

Cooling Shanghai Fever: Macroeconomic Control and Its Geopolitical Implications

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It is often said that politics is about who gets what, when, and how. Since early 2004, Hu Jintao and Wen Jiabao have adopted a macroeconomic control policy to limit bank lending, land use, and fixed-asset investment. They have explicitly claimed that this policy does not treat all sectors and provinces in the same way. While allocating resources to support agriculture, energy, transportation, and social welfare sectors, especially in the less-developed western and northeastern regions, Hu and Wen have strived to cool off the decade-long construction fever in Shanghai and the Yangtze River Delta. The fact that the central government can say “no” to Jiang Zemin’s turf suggests that Hu and Wen have begun to take the offensive. Through macroeconomic adjustments and geopolitical coalition-building, Hu and Wen have consolidated their power. However, with China facing many daunting challenges, only time will tell whether the Hu-Wen administration can achieve a soft landing, both economically and politically.

If the day has not yet arrived when we can say anything definitive about the complicated contention between Hu Jintao and Jiang Zemin, it is surely an appropriate time for China watchers to grasp the political implications of the ongoing macroeconomic control measures instituted by the new top leaders.¹ Since early this year, Hu and his ally, Premier Wen Jiabao, have adopted a macroeconomic control policy (*hongguan tiaokong*) to limit bank lending, land use, and fixed-asset investment in key overheated sectors such as steel, cement, and real estate.² During the past few months, Hu and Wen have traveled to various parts of the country, advocating the necessity of making these economic adjustments in order to avoid a potential “financial bubble.”

The Hu-Wen team has particularly emphasized that the central government is not calling for a slowdown in all sectors or all regions of the country. In fact, according to the policymakers, China’s energy, technology, and education sectors should continue on their present paths of fast-paced growth. In addition, more state investment will be allocated toward the agriculture, transportation, and social welfare sectors, especially in the less-developed western and northeastern regions.³ To a great extent, this macroeconomic control policy is very much in line with the broad strategic goal of the Hu-Wen team: to achieve more-balanced regional development.

Shanghai Fever: The Property Boom and the Potential Bubble

The new top leaders have been especially concerned about the massive inflow of investment, the meteoric rise in the number of skyscrapers, and the resultant property speculation in Shanghai, collectively known as “Shanghai fever.”⁴ The construction explosion that grew out of the Reform Era has not, of course, occurred just in Shanghai. As a professor of architecture at Tongji University in Shanghai recently observed, the amount of construction in China as a whole during the past 20 years exceeds the country’s combined total over the preceding few centuries.⁵ However, no city in the country has witnessed a greater change in its urban landscape than has Shanghai.

The Boom

Ever since Deng Xiaoping decided to develop Pudong, the eastern part of Shanghai, in 1990, Shanghai has been a focal point for modernization in the People’s Republic of China (PRC). Indeed, since the mid-1990s Shanghai has become the showcase for China’s coming-of-age. Foreign visitors are often impressed by the many newly built, futuristic-looking edifices in the city, especially the “cluster of dazzling skyscrapers in Pudong.”⁶ During his recent visit to Shanghai, French President Jacques Chirac called the development of Pudong “another project of epic proportion like the Great Wall and the Grand Canal.”⁷

To finance this grandiose project, Shanghai received a large number of grants and loans from the central government between 1990 and 2002, when Jiang Zemin served as general secretary of the Chinese Communist Party (CCP). According to an official Chinese study conducted in 2002, Shanghai received 19.8 billion yuan more than did its main domestic competitor, Tianjin, during these 12 years.⁸ The high inflow of state grants and loans into Shanghai, in turn, stimulated more foreign direct investment (FDI) in the city. Between 1978 and 2001, 86 percent of the total FDI in China went to the eastern coast, 9 percent went to the central region, and only 5 percent went to the western region, even though the western region accounts for 71 percent of the total area of the country.⁹

