

Was the Shanghai Gang Shanghaied?

The Fall of Chen Liangyu and the Survival of Jiang Zemin's Faction

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The fall from power of Chen Liangyu and the surprising persistence in power of most members of the Shanghai Gang suggest that something new is afoot in Chinese elite politics. While this development seems difficult to understand using a traditional factionalism model of zero-sum games in Chinese politics, it is less confusing if interpreted in the context of newly emerging norms of “inner-Party bipartisanship,” a hypothesis that notes that leaders associated with the coastal development strategy pursued by Jiang Zemin and Zeng Qinghong are now increasingly being balanced, but not overthrown, by those affiliated with the Chinese Communist Youth League networks headed up by Party secretary-general Hu Jintao. An examination of the fall of Chen suggests some of the new rules that are emerging to guide the country's top leaders as they seek to manage inner-Party political conflict while maintaining rapid growth, social stability and one-party rule.

Despite the official Chinese rhetoric that claims the recent purge of Chen Liangyu on charges of corruption had nothing to do with factional politics, it was in fact a major political victory for Hu Jintao's camp.¹ Chen, the former Party chief in Shanghai, was certainly notorious for his rottenness; he was, however, only one among several Politburo members with such a reputation. Other disreputable senior leaders still remain in power. If Hu Jintao wants to persuade the Chinese public and the outside world that his ongoing anti-corruption campaign is more than a political maneuver to remove some of his formidable rivals on the eve of the 17th National Congress of the Chinese Communist Party (CCP), he will still need to remove a lot more corrupt top officials from their posts.

Chinese leaders' tactics to defeat their political opponents by indicting them on grounds of corruption is, of course, nothing new to China-watchers. In the mid-1990s, Jiang Zemin put his main political rival, former Beijing Party secretary Chen Xitong, in jail on charges of embezzlement.² Chen Xitong had been insolent to Jiang ever since Deng Xiaoping transferred Jiang to Beijing to serve as the secretary-general of the CCP in 1989. Understandably, Jiang saw Chen as one of the main obstacles to his ambition to form his own leadership team.³ The purge of Chen Xitong paved the way for Jiang to wield power with far fewer constraints in the following years.

The Same Game, but Different Rules

To a certain extent, Chen Xitong was to Jiang Zemin what Chen Liangyu has been to Hu Jintao. Some leaders in coastal cities have occasionally expressed their concerns about whether top national leaders who advanced their careers mainly in the inland region, such as Hu and Premier Wen Jiabao, could handle tough economic issues in an era of globalization. But no one challenged Hu and Wen more vehemently, more frequently, or more directly than Chen Liangyu. The overseas media widely reported that Chen voiced strong dissent against the macroeconomic control policies of Hu and Wen during a Politburo meeting held in June 2004.⁴ Using statistics to illustrate his points, Chen reportedly argued that the Hu-Wen administration's macroeconomic control policies would hamper the country's economic growth, especially its booming real estate industry.⁵ Chen stated bluntly that Premier Wen should take "political responsibility" for the damaging consequences of this economic policy.

However, it seems likely that Chen's real target was not Wen, but Hu Jintao, whose macroeconomic control policy is a key component of his much broader plan to strategically shift China's socioeconomic development toward growth that is more regionally balanced. Given the centrality of these policies to his overall vision of China's future development, Hu quickly rejected Chen's criticism, responding that the Politburo had adopted this macroeconomic policy and that all local governments, including Shanghai, should therefore carry it out.⁶ The battle between Chen and Hu was apparently over, and Hu won. Shortly thereafter, Hu ordered the investigation of Chen on corruption charges, effectively eliminating his main political and policy rival.

Is the fall of Chen Liangyu simply a recurrence of the purge of Chen Xitong 12 years ago? Does this mean that the nature of Chinese elite politics has remained the same? Not really.

It should be noted that there are some profound differences between these two cases. Although Chen Xitong had close ties with a number of veteran leaders, he did not belong to any powerful political faction. In contrast, Chen Liangyu was a core member of the so-called Shanghai Gang. Until recently, the Shanghai Gang was the most powerful political faction in the Chinese national leadership.⁷ While the fall of Chen Liangyu was a major blow, this political faction has nonetheless largely survived, with almost all of the other prominent members of the network remaining in positions of power.

Also, interestingly, in contrast to the fact that Jiang Zemin appointed his long-time confidant, Jia Qinglin, then Party secretary of Fujian, to replace Chen Xitong as Party secretary of Beijing; this time, Han Zheng, the mayor of Shanghai and a rising star of the Shanghai Gang, was selected as the replacement for Chen Liangyu. Some analysts consider Han Zheng to be a member of Hu Jintao's camp, because of his affiliation with the Chinese Communist Youth League (CCYL). In fact, however, Han never worked directly under Hu Jintao in the CCYL. Instead, Han served as secretary of the Shanghai municipal committee of the CCYL in the early 1990s, a decade after Hu left the CCYL central committee. This being

the case, Han's career advancement can be attributed to his patrons in the Shanghai Gang, not to Hu Jintao.

China-watchers who maintain that the rules of Chinese elite politics remain the same risk missing out on some of the new trends and dynamics in factional competition that are emerging in the People's Republic of China (PRC). Factional politics is becoming less a zero-sum game in which the winner takes all, and more a power-sharing dynamic in which two factions or coalitions compete in certain arenas and cooperate in others.⁸ Within this emerging system of "inner-Party bipartisanship," Chinese politicians are constantly engaged in coalition-building, political negotiation, compromise and deal-making to ensure that their faction maintains its relative position. Thus, while in some ways the game of factional politics has remained the same, as exemplified by the recent purge of Chen Liangyu, the rules and norms of the game seem nonetheless to be changing in some important ways.

It should be noted that it appears to have taken some time for Hu Jintao to remove Chen from his post. It is not yet clear what kind of deal was cut between Hu and Wen on one side, and Jiang Zemin, Zeng Qinghong, and other leaders of the Shanghai Gang on the other. But it is reasonable to assume that the nationwide campaign to promote the publication of Jiang's collected works prior to the removal of Chen, and the appointment of Mayor Han Zheng to be the city's acting Party secretary (instead of promoting an ally of Hu Jintao's from somewhere else) were parts of the compromise. Han Zheng may be transferred to another position in the future and one or two outsiders may be appointed to the top posts in Shanghai, but it is unlikely that the leadership of the city will go through a drastic reshuffling at the municipal Party meeting scheduled for May 2007.

