

The Chinese Mystery

by George Friedman - September 18, 2023

Chinese Defense Minister Li Shangfu has disappeared. Some reports say he was meeting with Vietnamese officials when he was escorted away, but according to other reliable reports, he was detained before the meeting and thus had to cancel it. Chinese sources report that he is under investigation for corruption. In addition to leading the Ministry of Defense, Li is one of China's five state councilors, which makes him an extremely important figure outranking other ministers.

This follows the disappearance in June of Foreign Minister Qin Gang, who was later replaced by Wang Yi. His removal is still unexplained, but his strong anti-American rhetoric did not sit well with China's need to mend relations with the U.S. and secure foreign capital. In addition, several senior economic and banking figures have been dismissed recently, although not with the calculated drama obviously intended to raise questions.

These incidents call to mind the removal of former Chinese President Hu Jintao from the closing ceremony of the 20th National Congress of the Chinese Communist Party last October. Hu's removal was aired on television, while Li's came at the last minute before a planned meeting with dignitaries from a country that China is trying to woo. China knew the impact these removals would have. Li and Qin were the two figures most responsible for Chinese foreign affairs – the former for national defense and the latter for politics. The world was startled. The Vietnamese are going to wonder whether a nation that treats its defense minister this way is stable enough to rely on. There are subtler ways to retire or arrest someone, but Beijing did not choose them. Clearly, China wanted both incidents to be noticed.

In a sense, a massive shakeup of the Chinese government is overdue, particularly if President Xi Jinping plans to keep his job. Xi took office in 2013, when the Chinese economy was surging and China's strategic position was strengthening. There was in some circles a sense that China would surpass the United States in economic and military power. In the decade since, the Chinese economy has weakened dramatically, to the point that economic well-being at all levels of society has declined, without Xi taking effective steps to reverse the dip.

Related to this problem was the idea that China could surge its international and strategic power. Xi was obsessed with the United States, as many countries are for various reasons. He sought to

create linkages to block the United States with programs like the Belt and Road Initiative, an economic plan in which economics was subordinate to national security. Xi positioned Belt and Road as the foundation of a fundamental shift in the balance of power, which failed. Simultaneously, China was challenging American naval power in the South China Sea, particularly around Taiwan.

Xi did not understand the degree to which China depended on the United States for its economic system. The United States was China's number one source of exports, while U.S. investments and technology transfers anchored and drove China's economic growth. Xi had positioned the United States as China's main adversary for domestic and foreign reasons. Given past performance and ignoring the dynamic that was critical to China's growth, China achieved its goal of being seen as the likely successor to the United States.

The problem that Xi had was that the United States took him seriously as well. Xi did not understand that the U.S. was built around economic cycles. As down cycles occurred, China would be affected, and as U.S. fear of China surged, a range of measures were implemented against China. Though the U.S. actions were not China's primary problem, they were a significant complication. At the same time, China overestimated its naval development and technical capacity while seeming to underestimate U.S. capacities. The recent deepening of U.S. alliances with the Philippines and Papua New Guinea completed a line blocking China from the Aleutians to Australia, weakening Beijing's strategic position significantly.

China is and will continue to be a significant country, but it is far from being able to challenge the United States. Xi miscalculated the importance of U.S. markets and capital and the willingness of the U.S. to deploy major force against China.

All this happened on Xi's watch. He was superb at claiming premature victories in the domestic economy and global relations. He convinced the Chinese people of what he wanted them to believe. In such circumstances, a change of government would be inevitable and routine. But Xi is unable or unwilling to step aside. There may be conspiracies against him, and there are far more haunting his mind. He is hard-pressed to show that he knows their secrets and wields vast power, demonstrated by the arrest of high-ranking officials as publicly as possible. He is repeating the mistake that he made with the United States, convincing the Americans of China's might and triggering a response that left China off balance to say the least. Xi's enemies may well believe that he sees all and has the power to stop them, but that simply motivates them to be more effective. Xi can't resign or admit failure. So ministers must disappear, and former presidents must be removed from meetings in sight of the world.

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