By the end of 1999, of the world’s 500 largest companies, 254 invested in or had offices in Shanghai, and 144 of these firms had invested in a total of 511 projects in the city. In addition, about 200 foreign banks had branches or offices in Shanghai. In 1999, Shanghai had some 20,000 foreign investment projects worth a total of \$30 billion of FDI.¹⁰ Buoyed by these investment dollars, Shanghai has experienced the biggest building boom the world has ever seen, especially after Jiang consolidated his power in the mid-1990s. The sheer size, speed, and scale of urban construction in the city are astonishing. It has frequently been mentioned that “one-fifth of the world’s construction cranes are in intensive service” in Shanghai alone.¹¹

In the early 1990s, over a million construction workers were mobilized to build the city’s key projects.¹² According to a Shanghai-based correspondent for the *Far Eastern Economic Review*, in the late 1990s “laborers from the provinces, numbering

close to three million, scurried around the city's estimated 21,000 construction sites."¹³ A reporter for the *Wall Street Journal* was not entirely exaggerating when he wrote in 1993, "What's going on in Shanghai, and up and down the China coast, might be the biggest construction project the planet has ever seen since the coral polyps built the Great Barrier Reef after the last Ice Age."¹⁴

Table 1 shows the rapid increase in high-rise buildings in Shanghai as a result of the breakneck pace of construction in the Reform Era. While there were only 3 buildings in the city that exceeded 20 stories in 1980, the number of such buildings increased to 152 in 1990, 1,478 in 2000, and 1,930 in 2003. Shanghai had only 15 buildings that exceeded 30 stories in 1990, but the number of buildings over 30 stories high increased to 212 in 2000 and 374 in 2003, including the 88-story Shanghai Grand Hyatt Hotel, a landmark in Pudong. The total number of buildings in the city that have more than 8 stories rose from 121 in 1980 to 5,671 in 2003, a 47-fold increase in the time span of roughly a generation.

Table 1

Increase in the Number of Buildings Over Eight Stories High in Shanghai (1980–2003)

Stories	1980	1990	2000	2002	2003
8–10	78	207	536	742	874
11–15	33	244	684	1,217	1,616
16–19	7	145	831	1,101	1,251
20–29	3	137	1,266	1,518	1,556
30 and above	0	15	212	338	374
TOTAL	121	748	3,529	4,916	5,671

SOURCE: Shangaishi tongjiju, *Shanghai tongji nianjian—2004* (Shanghai statistical yearbook—2004) (Beijing: Zhongguo tongji chubanshe, 2004), 170.

The Bubble?

According to official statistics of the Shanghai municipal government, in the early 1990s Shanghai's investment in the real estate sector was less than \$120 million annually. In 2001 the figure reached \$7.6 billion, "implying a compound annual growth rate of over 50 percent" during that decade.¹⁵ The boom in high-rise buildings in Shanghai has also led to a rise in the price of real estate in downtown areas, which has aggravated tensions between the rich and poor inhabitants of this rapidly changing city.

Based on data released by the municipal government, a total of 2 million Shanghai residents had to be relocated in order to pave the way for property development, including one million residents who moved out of the downtown areas between 1992 and 1997.¹⁶ Ordinary working-class people in the city could not afford the exorbitant price of housing in downtown areas. A large number of wealthy people, including *nouveaux riches* from other parts of the country and many from Hong Kong,

Taiwan, and Singapore, have become the new residents of downtown Shanghai. Real estate speculation has become one of the most lucrative businesses in the city.

Similar phenomena also occurred in nearby cities in the Yangtze River Delta region. In Hangzhou, for example, the average price of new housing increased from 2,000 yuan per square meter in 1999 to 6,000 yuan per square meter in 2003.¹⁷ A recent survey of residents in 11 cities in Zhejiang Province showed that 85 percent of the current residents could not afford the housing prices in their cities.¹⁸ Small-scale public protests against official corruption, the wrongdoings of real estate companies, and the drastic dislocation of downtown residents have become a routine phenomenon in the region, including Shanghai. These tensions are exacerbated by the fact that, in the eyes of local officials and the general public in China, the “economic miracle” of Shanghai, the so-called head of the dragon, was largely a result of Jiang’s favoritism toward the city.