While the main objective of this "inner-Party bipartisanship" is not to deal with the problem of rampant official corruption, the arrangement does help restrain the consolidation of overwhelming power in the hands of one group or individual. An analysis of these factional dynamics as evidenced by the fall of Chen Liangyu is thus a key to understanding not only one of the defining characteristics of Chinese elite politics at the present time, but also the likely arc of China's political trajectory in years to come.

The Rise of Chen Liangyu and Patron-Client Ties in Shanghai

It has been widely reported in both the Hong Kong and non-official Mainland media that Jiang Zemin recently expressed his anger about Chen Liangyu's "bullying behavior" and "rotten lifestyle."⁹ Jiang reportedly told others that "Chen deserves to be punished."¹⁰ However, Chen's ascent to political prominence, including his membership seat in the 16th Politburo, was largely attributable to Jiang's patronage. On at least three occasions, Jiang played a crucial role in helping Chen advance his political career.

Like Jiang Zemin's, Chen Liangyu's career was mostly spent in Shanghai. Born in October 1946, Chen joined the People's Liberation Army (PLA) at the age of 17. Chen was enrolled at the PLA Academy of Logistical Engineering between 1963 and 1968. After serving in the PLA for two more years, Chen was demobilized to the Shanghai Pengpu Machine Factory

in 1970. Chen worked in that factory for 13 years, first as a worker, then as an engineer, and eventually as the deputy director of the factory. In 1984, Chen served as Party secretary of the Shanghai Electrical Appliances Corporation. Both the Pengpu Machine Factory and the Shanghai Electrical Appliances Corporation were affiliated with the First Bureau of Electrical Machinery of the Shanghai municipal government. From the mid-1980s through the entire 1990s, officials from that bureau formed a powerful network and dominated the top leadership posts of the Shanghai branch of the CCP and Shanghai municipal government. The most notable figures in this regard include Huang Ju, who served as deputy bureau chief in the early 1980s, and Hua Jianmin, who advanced his career in a research institute that was part of the First Bureau. Huang and Hua later became party secretary and vice mayor of the city, respectively. Huang is currently the executive vice premier and Hua is state councilor and secretary-general of the State Council.

Shanghai's First Bureau of Electrical Machinery was also under the leadership of the Ministry of the Electronic Industry, which was headed by Jiang Zemin in the early 1980s. It was not a coincidence that officials from that bureau became the main sources of elite recruitment in the Jiang era. Soon after Jiang moved to Shanghai to serve as mayor of the city in 1985, Chen was promoted to be director of the Retired Cadre Bureau of the Shanghai municipal government. That appointment was the first important stepping-stone for Chen Liangyu, who was then only 39 years old, because many influential senior leaders in Shanghai had just retired or retired soon after Jiang's arrival. Jiang needed to make sure that these veteran leaders' retirements would be handled in a smooth way. Meanwhile, these retired leaders still had political influence. Their praise and recommendation for Chen Liangyu could be very helpful for Chen's future promotion. In fact, this was exactly the reward that Chen later received.

It should be noted that Zeng Qinghong, a heavyweight figure in the Shanghai Gang, was also instrumental in Chen's appointment to serve as director of the bureau. Zeng arrived in Shanghai a few months earlier than Jiang and served as head of the Organization Department of the Shanghai CCP Committee in the mid-1980s. Although Zeng was new to the city, he was extremely well connected politically: three top leaders of the city in the early 1980s, Chen Guodong, Hu Lijiao, and Wang Daohan, were comrades-in-arms of Zeng's father during the Chinese Communist revolution.¹¹ Collectively, Jiang, Zeng, and Chen were deemed to have handled the retirement of veteran leaders remarkably well.

Chen was on the fast track of career advancement after his service as the head of the Retired Cadre Bureau, serving as Deputy Party Secretary and Director of the Huangpu District, one of the most important commercial districts in Shanghai, between 1987 and 1992. He also spent nine months studying public policy at the University of Birmingham in the United Kingdom in 1992. After returning from studies abroad, Chen served as deputy secretary-general of the Shanghai municipal committee of the CCP for two months, after which he was promoted to serve as deputy Party secretary of Shanghai.

The second major career boost that Jiang gave Chen occurred at the 15th Party Congress of the CCP in 1997. Jiang planned to have four Shanghai leaders (Party Secretary Huang Ju, Mayor Xu Kuangdi, deputy Party secretaries Chen Liangyu and Meng Jianzhu) occupy full

membership seats on the 15th Central Committee. But the delegates rejected this plan. On the 15th Central Committee, all but one of the 31 provincial-level administrations has two full members (the exception is Yunnan, which has only one seat). The Party secretary and governor (or mayor or chairman) usually occupy these two seats.¹² Nevertheless, with the help of Jiang and Zeng, Chen obtained an alternate seat on the 15th Central Committee and became one of the youngest members of this powerful organization.

In the following five years, Chen Liangyu successfully pushed aside three potential political rivals in the city: Deputy Party Secretary Meng Jianzhu, who was transferred to Jiangxi to serve as provincial Party secretary there; Deputy Party Secretary Gong Xueping (another confidant of Jiang), who lost his seat on the standing committee of the Shanghai municipal committee of the CCP; and Mayor Xu Kuangdi, who was transferred to Beijing to serve as president of the Chinese Academy of Engineering. The transfer out of Shanghai of Xu Kuangdi on the eve of the 16th Party Congress was a carefully planned move by Jiang and the Shanghai Gang. Mayor Xu was a protégé of Premier Zhu Rongji and was never part of Jiang's political network. Jiang and the Shanghai Gang were uneasy about the possibility that Mayor Xu would take over the top position when then-Party secretary Huang Ju moved to Beijing, and they wanted to make sure that the top position would be in the hands of a confidant of Jiang and a core member of the Shanghai Gang.

Consequently, Chen Liangyu became mayor and Party secretary of Shanghai and obtained Politburo membership on the 16th Central Committee. As one of the three youngest members of the Politburo, Chen seemed to have an even brighter future in the top national leadership in the years to come. Chen was bold enough to challenge the socioeconomic policies of the Hu-Wen administration and to protect the interests of Shanghai and the coastal region. Chen was apparently interested in taking over Zeng Qinghong's position as the top leader of the Shanghai Gang. However, Chen did not have the same political wisdom, leadership integrity, and broad factional support that Zeng enjoys. More importantly, Chen apparently had a poor understanding of the new rules in Chinese factional politics and the complicated relationship between the Hu-Wen duumvirate on one side, and the Jiang-Zeng team on the other side.

