变得不一样：自上至下的机构编制缩减浪潮来袭，怎么看？)" available at <https://baijiahao.baidu.com/s?id=1779659701069052723&wfr=spider&for=pc>.

principle of institutional reform should be a “grassroots-oriented approach,” continuously improving institutional structures at the township (subdistrict) level.³⁷ Based on this directive, the 2023 reform mandated a 5% reduction in personnel quotas at central and national institutions, while provincial Party committees were given discretion over local quotas. At the county and township levels, no reductions were required.

III-3-2. Standardization of Off-Quota Employment

Along with the reduction of personnel quotas, the Xi administration has also promoted the standardization of off-quota employment, which accounts for a significant portion of government employment. The previously mentioned Regulations on the Organizational Structure of the Communist Party of China explicitly prohibit the arbitrary establishment of institutions as well as the appointment of off-quota leadership personnel and staff.³⁸ In particular, in sectors where unregulated employment has led to serious issues, additional legal measures have been introduced to enforce stricter regulations. For instance, in January 2017, the Ministry of Housing and Urban-Rural Development issued the Regulations on Urban Management Law Enforcement, which stipulate that urban management enforcement authorities must obtain approval from the relevant personnel management departments when determining the number of enforcement officers. Additionally, the recruitment process and qualification requirements for auxiliary personnel performing support tasks were to be strictly regulated, and a mechanism for termination of employment was to be established.³⁹

Following these central directives, local governments were instructed to strictly enforce regulations on off-quota employment. In Yan'an, Shaanxi Province, for example, a series of regulations were introduced concerning positions for government officials and staff in public institutions governed by the Civil Servants Law. The regulations specified that off-quota employees could not be hired for positions involving classified information, administrative law enforcement, personnel management, or financial affairs. Moreover, public institutions engaged in commercial activities were prohibited from hiring off-quota staff. If a vacancy arose within the personnel quota system and an on-quota staff member was available to fill the role, off-quota hiring was not permitted. For support services such as security, sanitation, maintenance, landscaping, and vehicle operations, off-quota employment was discouraged,

³⁶ The debt ratio of Fushan County (government debt balance / comprehensive financial capacity) reached 355.9% when excluding transfer payments from higher-level government institutions, significantly exceeding the international warning threshold of 120%.

For further details, see “Some Reduced by 88.6%! County-Level Downsizing: Which ‘Iron Rice Bowl’ Jobs Have Disappeared? (有的锐减88.6%! 县城缩编, 消失的“铁饭碗”有哪些?)” available at <https://baijiahao.baidu.com/s?id=1781415278721951755&wfr=spider&for=pc>.

³⁷ Xi Jinping, “Speech at the First Meeting of the 20th Central Institutional Organization Commission (习近平在二十届中央机构编制委员会第一次会议上的讲话)” (July 3, 2023), available at <http://politics.people.com.cn/n1/2023/1215/c1024-40139903.html>.

³⁸ “The CPC Central Committee Issues the ‘Regulations on the Organizational Structure and Staffing of the Communist Party of China’ (中共中央印发《中共中央机构编制工作条例》),” available at https://www.gov.cn/zhengce/2019-08/15/content_5421505.htm.

³⁹ “Measures for Urban Management and Law Enforcement (城市管理执法办法),” available at http://big5.www.gov.cn/gate/big5/www.gov.cn/zhengce/2022-02/03/content_5711936.htm.

and local governments were instructed to outsource these services to private companies. Additionally, the average monthly salary for off-quota employees was capped at 2,800 yuan, and their social insurance contributions were to be calculated based on 60% of the previous year's average monthly salary for urban employees.⁴⁰

IV. Conclusion: Summary and Outlook

As discussed above, the Xi administration has undertaken large-scale governance apparatus reforms centered on the absolute authority of the CPC Central Committee in policy-making and execution, the full involvement of Party functional institutions in policy implementation, the optimization of administrative efficiency through the adjustment of vertical and horizontal leadership systems, the reduction of personnel quotas within government administrative agencies, and the standardization of off-quota employment.

When these efforts are linked to the 12 years of governance under the Xi administration, what vision for governance emerges?

From the author's perspective, the direction of Xi Jinping's governance reforms can be understood as follows. First, the administration aims to eradicate corruption and enforce rule-based governance from the central level to the grassroots. Second, it seeks to centralize decision-making and execution in critical national policy areas such as taxation and finance, strengthening vertical leadership systems. Third, by addressing the loosely structured nature of the bureaucratic system inherited from dynastic China, the administration attempts to overcome governance inefficiencies by expanding personnel at the county and township levels and regulating employment within government administrative agencies. In this sense, Xi's governance reforms can be seen as an effort to complete the process of nation-building.