Even so, before spring 2004, when the central government issued the new macroeconomic control policy, the top leaders in Shanghai were still obsessed with high-speed property development, without paying much attention to the potential property bubble and other socioeconomic problems resulting from the single-minded construction mania. The proposed construction of the Shanghai Global Financial Center, which was halted for four years in the wake of the Asian financial crisis, restarted in 2002. It will be the world’s tallest building when it is completed in 2005. Mayor Han Zhen told the international media in 2003 that the Shanghai property boom would surely continue for a long time.

In mid-2003, the Shanghai municipal government decided to offer a series of favorable economic policies to develop its three suburban districts—Songjiang, Jiading, and Qingpu. Meanwhile, the leaders of these three districts made a “commitment” to the municipal government that they would build “three new Pudongs within three years” (*sannian zaizao sange xin Pudong*).¹⁹ Inspired by Shanghai fever, nearby cities such as Suzhou, Kunshan, Hangzhou, and Ningbo all set ambitious goals for economic growth.²⁰ The Yangtze River Delta region, including Shanghai and its two neighboring provinces, Jiangsu and Zhejiang, has been on the fast track toward achieving “new economic miracles.” Consequently, fixed-asset investment in the country increased 43 percent in the first quarter of 2004.²¹ But at the same time, the whole country, especially Shanghai and Jiangsu Province, has experienced substantial shortages of electricity, crude oil, and coal as a result of such rapid development.

Macroeconomic Policy and Factional Gravity

Not surprisingly, the area most severely hit by the macroeconomic restrictive measures is the Yangtze River Delta region. Overseas media have reported that Chen Liangyu, party secretary of Shanghai and a protégé of Jiang, voiced strong dissent against the macroeconomic control policy during a Politburo meeting held in June 2004.²² Chen accused Premier Wen of harming the interests of the Yangtze River Delta in particular. Using many statistics as illustrations, Chen argued that Wen’s conservative administrative regulations would not lead to a soft landing and would hamper the

country's economy in future years.²³ Chen stated bluntly that Wen should take "political responsibility" for the damaging consequences of his economic policy. Hu Jintao, however, responded that this macroeconomic policy had been adopted collectively by the Politburo and that all local governments should therefore carry it out.²⁴

One should note that the "vicious disputes" that reportedly took place during the CCP Politburo meeting could not be verified. Factional politics in China today are neither legitimate nor transparent. During most of PRC history, China watchers outside the country have not been able to fully grasp the nature of factional politics until a winner announced victory over his or her rival. During the past decade, however, Chinese elite politics has become increasingly a process of negotiation, compromise, alliance formation, and balance of power among factions, rather than a zero-sum game as was formerly the case.²⁵ Because of this change, and also because CCP leaders have realized that they are very much in the same boat in trying to keep their ruling party afloat, tensions and conflicts within the leadership have usually not been publicized.

But at the same time, it has been widely noted both in China and abroad that Jiang and the "Shanghai Gang" acted differently from the Hu-Wen team in dealing with some important events and issues, such as the severe acute respiratory syndrome (SARS) epidemic in 2003, the accountability of government officials, and the enforcement of anticorruption measures. For example, Zhou Zhengyi, who was one of Shanghai's wealthiest real estate tycoons and was found guilty of bank and stock fraud as well as illicit property trading, was sentenced to only three years in prison in a trial held in Shanghai in June 2004. Many analysts believe that "the charges against Zhou miss the main offence," which was engaging in the bribery of high-ranking officials in Shanghai.²⁶ In fact, it was under pressure from Hu and the Central Discipline Inspection Commission that Zhou Zhengyi was arrested in the first place.²⁷ Otherwise, the Zhou scandal probably never would have surfaced. Under the circumstances, it would come as no surprise if Shanghai Party Secretary Chen Liangyu did in fact launch an attack against the Hu-Wen team at the Politburo meeting.