The Shanghai Pension Fund Scandal and the Fall of Chen Liangyu

Ever since the official announcement of the removal of Chen Liangyu from the post of secretary of the CCP Shanghai municipal committee in September 2006, the Chinese Internet and unofficial publications in the country have been flooded with all sorts of sensational gossip about Chen's financial fraud and "decadent" life.¹³ Many of the tabloid stories have reported that Chen possessed a total of 300 million yuan in his bank accounts, owned nine residences, and had as many as 11 love affairs in recent years. Chen's son, Chen Weili, was also rumored to have recently escaped to the United States. Chinese official sources have neither confirmed nor denied any of these speculations.

Although the investigations into Chen's case have not yet concluded, the main charges against him are clear. Chen is being held responsible for 3.45 billion yuan (US \$439.5 million) that was siphoned off from the Shanghai social security pension fund for illicit loans and

investments. In addition, Chen is also alleged to have been involved in other serious discipline violations, such as “helping further the economic interests of illegal business people, protecting staff who severely violated laws and discipline, and furthering the interests of family members by taking advantage of his official posts,” according to the announcement made by the CCP Central Commission for Discipline Inspection (CCDI).¹⁴

The CCDI sent about 200 investigators from Beijing, Jilin, Anhui, Jiangsu, and elsewhere to Shanghai to probe this corruption case. Dozens of officials and businesspeople have been sacked and/or placed under investigation.¹⁵ Table 1 lists in chronological order the 16 government officials and business leaders who were involved in the Shanghai pension fund scandal. Zhang Rongkun, chairman of the China Property & Casualty Reinsurance Co., was the first person to be arrested as a result of this scandal, and seems to have a connection one way or another with all the others on the list.

A native of Suzhou, Zhang was born in 1968 in a humble family. Zhang took several low-level jobs in hotel management, customs, and foreign trade in his early career. The turning point of his business career occurred in 2002 when he established the China Property & Casualty Reinsurance Co. in Shanghai’s Pudong District, and soon purchased the Shanghai Road and Bridge Development Company. With an investment of 3.2 billion yuan, his company won the 30-year contract to manage the Shanghai-Hangzhou Highway. One year later, Zhang invested 5 billion yuan to earn a 25-year contract to manage the Jiading-Jinshan Highway. In 2004, Zhang invested 8.8 billion yuan to purchase 20 percent of the stocks of the Suzhou-Jiading-Hangzhou Highway. All these enormous investments in transportation earned Zhang Rongkun the nickname of “China’s king of highways” (*gonglu dawang*).¹⁶ *Forbes* magazine ranked Zhang in 2005 as the 16th richest person in the PRC.

How was it possible that Zhang’s company, with less than one billion yuan in registered assets, was able to invest 17 billion yuan in these three highway projects? According to the initial investigation by the CCDI team, 3.45 billion yuan of these investments came from funds illegally borrowed from the Shanghai pension fund, 6 billion yuan came from bank loans, and 1 billion yuan were obtained through venture capital funding from the Shanghai Electric Group Co., in which Zhang served as a trustee and vice chairman of the board.

Two government officials who were primarily responsible for the management of the Shanghai pension fund, Zhu Junyi (director of the Labor & Social Security Bureau of Shanghai), and his junior colleague at the bureau, Lu Qiwei (head of the Department of Pension Funds of the Labor & Social Security Bureau of Shanghai) were accused of serious violations of financial regulations in granting use of the fund for Zhang Rongkun and others. Several other people on the list, including Han Guozhang, Wang Chengming, and Xu Wei, were top leaders of the Shanghai Electric Group Co., a state-owned enterprise. These individuals were accused of embezzlement, bribery, and violations of financial regulations for lending Zhang venture capital from their company.

Table 1*A Chronological Overview of Government Officials and Business Leaders Involved in the Shanghai Pension Fund Scandal*

<i>Date of charge</i>	<i>Name</i>	<i>Position</i>	<i>Charges</i>	<i>Ties with Chen Liangyu</i>	<i>Ties with Zhang Rongkun</i>
24 July 2006	Zhang Rongkun	Chairman, China Property & Casualty Reinsurance Co. & vice-chairman of Shanghai Electric Group	Financial fraud	Friend	—
2 August 2006	Han Guozhang	Vice president, Shanghai Electric Group	Embezzlement and bribery	N/A	Granting Zhang use of company's venture capital
9 August 2006	Zhu Junyi	Director, Labor & Social Security Bureau of Shanghai	Violations of financial regulations and bribery	N/A	Granting Zhang use of municipal pension fund
9 August 2006	Lu Qiwei	Head, Department of Pension Fund of Labor & Social Security Bureau of Shanghai	Violations of financial regulations	N/A	Granting Zhang use of municipal pension fund
13 August 2006	Wang Chengming	CEO & Party secretary, Shanghai Electric Group	Violations of financial regulations	Friend	Granting Zhang use of company's venture capital
24 August 2006	Qin Yu	Deputy Party secretary and director, Baoshan District, Shanghai	Violations of financial regulations	Mishu (personal assistant)	Friend
1 September 2006	Wu Minglie	Vice president, Huawei Investment Group; and CEO, New Huangpu Group	Violations of financial regulations and bribery	Former junior colleague & boss of Chen's son	N/A
24 September 2006	Chen Liangyu	Party secretary of Shanghai, member of the Politburo	Violations of financial regulations	—	Friend
28 September 2006	Sun Luyi	Deputy secretary-general and office director of the Shanghai CCP Committee	Violations of financial regulations	Chief of staff	N/A
12 October 2006	Qiu Xiaohua	Director, National Bureau of Statistics	Violations of financial regulations	N/A	Friend
18 October 2006	Xu Wei	Vice president, Shanghai Electric Assets Management Co.	Violations of financial regulations	N/A	Granting Zhang use of company's venture capital
Mid-October 2006	Chen Chaoxian	Director, Changning District	Violations of financial regulations	Former junior colleague in Huangpu District	Friend
Mid-October 2006	Yu Zhifei	General Manager, Shanghai Int'l Circuit Management and Development Co.	Violations of financial regulations	Former boss of Chen's son	Friend
October 2006	Wang Guoxiong	Director, Department of Commerce, Shanghai municipal government	Violations of financial regulations	N/A	Granting Zhang use of municipal pension fund
21 October 2006	Ling Baoheng	Director, Shanghai's State-Owned Assets Supervision & Administration Commission	Violations of financial regulations in Shanghai Formula 1 Auto Race	N/A	Friend
21 October 2006	Wu Hongmei	Vice director, Shanghai's State-Owned Assets S&A Commission	Violations of financial regulations in Shanghai Formula 1 auto race	N/A	Friend

Source: Chen Liansheng and Hao Hongguang, *Chen Liangyu chengfu zhi lu* [The Rise and Fall of Chen Liangyu] (Hong Kong: Zhongtian chubanshe, 2006), pp. 33–35.