Second, by cracking down on illegal activities within the Party and government, reducing the size of the bureaucratic apparatus that expanded during the planned economy era, and eliminating surplus personnel, the Xi administration seeks to reform the high-cost administrative structure in which government agencies manage various support functions through public institutions. From this perspective, the governance reforms of the Xi administration should not be seen as a "return to the Mao era" or a "reversal of reform and opening-up," but rather as a continuation and deepening of the institutional reforms initiated since the reform and opening-up period.

However, all of these reforms involve disrupting entrenched vested interest networks and, in some cases, mass layoffs, which naturally provoke significant resistance from various sectors. Xi Jinping himself has acknowledged the difficulty of these reforms. Since the Third Plenary Session of the 18th CPC Central Committee in November 2013, he has repeatedly stated that "the easy and popular reforms have already been completed, and all the good meat has been eaten. What remains are only hard bones that are difficult to chew."⁴¹

⁴⁰ "Things Are Starting to Change: How to View the Top-Down Wave of Institutional and Staffing Reductions? (事情开始变得不一样：自上至下的机构编制缩减浪潮来袭，怎么看？)" available at <https://baijiahao.baidu.com/s?id=1779659701069052723&wfr=spider&for=pc>.

If not carefully managed, these reforms could be undermined by bureaucratic sectionalism within Party and government agencies, ultimately reducing them to mere superficial restructuring. Moreover, there is even a possibility that factions disadvantaged by the reforms might rise within the CPC Central Committee to challenge Xi, potentially collaborating with the military or security forces to stage a coup.⁴² In the worst-case scenario, hostile “Western” forces—such as the U. S., which the Chinese government accuses of attempting “peaceful evolution” (non-military regime change)—could support these factions through organizations like the National Endowment for Democracy (NED). The emphasis on security of politics in the Comprehensive National Security Concept introduced at the 19th National Congress of the CPC in October 2017 was not only a political strategy to mobilize public unity against Western threats but also a response to the potential internal unrest and conflicts that could arise during the restructuring of China’s governance system.

To preempt both internal and external threats and ensure the completion of the governance reforms aimed at nation-building and market-oriented governance, the Xi administration intensified information control and ideological oversight through the Central Propaganda Department and established a comprehensive surveillance system through the Central Commission for Discipline Inspection. Furthermore, Xi consolidated absolute power and authority in himself, amended the constitution to remove presidential term limits, and secured the time necessary to complete the reforms. Simultaneously, military reform was implemented to strengthen the CPC Central Committee’s leadership over the armed forces, and personnel changes were made within the Political and Legal Affairs Commission, which had been under the influence of Zhou Yongkang’s faction, ensuring that key Party and government positions related to national security were filled with Xi’s trusted allies. Additionally, the United Front Work Department was strengthened, and the Central Social Work Department was newly established, enhancing the CPC Central Committee’s ability to manage society. These Party functional institutions, which extend from the CPC Central Committee to all levels of Party committees, provided a highly effective command structure for conducting governance reforms without interference from bureaucratic sectionalism. Looking back on the past 12 years of the Xi administration, it is clear that every step was meticulously planned.

However, despite its seemingly systematic execution, will the governance reforms of the Xi administration produce the intended results? Several key issues will determine their suc-

⁴¹ “Reader on Xi Jinping’s Series of Important Speeches: Daring to Tackle Tough Issues and Navigate Risky Waters - On Comprehensively Deepening Reform (习近平系列重要讲话读本：敢于啃硬骨头敢于涉险滩——关于全面深化改革),” available at <http://opinion.people.com.cn/n/2014/0709/c373228-25257963.html>.

⁴² A notable case still fresh in the memory of Communist Party leaders is the Bo Xilai (薄熙来) incident and the Zhou Yongkang incident, which took place between 2012 and 2015.

Bo Xilai (Member of the CPC Central Political Bureau and Party Secretary of Chongqing) was sentenced to life imprisonment in 2013 following revelations triggered by an attempted defection by his close aide to the U.S. consulate. The case brought to light a murder committed by his family, illicit accumulation of wealth, and other offenses. Similarly, Zhou Yongkang (周永康 Member of the Standing Committee of the CPC Central Political Bureau and Secretary of the Central Political and Legal Affairs Commission), who had close ties to Bo Xilai, was also sentenced to life imprisonment. He was convicted of bribery, abuse of power, and leaking state secrets, with his corrupt activities primarily linked to the oil industry and other sectors.

cess or failure.