A review of the public speeches delivered recently by Hu, Wen, and the Shanghai leaders on the macroeconomic control policies also shows that the two camps have quite different assessments of China's economic situation. Vice Premier Huang Ju, a prominent member of the Shanghai Gang, said at an international investment forum held in Beijing in May that the macroeconomic control policy had "already produced the desired effect" (*jianxiao*).²⁸ Chen Liangyu and other leaders in Shanghai made similar remarks. They implied that the macroeconomic restrictive measures should come to an end.

In contrast, Wen Jiabao said repeatedly on many occasions during the summer that Chinese leaders at all levels should not be "blindly optimistic" about the effectiveness of the macroeconomic control policy, because in his view, the salient problems in the Chinese economy have not been resolved.²⁹ Wen believes that the macroeconomic control policy should continue through the second half of 2004. Similarly, Hu Jintao stated in July that the macroeconomic control policy had achieved only a preliminary success, and that fundamental and structural problems in the Chinese

economy were far from being resolved. As a result, according to Hu, the need for further macroeconomic adjustment is still substantial.³⁰

It is important to note that during the past decade, both local governments and the Chinese public have become more aware of the need to protect or advance the interests of their own regions, especially the need to have leaders in the central government represent local interests. Political leaders in the central government such as Jiang, Hu, and Wen, and provincial leaders such as Shanghai Party Secretary Chen, have all been interested in region-based political alliances. Not surprisingly, when Chen Liangyu challenged the premier at the Politburo meeting this summer, he spoke not only on behalf of Shanghai, but also for the entire Yangtze River Delta region.

The rapid economic growth of Shanghai during the past decade has been at least partially attributed to the influence of Jiang and his Shanghai Gang within the central government. Similarly, the recent acceleration of infrastructure development in the western region and the plan for “northeastern rejuvenation” have both been associated with the growing power and influence of Hu and Wen. Just as political conflict among top leaders is often the most revealing indicator of the trajectory of economic and sociopolitical changes in the country, any shift in economic policy also reflects a change in political contention within the leadership.

It would have been inconceivable just a few years ago that the State Council would fail to approve construction projects submitted by the Shanghai municipal government. When Jiang was general secretary of the CCP and head of state, the various ministries in Beijing often treated requests from Shanghai as top priorities.³¹ But today, the central government’s favoritism toward Shanghai seems to have come to an end. The fact that Hu and Wen can say “no” to Shanghai suggests that they have begun to take the offensive. Several events from recent months seem to support this assessment.³²

Targeting the Yangtze River Delta

Shanghai Party Secretary Chen Liangyu was quite accurate when he stated that the macroeconomic control policy had severely hurt the Yangtze River Delta region. In Shanghai, construction projects worth approximately 400 billion yuan (\$48 billion) have been either halted or canceled.³³ They include the proposed Shanghai Universal Studios theme park (a joint venture with Universal Studios in the United States), a 25-mile-long tunnel connecting Shanghai and Chongming Island, a horse track, and a few new subway lines.³⁴ Consequently, the Shanghai municipal government has lost a large quantity of local revenue, and some enterprises in the city are on the verge of collapse. Because of the cancellation or postponement of some subway lines, the price of real estate in nearby areas has dropped significantly.³⁵

In Jiangsu Province, about 1,000 fixed-asset projects have been on a list for cancellation or postponement; this list includes the proposed new Suzhou airport.³⁶ Similarly, since spring 2004 Zhejiang Province has also “stopped construction of 19 major steel, cement and aluminum projects, postponed 86 and canceled 49.”³⁷ In

addition, the provincial government canceled more than 90 percent of planned industrial parks as “part of the nationwide effort to slow construction of redundant facilities and limit seizures of farmland for construction.”³⁸

Hu and Wen not only ordered the Yangtze River Delta region to cool off its overheated investment, but also sent teams to investigate the wrongdoings of local governments. Under the direct order of Premier Wen, the construction of the \$1.3 billion Tieben Iron and Steel Plant in Jiangsu’s Changzhou City was halted, and officials of the plant and the city were under criminal investigation for their illegal attempts to obtain bank loans and to use rural land for industrial purposes.³⁹