In addition to the charges noted above, the official indictment sheet alleges that Zhang Rongkun bribed former director of the National Bureau of Statistics, Qiu Xiaohua, a 49-year-old rising star in China's ministerial-level leadership. Zhang was also accused of offering a 10 million-yuan bribe to Wang Guoxiong, former director of the department of commerce of the Shanghai municipal government. Some have speculated that a large portion of the purported 300 million yuan in Chen Liangyu's bank accounts came from Zhang Rongkun.¹⁷ According to CCDI investigators, these bribes on the part of Zhang Rongkun were all related to the illicit use of the Shanghai pension fund.

Two top officials of Shanghai's State-Owned Assets Supervision & Administration Commission, Ling Baoheng and Wu Hongmei, were also accused of financial wrongdoings in the management of the Shanghai Formula One (F1) Motor Race. Yu Zhifei, general manager of the Shanghai International Circuit, is being questioned over "illegal operations" at the \$240 million F1 track. Yu previously served as chairman of the Shanghai Shenhua Soccer Club, one of the largest "commercial sport empires" in the country. Not coincidentally, Chen Weili, Chen Liangyu's son, was the vice general manager of the club at the time.¹⁸ The linkage between Zhang Rongkun and the F1 race is not entirely clear, but all these dealings are related to the misuse of the Shanghai pension fund. In addition, the construction of the Jiading-Jinshan Highway was primarily motivated by the fact that the F1 race required this roadway.

It is widely believed that Qin Yu, a former *mishu* (personal assistant) of Chen Liangyu, played a crucial role in helping Zhang Rongkun access the Shanghai pension fund. Qin served as both deputy director of the general office of the Shanghai municipal government and deputy director of the general office of the CCP Shanghai Municipal Committee between November 2002 and July 2006. Both Qin and Zhang attended East China Normal University in Shanghai, both served as standing members of the national committee of the All-China Youth Federation, and both were considered rising stars in Shanghai, the former in public administration and the latter in the private sector.

On 6 July 2006, about two weeks prior to the CCDI formal investigation of Zhang Rongkun, Qin Yu was suddenly transferred from his position as deputy director of the general office of the CCP Shanghai Municipal Committee to become deputy Party secretary of the CCP Baoshan District Committee, and a week later he was appointed director of the Baoshan District Government. This last-minute transfer of Qin could not conceal the close ties between Chen, Qin, and Zhang. In fact, in addition to Qin Yu, several other people who are currently under investigation had close personal ties with Chen Liangyu. Sun Luyi, former deputy secretary-general and former office director of the CCP Shanghai Committee, was Chen's chief of staff prior to his fall. Chen Chaoxian, former director of Shanghai's Changning District, was general manager of Xinya Restaurant, the most famous restaurant in the Huangpu District, in 1989–1991, during which time Chen Liangyu was the director of the district. Chen Liangyu later promoted Chen Chaoxian to be a standing member of the CCP Huangpu District Committee and executive vice director of the district government.

Furthermore, Wu Minglie, former CEO and Party secretary of the New Huangpu Group, previously served as director of the Real Estate Development Bureau of the

Huangpu District in 1991 when Chen Liangyu was in charge of that district. Wu also served as vice president of the Huawei Investment Group. It has been rumored that, in the name of Huawei Investment Group, Wu Minglie “borrowed” 800 million yuan from the Shanghai pension fund to purchase a large amount of stock in the New Huangpu Group, which later allowed him to serve as CEO and Party secretary of the company. In return, Wu appointed Chen Liangyu’s son, Chen Weili, to be vice president of the Zhongti Media Company—a branch company of the Huawei Investment Group—with a salary of 400,000 yuan and a bonus of 600,000 yuan for his contribution in obtaining the “venture capital.”

Chen Liangyu may also have violated financial regulations by approving loans from the Shanghai pension fund to Yu Guoxiang, chairman of the Xinhengde Property Development Company. Yu was a young private entrepreneur from Ningbo, Zhejiang Province, who mysteriously purchased, with \$US150 million, the Jingan Hilton Hotel in Shanghai in 2003. Furthermore, it was widely circulated in Shanghai that Chen Liangyu’s brother, Chen Liangjun, was deeply involved in financial fraud and other wrongdoings associated with Zhou Zhengyi, former chairman of the Shanghai Nongkai Development Group and once the “richest tycoon in Shanghai.” In May 2003, Zhou was arrested and was later sentenced to three years in prison for “manipulating the trading prices of securities and falsifying registered capital reports.” Zhou was released from prison in May 2006, but was recently rearrested on bribery charges. He was accused of bribing the top official in the prison and turning “his jail cell into a boardroom for his company.”¹⁹ Speculation in Shanghai and elsewhere holds that Zhou’s light sentencing and his behavior in jail were all possible because of his close personal ties with Chen Liangyu and other senior leaders in the Shanghai Gang.

It should be noted that the misuse of pension funds did not occur only in Shanghai. China first established social security funds in August 2000 in order to deal with the country’s aging population. China’s Ministry of Labor and Social Security has acknowledged that the embezzlement and misuse of pension funds is widespread among local governments.²⁰ Understandably, the mismanagement of social security or pension funds is politically very sensitive. In a direct way, it can shake up public confidence in the system and harm the basic interests of millions of people. It was, therefore, a wise and appropriate move on the part of Hu Jintao and Wen Jiabao to launch a new anti-corruption campaign by making an example of this case of the embezzlement of the pension fund.