First, there is the risk of policy failure. While it may be reasonable for the Xi administration to adopt authoritarian governance measures temporarily as a means of rebuilding the institutional foundation of a strong state and a dynamic market, if these measures go too far, they risk eliminating the space for policy discussions necessary for economic recovery, thereby increasing the likelihood of policy failure. As discussed in this paper, the governance apparatus reforms under the Xi administration are characterized by the centralization of power and authority in Xi Jinping personally, the absolute leadership of the CPC Central Committee, the transfer of government functions to the Party, and strict ideological and speech control. While such changes may contribute to swift decision-making and policy implementation, if they result in the State Council losing its authority and influence over economic policymaking and implementation, how will the expert knowledge accumulated within government administrative agencies be utilized in policy discussions? Will the restructuring and consolidation of organizations lead to homogenization of discourse and stagnation of intellectual work? How can the negative impact of restricting intellectual discourse be avoided?

To dispel both domestic and international concerns, the Xi administration must present a clear pathway to safeguarding space for expert-driven discussions and diverse viewpoints, even while maintaining political security.

Second, there is the risk of stagnation and disorder within the governance apparatus. Regardless of how much Xi consolidates his authority or how authoritarian governance is strengthened, it remains challenging to suppress resistance, maintain order, and ensure the smooth functioning of the governance system. Transforming the bureaucratic system and the behavior patterns of Party and government leaders is not an easy task. Moreover, attempting to dismantle existing vested interest networks and break vertical and horizontal sectionalism could, as is often the case in bureaucratic organizations, cause confusion and discord at the operational level, leading to localized power struggles, including mutual accusations and exposés of corruption. Since the beginning of Xi's third term, the number of high-ranking officials dismissed on corruption charges has continued to rise, reaching 36 in the first half of 2024 alone.⁴³ Among them are Li Shangfu (李尚福, former Minister of National Defense), Wei Fenghe (魏凤和, former Minister of National Defense), Tang Renjian (唐仁健, former Minister of Agriculture and Rural Affairs), Tang Yijun (唐一军, former Minister of Justice), Wu Yingjie (吴英杰, former Party Secretary of Tibet Autonomous Region), and Gou Zhongwen (苟仲文, former Director of the General Administration of Sport). The reasons for their removal vary, and some remain unclear, but the fact that so many officials have been purged suggests that organizational and personnel changes accompanying institutional reforms have created instability and discord at the operational level of bureaucratic politics. Of course, for the Xi administration, which has championed anti-corruption efforts, it is to be expected that the "toxic elements" within the bureaucracy would be exposed in

⁴³ "Xi's Leadership Continues 'Anti-Corruption' Campaign in Third Term: 36 Officials Investigated and Disciplined in Six Months to Deflect Dissatisfaction Over Economic Slowdown (習指導部、3期目も『反腐敗』半年で幹部36人を調査・処分 経済低迷の不満そらす)," *Nihon Keizai Shimbun (The Nikkei)*, Morning Edition, July 19, 2024.

various ways. Furthermore, as long as the Central Commission for Discipline Inspection, public security agencies, and propaganda organs remain loyal to Xi, it is unlikely that the regime will suffer a fatal blow. However, it is undeniable that institutional reforms have intensified internal discord within the Party and government administrative bodies, making political governance, including personnel management, more challenging than ever before. The question now is how the administration can maintain order and keep the machinery of governance running smoothly.

Resistance does not come solely from Party and government leaders. The reduction of personnel quotas and restrictions on off-quota employment promoted by the Xi administration mean taking away the “iron rice bowl” from those working in government administrative agencies and public institutions. As economic stagnation shrinks reemployment opportunities, the potential for social unrest will vary depending on how local governments handle the situation. There will likely be situations where prioritizing employment security over institutional rationalization and administrative efficiency becomes unavoidable.

Third, there is the risk of succession instability. The more Xi’s governance reforms rely on his personal authority, the more difficult it becomes to ensure a smooth transition to the post-Xi era. Certainly, when undertaking large-scale reforms, it can be effective to create an authoritative leader and leverage their leadership. However, the real issue arises if there is no cultivated, authoritative successor by the time China enters the post-Xi era, especially in the event of an unexpected contingency involving Xi himself. The Xi administration has likely considered such risks and has sought to reduce the system’s dependence on individual leadership through legal and institutional adjustments. However, at least at present, none of the members of the Politburo Standing Committee, apart from Xi Jinping, possess significant political presence, and none appear capable of maintaining stability and carrying forward the reforms in the event of an unexpected crisis.

Ultimately, the success or failure of the governance reforms pursued by the Xi administration will depend on whether it can effectively address these risks.

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