Although Zhou Zhengyi earned a three-year prison sentence, some of his friends in related cases are still in custody under charges of serious financial fraud. One of these individuals is Liu Jinbao, former general manager of the Bank of China in Hong Kong. It was recently reported by the Chinese media that Liu had close ties with some top leaders in Shanghai and their family members.⁴⁰ In addition, the Financial Regulatory Commission of the State Council sent five teams to major coastal cities, including Shanghai, to investigate official corruption in property development.⁴¹ A large number of cases of official corruption and bribery involve approval of bank loans and land use. In Zhejiang Province, for example, bribery cases in the real estate market between 1998 and 2002 accounted for 54 percent of the total number of cases of official corruption.⁴²

The central government also raised the issue of luxurious spending on elaborate projects in Shanghai, which are often called “prestige projects” (*zhengji gongcheng*). These prestige projects may bring more prestige to the images of local leaders than real improvement in the lives of residents and in the commerce of the city. For example, the German-built magnetic levitation train, or maglev, is often regarded as a prestige project. The Shanghai maglev, the world’s fastest commercial train of its kind (capable of moving at 267 miles per hour), cost 4.8 billion yuan for construction and equipment. The maglev started operations in 2003, making the 19-mile-long trip from Pudong’s Long Yang subway station to Pudong airport in just 8 minutes, as opposed to 45 minutes by road. However, the passenger occupancy rate has been only 20 percent. This means that the Shanghai maglev system loses 200,000 yuan per day. This amount is outrageous in the eyes of the public, considering the enormous number of outstanding bank loans.⁴³ Under these circumstances, local leaders in Shanghai and their patrons in Beijing have seldom pointed to the Shanghai maglev as an example of their leadership abilities.

Seeking a Broad Geopolitical Coalition

While placing the Yangtze River Delta region under tight control, Hu and Wen have attempted to form a broad geographic coalition to support their policy initiatives and political agenda. Their influence in the western and the northeastern regions is strong, because Hu and Wen gave priority to economic development in these two regions after assuming their top positions in the central government in March 2003. Their macroeconomic control policy is intended to help these regions as well. With these regions seemingly established as allies, in the past few months Hu and Wen have tried to

increase their influence and power in other areas, especially the Beijing municipal government, the central region, Guangdong Province, and Fujian Province.

An important victory for the implementation of the Hu-Wen team's macroeconomic control policy is the positive reaction from the Beijing municipal government, especially its popular mayor, Wang Qishan. Since April 2004, the Beijing municipal government has issued seven regulations intended to limit bank loans, fixed-asset investment, and rural land use for industrial and commercial purposes. In particular, Wang promised to try to lower construction costs by all possible means for the 2008 Olympics.⁴⁴ For example, the construction of the new main stadium, nicknamed "bird's nest," has already been reevaluated. As a result, the previously planned state-of-the-art retractable roof was canceled, and the cost of the stadium was reduced from 3.5 billion yuan (\$423 million) to 2.5 billion yuan.⁴⁵ With Wang's support, the Hu-Wen team conveys an unambiguous message to the whole country, especially to Shanghai—that if construction for the Beijing Olympics must be in line with the central government's call for thrifty spending, no other urban project can be an exception.

In June 2004, Wen Jiabao paid a highly publicized four-day visit to Hubei Province. While in Wuhan, Wen convened a meeting attended by all top leaders from the five provinces (Anhui, Jiangxi, Henan, Hubei, and Hunan) in the central region. Wen emphasized that the purpose of the macroeconomic control policy was to achieve more-balanced development. Through this policy, the central government is tackling the salient problems in the current economic structure, institutions, and growth. He reaffirmed his administration's emphasis on agriculture and its support for increasing the supply of energy and enhancing social welfare in the central region.⁴⁶

During the past few months, Hu and Wen appointed a few of their longtime associates to important leadership positions in the coastal provinces of Guangdong and Fujian. For example, three of five recently promoted provincial leaders in Guangdong (Deputy Party Secretary Liu Yupu; the head of the Propaganda Department, Zhu Xiaodan; and the general secretary of the provincial party committee, Xiao Zhiheng) advanced their political careers through the Chinese Communist Youth League (CCYL). Liu, for one, even worked on the Central Committee of the CCYL when Hu was in charge of that body. Liu and current Guangdong Governor Huang Huahua are Hu's allies in this important province.