As a matter of fact, several of the most widely publicized corruption scandals involving high-ranking leaders reflect both critical areas of China’s development and strong public concerns. For example, Liu Zhihua (Beijing’s vice mayor) was arrested because of bribery in the construction of projects for the 2008 Olympics; Li Jinbao (procurator-general of Tianjin People’s Procuratorate) was accused of bribery and abusing judicial power; Zheng Xiaoyu (director of the State Food and Drug Administration) was supposed to be China’s pharmaceutical watchdog, but was recently detained on suspicion of bribery; and Du Shicheng (Party secretary of Qingdao and alternate member of the 16th Central Committee) was sacked for corruption in the development of the city’s real estate sector.

Hu Jintao and Wen Jiabao apparently intend to use these cases to warn their colleagues in the Party that their administration will not tolerate these outrageous corruption scandals. Some may reasonably argue that corruption is a rampant phenomenon in today's China. These leaders were caught largely because they lost the protection of their political patrons or they were the scapegoats of factional politics. To a great extent, the top leaders' children and other family members are almost all currently engaged in business, and many clearly take advantage of their official family backgrounds to promote their own economic interests.

Yet, Gao Xin, a prominent analyst of Chinese leadership politics, insightfully observed that some corruption cases are far more outrageous than others. The Chinese authorities have to deal with these outrageous cases in a more serious and urgent way.²¹ This explains, at least partially, why certain people charged with corruption were caught while many others were not. The fall of Chen Liangyu on allegations of misuse of the Shanghai pension fund sends an important message to any individual leader or political faction, including even the formidable Shanghai Gang, that they no longer enjoy absolute power, even on their own turf.

The Survival of the Shanghai Gang

The pension fund scandal and the fall of Chen Liangyu were major blows to the Shanghai faction. But interestingly, almost all of the other prominent members of the Shanghai Gang have remained in power. Table 2 includes 15 high-ranking leaders whose rapid rise to positions in the senior leadership was largely due to their close ties with Jiang Zemin and the Shanghai political network. At present, they occupy three out of nine seats on the Standing Committee of the Politburo, the highest decision-making body, and four of the ten most important posts on the State Council.

Although the leaders of the Shanghai Gang will most likely lose some seats in the next Politburo and the State Council largely due to the retirements, a few younger members of the Shanghai Gang will probably be promoted. Han Zheng (acting Party secretary and mayor of Shanghai), Wang Huning (director of the General Policy Research Center of the CCP), and Meng Jianzhu (Party secretary of Jiangxi), all full members of the 16th Central Committee of the CCP, are likely candidates to enter the Politburo or Secretariat in the 17th Party Congress. Lou Jiwei (executive vice minister of Finance) and Jiang Jianqing (governor of the Industrial & Commercial Bank of China) will likely play a more important role in China's financial and economic leadership. Another rising star in the financial sector, Zhou Xiaochuan (governor of the People's Bank), also has strong ties to the Shanghai Gang. Zhou has long been seen as a protégé of Jiang Zemin. Thus, China's financial leadership will likely remain in the hands of members of Jiang Zemin's faction.

Table 2*Current Position and Previous Experience of Prominent Leaders of the Shanghai Gang (as of February 2007)*

<i>Name</i>	<i>Current Position</i>	<i>Membership in 16th CC</i>	<i>Born</i>	<i>Birthplace</i>	<i>Principal Experience(s) in Shanghai</i>
Zeng Qinghong	Vice president	Politburo Standing Committee member	1939	Jiangxi	Head, Org. Dept., 1985–1986; chief-of-staff, 1986; deputy Party secretary, 1986–1989
Wu Bangguo	Chairman, NPC	Politburo Standing Committee member	1941	Anhui	Deputy Party secretary, 1985–1991; Party secretary, 1991–1995
Huang Ju	Executive vice premier	Politburo Standing Committee member	1938	Zhejiang	Chief of staff, 1984–1985; vice mayor, 1986–1991; mayor 1991–1995; Party secretary 1994–2002
Zeng Peiyan	Vice premier	Politburo member	1938	Zhejiang	Team leader and dir. of the Research Institute (Shanghai) in the Number One Machine Industry, 1962–1964, 1978–1985
Chen Zhili	State councilor	Member	1942	Fujian	Head, Propaganda Dept., 1988–1989; deputy Party secretary, 1989–1997
Hua Jianmin	State councilor	Member	1940	Jiangsu	General Manager of Shenneng Energy Corp., 1987–1992; Dir., Planning Commission, 1992–1994; vice mayor, 1994–1998
Han Zheng	Acting Party secretary and mayor of Shanghai	Member	1954	Zhejiang	Dir., Luwan District, 1992–1995, deputy chief-of-staff, 1995–1998, vice mayor and deputy Party secretary, 1998–2003
Zhao Qizheng	Vice chairman, Foreign Affairs Committee, CPPCC	Member	1940	Beijing	Head, Org. Dept., 1984–1991; vice mayor 1991–1997, head of Pudong District, 1992–1997
Wang Huning	Dir., General Policy Research Center	Member	1955	Shanghai	Dean of Law School at Fudan University, 1993–1997
Lou Jiwei	Executive vice minister of finance	Member of Central Com. for Discipline Inspection	1951	Zhejiang	Deputy Head, Shanghai Economic Reform Committee, 1988–1991
Cao Jianming	Vice president of Supreme People's Court	Alternate member	1955	Shanghai	President, Institute of East China Political Science & Law, 1998–2002
Zhang Huixin	Deputy secretary, Central Com. for Discipline Inspection	Member of Central Com. for Discipline Inspection	1944	Jiangsu	Party secretary, Zhabei District, 1989–1991; secretary, Shanghai Com. for Discipline Inspection, 1992–2001
Meng Jianzhu	Party secretary of Jiangxi	Member	1947	Jiangsu	Deputy chief of staff, 1992–1993; vice mayor, 1993–1997; deputy Party secretary, 1996–2001
Xu Guangchun	Party secretary of Henan	Member	1944	Zhejiang	Dir., Shanghai bureau of Xinhua News Agency, 1985–1991
Jiang Jianqing	Governor of ICBC	Alternate	1953	Shanghai	Governor, Bank of Shanghai, 1995–1997; governor, Shanghai branch of the ICBC, 1997–1999

Notes: CC = Central Committee; Com. = Commission; Corp. = Corporation; CPPCC = Chinese People's Political Consultative Conference; Dept. = Department; Dir. = Director; ICBC = Industrial & Commercial Bank of China; Org. = Organization.