In Fujian Province, although Song Defu, Hu's longtime colleague in the CCYL, stepped down as party secretary due to serious illness, another leader with a CCYL background, Huang Xiaojing, was recently appointed as executive vice governor and deputy party secretary. It is likely that Huang will be appointed to one of the two top leadership positions in the province in the near future. Wang Shanyun, Hu's former deputy in Guizhou, also currently serves as deputy party secretary of Fujian.

In August, Yun Xiaosu, who worked closely with Hu in Gansu in the late '70s and early '80s, and Wang Min, who worked under Wen in the Ministry of Geology and Mineral Resources, were both appointed vice ministers of the Ministry of Land and Natural Resources. These two new leaders are expected to carry out the macroeconomic

control policy, especially with regard to the appropriate use of rural land and the closure of industrial parks that has spread across the country.⁴⁷

Signs of Compromise

A crucial question is whether or not the political tensions and policy disputes between the Hu-Wen team and the Shanghai Gang will lead to a major crisis in the Chinese leadership, resulting in socioeconomic chaos in the country. While no China watcher can offer a definitive answer to this question, it is important to search for any sign of compromise between these two competing political camps. Factional politics exist within political establishments everywhere in the world. It is not unusual for political leaders to differ in terms of ideas and priorities, and to conflict when they protect or advance their own interests (and the interests of the regions they represent). Checks and balances in a political system can be sustained only if they result in dynamic change, rather than create deadlock or stagnation.

Some interesting signs in the Chinese political scene this past summer suggest that top leaders across factions are interested in political compromise. It was widely reported by the overseas media that the key members of the Shanghai Gang had a gathering in Beidaihe, the summer resort near Beijing, in early August. They included Vice President Zeng Qinghong, Vice Premier Huang Ju, Vice Premier Zeng Peiyan, State Councillor Hua Jianmin, and State Councillor Chen Zhili. But very few foreign reporters mentioned that the official agenda for the gathering was to meet with prominent scientists and other professionals from the western and northeastern regions. These senior leaders were reported to have focused their discussion on economic and human resource development in these two regions.⁴⁸ Soon after the meeting in Beidaihe, Huang Ju also visited Shaanxi, where he spent a few days discussing western development with provincial leaders in this inland province.⁴⁹

Meanwhile, Hu Jintao paid a four-day visit to Shanghai in late July. This marked his first trip to Shanghai since becoming general secretary of the CCP in November 2002. During his visit, he praised the economic achievements of the city, but he also expressed his hope that “comrades in Shanghai will plan the city’s future development in the broad context of the entire country.”⁵⁰ Hu’s highly publicized visit to Shanghai can be interpreted as an indication of both his growing influence and power and his willingness to compromise with the Shanghai Gang.

Probably for the same reason, Wen Jiabao phoned Shanghai Party Secretary Chen Liangyu when the city was hit by a severe typhoon in mid-July. His phone conversation, which was widely publicized throughout the country, was both a publicity stunt and an effort to reconcile with the main critic of his macroeconomic control policy. This is a highly unusual occurrence in Chinese politics; Wen acted more like a Western politician than a Chinese bureaucrat.

Implications and Prospects

All these well-planned events and subtle anecdotes reveal the complexity of Chinese elite politics at present: the relationship between the Hu-Wen team and the Shanghai Gang is both confrontational and cooperative. Because of their political wisdom, coalition-building instincts, and populist appeal, Hu and Wen have gradually consolidated their power and influence. To a certain extent, the macroeconomic control policy has been a testimony to the strength of the Hu-Wen team.