Arguably the most interesting phenomenon relating to Chen Liangyu's fall is that no other senior official in the Shanghai municipal government has thus far lost his or her position. Table 1 shows that the central authorities have charged only those officials who were involved in the Shanghai pension fund scandal. With the exception of Chen Liangyu, all of the other officials under investigation were bureau- or district-level leaders or below.

Table 3 shows that all the top leaders in the city—deputy Party secretaries and vice mayors—have continued in their leadership posts since the fall of Chen Liangyu in September 2006. For the past five months, no outsider has been transferred into the two highest levels of leadership in the city. With the exception of Deputy Party Secretary Wang Anshun, who was transferred to Shanghai in 2003, all of the other top leaders in the city have advanced their careers exclusively in Shanghai.

Table 3

Backgrounds of Current Top Leaders in Shanghai (as of February 2007)

<i>Name</i>	<i>Current Position</i>	<i>Tenure began</i>	<i>Born</i>	<i>Birthplace</i>	<i>Previous position</i>	<i>Experience outside Shanghai</i>
Han Zheng	Acting Party secretary, mayor	2006	1954	Zhejiang	Vice mayor	None
Liu Yungeng	Executive deputy Party secretary	2003	1947	Zhejiang	Deputy secretary	None
Luo Shiqian	Deputy Party secretary	2001	1943	Anhui	Dir., Org. Dept.	None
Yin Yicui	Deputy Party secretary	2002	1955	Zhejiang	Dir., Prop. Dept.	None
Wang Anshun	Deputy Party secretary	2003	1957	Henan	Dir., Org. Dept.	Director, Org. Dept., Gansu Province
Feng Guoqin	Executive vice mayor	2005	1948	Shanghai	Vice mayor	None
Zhou Yupeng	Vice mayor	1998	1947	Jiangsu	Head, Pudong Dist.	None
Yan Junqi	Vice mayor	2001	1946	Jiangsu	Dir., Info. Office	None
Yang Xiong	Vice mayor	2003	1953	Zhejiang	Dep. chief of staff	None
Zhou Taitong	Vice mayor	2003	1952	Fujian	Dep. chief of staff	None
Tang Dengjie	Vice mayor	2003	1964	Jiangsu	Dir., Economic Com.	None
Hu Yanzhao	Vice mayor	2004	1951	Zhejiang	Dep. chief of staff	None
Yang Dinghua	Vice mayor	2006	1950	Jiangsu	Chief of staff	None

Notes: Com. = Committee; Dep. = Deputy; Dept. = Department; Dir. = Director; Dist. = District; Info. = Information; Org. = Organization; and Prop. = Propaganda.

Among the 15 standing members of the Shanghai Municipal CCP Committee, only one, Jiang Sixian (head of the Organization Department and former chief of staff for Chen Liangyu), was recently transferred out of Shanghai. Jiang, a native of Jiangsu, received a master's degree in engineering from Shanghai's Jiaotong University, Jiang Zemin's alma mater. Jiang Sixian also served as vice president of the university. At the age of 40, Jiang served as deputy director of the CCP Organization Department in Shanghai. He also served as director of the Xuhui District, chief of staff of the Shanghai municipal government, director of the Pudong District, and vice mayor. He was once considered a rising star in the fifth generation of the Chinese leadership. Jiang now serves as vice governor of Hainan Province. This transfer occurred soon after the eruption of the Shanghai pension fund scandal, and was likely due to Jiang's close ties to his former boss, Chen. Although Jiang is no longer on the fast track of career development, his new position in Hainan is on the same level of leadership as his previous post in Shanghai.

Since the Chen scandal broke in September 2006, only one senior official in the Shanghai leadership was transferred in from elsewhere. Shen Deyong, former vice president of the Supreme People's Court, was appointed to serve as secretary of the Shanghai Municipal Commission for Discipline Inspection. Shen was born in Jiangxi in 1954, and is an accomplished legal scholar who has written over 10 books on China's judicial system. Shen began his career in Jiangxi Province where he once served as vice president of the provincial court and deputy secretary of the provincial commission for discipline inspection. Shen currently serves as a standing member of the CCDI. He is often seen as a protégé of Wu Guanzheng (currently secretary of the CCDI and a member of the Politburo Standing Committee). Wu is also a Jiangxi native and once served as Party secretary of the province.

Because of his background, Shen can be an effective watchdog for the Shanghai Gang. However, as part of the new norms in the leadership structure, the secretary of the provincial-level commission for discipline inspection no longer concurrently serves as deputy Party secretary of the province. Therefore, Shen holds membership only in the 15-person standing committee of the Shanghai CCP committee. Shen's transfer to Shanghai can also be seen as a normal appointment since, according to new CCP regulations, secretaries of the provincial commission for discipline inspection should not be selected from the same region.²²

Also, at the bureau and district levels of leadership in Shanghai, newly appointed leaders usually come from Shanghai. The newly appointed director of Shanghai's State-Owned Assets Supervision and Administration Commission, Yang Guoxiong, who replaced his predecessor, Ling Baoheng, previously served as Party secretary of Shanghai's Songjiang District. Meanwhile, despite widespread speculation about corruption among Jiang Zemin's family members, all of Jiang's relatives have retained their positions after Chen's fall. Wu Zhiming, the nephew of Jiang's wife, has remained in his post as head of the Public Security Bureau of the city. All these facts suggest that Jiang Zemin's Shanghai faction, though weakened by the pension fund scandal and the fall of Chen, has largely survived. To a great extent, Shanghai is still the turf of the Jiang Zemin-Zeng Qinghong faction.

At the same time, by firing Chen Liangyu, who was once a political heavyweight of the Shanghai Gang and a formidable critic of Hu's macroeconomic policies, Hu Jintao has

undoubtedly helped consolidate his own power in the national leadership. The era in which Hu Jintao found himself surrounded by Jiang Zemin's protégés in the Politburo and its Standing Committee seems to have come to an end. During his first term as secretary-general of the Party, Hu profoundly reshaped China's political landscape in ways that consolidated and expanded his authority. Many of Hu's protégés are now lined up for promotions at the 17th Party Congress, most noticeably those who advanced their political careers primarily through the Chinese Communist Youth League (CCYL), Hu's power base, who will occupy a large portion of the seats in the next Central Committee and the new Politburo.