This does not necessarily mean that Jiang is already out of the picture. Jiang and other key members of the Shanghai Gang are still very powerful in the central government, which explains why Chen Liangyu can boldly challenge Premier Wen. The gravity of Chinese power politics, though shifting in favor of Hu and Wen, has remained essentially suspended in a state of power-sharing. Many signs and anecdotes suggest that despite all the policy disputes and political tensions, top leaders on both sides are neither capable of, nor interested in, defeating the other side.

It is also unclear whether the Hu-Wen team's macroeconomic control policy will lead to a soft landing. Since April 2004, China's stock market has been in continuous decline. The business communities in the country and millions of Chinese stockholders will be far more critical of the macroeconomic control policy if the current trend continues for another five months. Facing greater challenges than at any previous time since they assumed the top leadership in 2003, Hu and Wen must balance the following three aspects: (1) continuing economic growth while preventing a financial bubble, (2) providing much-needed support for the less-developed regions while addressing the valid concerns of the more prosperous regions, and (3) implementing tough political-economic measures while dealing "softly" with Jiang and the Shanghai Gang to sustain sociopolitical stability in the country. Whether the policy succeeds or fails, the Chinese geopolitical economy will change profoundly as a result of this ongoing macroeconomic adjustment.

Notes

¹ The author thanks Sally Carman and Jennifer Schwartz for suggesting ways to clarify this article.

² For a comprehensive discussion of the macroeconomic control measures, see Barry Naughton, "Hunkering Down: The Wen Jiabao Administration and Macroeconomic Recontrol," *China Leadership Monitor* 11 (summer 2004), and his follow-up analysis in this issue of *CLM*.

³ Li Rongrong, chair of the State Asset Commission of the State Council, recently explained that the ongoing macroeconomic control policy is intended to simultaneously "cool down certain areas" and "heat up other areas." See <http://www.xinhuanet.com>, August 13, 2004.

⁴ For a recent discussion of Shanghai fever, see Michael S. Chase, Kevin L. Pollpeter, and James C. Mulvenon, *Shanghaied? The Economic and Political Implications of the Flow of Information Technology and Investment across the Taiwan Strait* (Arlington, Va.: The RAND National Defense Research Institute, 2004), 76–87.

⁵ *Shanghai Art Museum Magazine*, 2003, no. 1: 16.

⁶ Tsung-Yi Michelle Huang, *Walking between Slums and Skyscrapers: Illusions of Open Space in Hong Kong, Tokyo and Shanghai* (Hong Kong: Hong Kong University Press, 2004), 6.