Table 4 shows the increasing number of leaders with CCYL backgrounds (also known as *tuanpai*) among provincial Party secretaries and governors since September 2002. China's provincial chiefs are among the most important sources for the top national leadership. The number of *tuanpai* leaders increased from five (two Party secretaries and three governors) in 2002 to 13 (five Party secretaries and eight governors) in 2005 to 20 (nine Party secretaries and 11 governors) in early 2007. As a result, *tuanpai* leaders currently account for 32 percent of the total number of provincial chiefs.

Hu Jintao's power at both the national and provincial levels is apparently more secure on the eve of the 17th Party Congress than ever before. Some of his long time protégés, for example, Liaoning Party Secretary Li Keqiang, Jiangsu Party Secretary Li Yuanchao, Chongqing Party Secretary Wang Yang, Sichuan Party Secretary Du Qinglin, and Director of the CCP United Front Work Department Liu Yandong are likely enter the Politburo. Some of these individuals may even win seats on the Politburo Standing Committee at the 17th Party Congress in the fall of 2007.

But this does not necessarily mean that *tuanpai* leaders affiliated with Hu Jintao will dominate the top Chinese leadership. A review of the career backgrounds of *tuanpai* leaders reveals an interesting phenomenon: while *tuanpai* leaders are usually strong in terms of their backgrounds in rural administration or their leadership skills in Party organizational and propaganda work, they often lack leadership experience in the industrial sector. Among the twenty *tuanpai* provincial chiefs, none have had previous leadership experience in foreign trade or investment, and only one leader (the newly appointed Jilin Governor Han Changfu) has had experience in the field of finance. Similarly, among the eight ministers on the State Council and directors of the CCP central departments with CCYL backgrounds, none has had leadership experience in foreign trade, investment or finance. This collective weakness of the *tuanpai* leadership bench suggests one reason why the *tuanpai* faction has had to share power with other elite factions, such as the Shanghai Gang: they need each other because their expertise and leadership skills are complementary. This factor further contributes to the rise of new dynamics and new rules in China's elite politics.

Table 4 Increasing Number of Tuanpai Leaders among Provincial Party Secretaries and Governors/Mayors (as of February 2007)

Province/City	September 2002		February 2005		January 2007	
	Party Secretary	Governor/Mayor	Party Secretary	Governor/Mayor	Party Secretary	Governor/Mayor
Beijing	Jia Qinglin	Liu Qi	Liu Qi	Wang Qishan	Liu Qi	Wang Qishan
Tianjin	Zhang Lichang	Li Shenglin	Zhang Lichang	Dai Xianglong	Zhang Lichang	Dai Xianglong
Hebei	Wang Xuedong	Niu Maosheng	Bai Keming	Ji Yunshi	Bai Keming	Guo Gengmao
Shanxi	Tian Chengping	Liu Zhenhua	Tian Chengping	Zhang Baoshun	Zhang Baoshun	Yu Youjun
Inner Mongolia	Chu Bo	Uyunqing	Chu Bo	Yang Jing	Chu Bo	Yang Jing
Liaoning	Wen Shizhen	Bo Xilai	Li Keqiang	Zhang Wenyue	Li Keqiang	Zhang Wenyue
Jilin	Wang Yunkun	Hong Hu	Wang Yunkun	Wang Min	Wang Min	Han Changfu
Heilongjiang	Xu Youfang	Song Fatang	Song Fatang	Zhang Zuoyi	Qian Yunlu	Zhang Zuoyi
Shanghai	Huang Ju	Xu Kuangdi	Chen Liangyu	Han Zheng	Han Zheng	Han Zheng
Jiangsu	Hui Liangyu	Ji Yunshi	Li Yuanchao	Liang Baohua	Li Yuanchao	Liang Baohua
Zhejiang	Zhang Dejiang	Chai Songyue	Xi Jinping	Lü Zushan	Xi Jinping	Lü Zushan
Anhui	Wang Taihua	Xu Zhonglin	Guo Jinlong	Wang Jinshan	Guo Jinlong	Wang Jinshan
Fujian	Song Defu	Xi Jinping	Lu Zhangong	Huang Xiaojing	Lu Zhangong	Huang Xiaojing
Jiangxi	Meng Jianzhu	Huang Zhiquan	Meng Jianzhu	Huang Zhiquan	Meng Jianzhu	Wu Xinxiong
Shandong	Wu Guanzheng	Li Chunting	Zhang Gaoli	Han Yuqun	Zhang Gaoli	Han Yuqun
Henan	Chen Kuiyuan	Li Keqiang	Xu Guangchun	Li Chengyu	Xu Guangchun	Li Chengyu
Hubei	Jiang Zhuping	Zhang Guoguang	Yu Zhengsheng	Luo Qingquan	Yu Zhengsheng	Luo Qingquan
Hunan	Yang Zhengwu	Zhang Yunchuan	Yang Zhengwu	Zhou Bohua	Zhang Chunxian	Zhou Qiang
Guangdong	Li Changchun	Lu Ruihua	Zhang Dejiang	Huang Huahua	Zhang Dejiang	Huang Huahua
Guangxi	Cao Bochun	Li Zhaozhuo	Cao Bochun	Lu Bing	Liu Qibao	Lu Bing
Hainan	Bai Keming	Wang Xiaofeng	Wang Xiaofeng	Wei Liucheng	Wei Liucheng	Luo Baoming
Chongqing	He Guoqiang	Bao Xuding	Huang Zhengdong	Wang Hongju	Wang Yang	Wang Hongju
Sichuan	Zhou Yongkang	Zhang Zhongwei	Zhang Xuezhong	Zhang Zhongwei	Du Qinglin	Jiang Jufeng
Guizhou	Qian Yunlu	Shi Xiushi	Qian Yunlu	Shi Xiushi	Shi Zongyuan	Lin Shusen
Yunnan	Linghu An	Xu Rongkai	Bai Enpei	Xu Rongkai	Bai Enpei	Qin Guangrong
Tibet	Guo Jinlong	Legqog	Yang Chuantang	Qiangba Puncog	Zhang Qingli	Qiangba Puncog
Shaanxi	Li Jianguo	Cheng Andong	Li Jianguo	Chen Deming	Li Jianguo	Yuan Chunqing
Gansu	Song Zhaosu	Lu Hao	Su Rong	Lu Hao	Lu Hao	Xu Shousheng
Qinghai	Bai Enpei	Zhao Leji	Zhao Leji	Song Xiuyan	Zhao Leji	Song Xiuyan
Ningxia	Mao Rubai	Ma Qizhi	Chen Jianguo	Ma Qizhi	Chen Jianguo	Ma Qizhi
Xinjiang	Wang Lequan	Abdulhat Aburixit	Wang Lequan	Simayi Tielwaerdi	Wang Lequan	Simayi Tielwaerdi
Total # of Tuanpai	2	3	5	8	9	11
	5		13		20	

Note: Names in red are leaders who advanced their political careers primarily through the Chinese Communist Youth League, also known as *tuanpai*.