- ⁷ Quoted from <http://www.justholiday.com/china/shanghai/pudong.html>, August 25, 2004; also see <http://www.xinhuanet.com>, August 16, 2004.
- ⁸ See <http://www.chinesenewsnet.com>, July 22, 2004.
- ⁹ This is based on the official data released from the conference of the 21st Century Forum held in Beijing in December 2003. See <http://www.xinhuanet.com>, December 18, 2003.
- ¹⁰ Cai Zheren and Shen Ronghua, *Zouxiang rencai guojihua—Shanghai rencai fazhan yanjiu baogao* (Toward globalization of human resources: Report on human resources development in Shanghai) (Shanghai: Shanghai shehui kexueyuan chubanshe, 2002), 17–18.
- ¹¹ Quoted from Huang, *Walking between Slums and Skyscrapers*, 7. Also see Joe Gamble, *Shanghai in Transition: Changing Perspectives and Social Contours of a Chinese Metropolis* (London: Routledge Curzon, 2003), x.
- ¹² Huang, *Walking between Slums and Skyscrapers*, 7.
- ¹³ Pamela Yatsko, *New Shanghai: The Rocky Rebirth of China's Legendary City* (New York: John Wiley & Sons, 2000), 26.
- ¹⁴ James P. Sterba, "A Great Leap Where?" *Wall Street Journal*, December 10, 1993, sec. R, p. 9.
- ¹⁵ "Shanghai Real Estate: Bubble or Bubbly?" <http://www.friedl.net/news/03011006.html>, August 27, 2004.
- ¹⁶ Chen Yani, *Shanghai 15 nian* (Fifteen years in Shanghai) (Beijing: Xihua chubanshe, 2003), 168.
- ¹⁷ *Xiandai jinbao* (Modern finance), August 27, 2004. Quoted from <http://www.xinhuanet.com>, August 27, 2004.
- ¹⁸ *Ibid.*
- ¹⁹ See <http://www.xinhuanet.com>, September 15, 2003.
- ²⁰ *Ibid.* Also see <http://www.chinesenewsnet.com>, September 15, 2003.
- ²¹ See <http://www.xinhuanet.com>, August 13, 2004.
- ²² *Straits Times* (Singapore), July 10, 2004.
- ²³ *Shijie ribao* (World journal), July 11, 2004, sec. A, p. 1.
- ²⁴ See <http://www.chinesenewsnet.com>, July 28, 2004.
- ²⁵ For more discussion of the changing nature of Chinese elite politics, see Cheng Li, "The 'New Deal' Politics and Policies of the Hu Administration," *Journal of Asian and African Studies* 38, nos. 4–5 (December 2003): 329–46.
- ²⁶ Hamish McDonald, "Tycoon Jailed but Corruption Lingers," *Herald*, June 3, 2004. Also see <http://www.smh.com.au>, August 25, 2004.
- ²⁷ Willy Wo-Lap Lam, "Is Hu Using Scandal to Embarrass His Rivals?" <http://www.cnn.com>, June 11, 2003.
- ²⁸ *Straits Times*, July 10, 2004.
- ²⁹ *Shijie ribao*, July 15, 2004, sec. A, p. 5.
- ³⁰ See <http://www.xinhuanet.com>, August 16, 2004.
- ³¹ See <http://www.chinesenewsnet.com>, July 16, 2004.
- ³² For a similar assessment, see Zhang Weiguo, "Jiang Desperately Clinging to Power," trans. Perry Svensson, *Taipei Times*, July 30, 2004, 8. For the original Chinese version, see <http://www.chinesenewsnet.com>, July 28, 2004.
- ³³ *Pingguo Daily* (Hong Kong), July 16, 2004.
- ³⁴ See <http://www.chinesenewsnet.com>, July 16, 2004.
- ³⁵ *Shijie ribao*, August 5, 2004, sec. A, p. 4.
- ³⁶ See <http://www.chinesenewsnet.com>, July 25, 2004.
- ³⁷ *San Jose Mercury News*, July 29, 2004.
- ³⁸ *Ibid.*
- ³⁹ *Renmin ribao* (People's Daily), April 9, 2004.
- ⁴⁰ Ma Bin, "Liu Jinbao de Shanghai xiaoquanzi" (Liu Jinbao's small circle in Shanghai), *21 shiji jingji baodao* (Economic forum of the 21st century), July 10, 2004. Quoted from <http://www.chinesenewsnet.com>, July 17, 2004.
- ⁴¹ *Asia Times*, July 14, 2004, and *Straits Times*, July 10, 2004.
- ⁴² *Asia Times*, December 18, 2003. See <http://www.atimes.com/atimes/China/EL18Ad02.html>, August 27, 2003.
- ⁴³ *Nanfang ribao* (Southern daily), June 22, 2004.

⁴⁴ “‘Bird’s Nest’ Sings Too Costly an Olympic Tune,” *People’s Daily Online*, August 16, 2004, http://english.peopledaily.com.cn/200408/16/eng20040816_153269.html, August 27, 2004.

⁴⁵ *Shijie ribao*, August 4, 2004, sec. C, p. 2.

⁴⁶ *Shijie ribao*, June 14, 2004, sec. C, p. 1, and http://news.xinhuanet.com/newscenter/2004-06/13/content_1523151.htm, August 27, 2004.

⁴⁷ *Shijie ribao*, August 18, 2004, sec. C, p. 1.

⁴⁸ *Wenhui bao* (Wenhui daily, Hong Kong), August 5, 2004.

⁴⁹ See <http://www.news.sina.com.cn>, August 9, 2004.

⁵⁰ *Shijie ribao*, July 31, 2004, sec. C, p. 1.