Conclusion

The investigation of the Shanghai pension fund scandal is still under way. It is unclear on what grounds Chen Liangyu will be tried, what sort of punishment Chen will receive, and whether or not more senior members of the Shanghai Gang will be charged with corruption or other related crimes. Hu Jintao has apparently won a major victory in his fight with the Shanghai Gang. His protégés, especially those *tuanpai* leaders, are slated to take many more important leadership positions in both the 17th Party Congress in the fall of 2007 and the 11th National People's Congress that will meet in the spring of 2008.

Yet, Hu Jintao confronts several dilemmas. First, while his anti-corruption campaign is popular among the public, including people in Shanghai, if these anti-corruption campaigns substantially undermine the interests of too many CCP leaders, Hu may alienate the political power base upon which he is heavily reliant.

Second, Hu needs to effectively control local governments, especially those regions led by extremely powerful networks such as the Shanghai Gang. At the same time, Hu will seek to avoid inciting a vicious power struggle among the top Chinese leadership, which could clearly undermine his broad objective of building a "harmonious society."

Third, Hu is interested in placing his protégés and like-minded younger officials in important leadership positions so that they can better carry out his new strategy for China's development beyond the end of his second term. But at the same time he realizes that a fast-growing country like China needs leaders who have the expertise and experience to facilitate the smooth integration of the PRC into the world economy. Leaders who are from the coastal cities, especially those from Shanghai, are more likely to be competent on this front than leaders from interior provinces with less-cosmopolitan backgrounds.

Finally, Hu believes that macroeconomic control policies, which aim to fix problems caused by a single-minded emphasis on GDP growth, real estate development, and foreign trade, are necessary for achieving a more regionally balanced and environmentally friendly development strategy. At the same time, however, it seems to be in everyone's interest to maintain Shanghai's prosperity and its leading role in helping shape China's economic globalization.

These seemingly contradictory concerns require Hu Jintao to be cautious in handling the corruption case in Shanghai, and are likely to drive him toward an outcome that will maintain some semblance of political equilibrium. An interpretation that focuses on the rise of "inner Party bipartisanship" would also explain why the Shanghai Gang has largely survived, despite the fall of its heavyweight Party Chief Chen Liangyu. The story of the rise and fall of Chen not only appears to reflect the rapid changes emerging in China's political landscape, but also suggests that we need to pay more attention to the evolution of new rules governing Chinese leadership politics.

Notes

¹ The author is indebted to Yinsheng Li for his research assistance. The author also thanks Sally Carman and Scott Harold for suggesting ways in which to clarify the article.

² As the man with final say over land leasing during the construction fever in the early 1990s in Beijing, Chen Xitong amassed 24 million yuan for his own use. He gave luxurious villas to high-ranking revolutionary veterans and their children, receiving their political support in return. Jiang Zemin seized on this financial scandal and launched an anti-corruption campaign against Chen and his associates in the Beijing municipal government. Chen was sentenced to serve a 16-year term in jail.

³ Chen Xitong served as a top leader in Beijing for 12 years, first as mayor and then Party secretary. Reportedly, Chen and Jiang Zemin competed for the position of general secretary after Zhao Ziyang's ouster in the wake of the Tiananmen incident in 1989. Chen resented the fact that the post went to Jiang, who was then Party secretary of Shanghai. *New York Times*, 10 September 1997, p. 3.

⁴ *Straits Times* (Singapore), 10 July 2004.

⁵ *Shijie ribao* (World journal), 11 July 2004, p. A1. For a more detailed discussion, see Cheng Li, "Cooling 'Shanghai Fever' Macroeconomic Control and its Geopolitical Implications," *China Leadership Monitor* 12 (2004).

⁶ See <http://www.chinesenewsnet.com>, 28 July 2004.

⁷ For more discussion of the Shanghai Gang, see Cheng Li, "Shanghai Gang: Force for Stability or Fuse for Conflict?" *China Leadership Monitor* 2 (2002); and Shi Bi, *Shanghaibang de huanghun* [The dusk of the Shanghai Gang]. Hong Kong: Wenhua yishu chubanshe, 2003.

⁸ For a more detailed discussion of the "one Party, two factions" system, see Cheng Li, "Emerging Partisanship within the Chinese Communist Party." *Orbis* (Summer 2005): 387–400. "China's Inner-Party Democracy: Toward a System of 'One Party, Two Factions'?" *China Brief*, Vol. 6, No. 24 (December 2006): 8–11.

⁹ *Duowei yuekan* (Duowei monthly), No. 19 (October 2006). Also see <http://www.chinesenewsnet.com>, 23 October 2006.

¹⁰ *Pingguo ribao* (Apple daily), 7 December 2006, p. 1.

¹¹ See Li, "Shanghai Gang."

¹² See Cheng Li and Lynn White, "The Fifteenth Central Committee of the Chinese Communist Party: Full-Fledged Technocratic Leadership with Partial Control by Jiang Zemin," *Asian Survey*, Vol. 38, No. 3 (March 1998): 247.

¹³ Street book vendors in Chinese cities sell many books about Chen Liangyu's scandals, for example, Chen Liansheng and Hao Hongguang, *Chen Liangyu chenfu zhilu* [The rise and fall of Chen Liangyu], Hong Kong: Zhongtian chubanshe, 2006; and Ma Shengming, *Chen Liangyu mimi dangan* [The secret profile of Chen Liangyu], Xining: Jishi chubanshe, 2006.

¹⁴ See <http://www.chinaview.cn>, 25 September 2006.

¹⁵ Among them, 11 municipal-level officials and 17 businesspeople were already being prosecuted for their wrongdoings. *Shijie ribao*, 31 January 2007, p. A12.

¹⁶ *Xinxinwen* (New news weekly), No. 1025, 25 October 2006.

¹⁷ See <http://www.chinesenewsnet.com>, 11 February 2007.

¹⁸ *Zhongguo baoxianbao* (China insurance daily), 11 December 2006.

¹⁹ *Nanfang ribao* (Southern daily), 2 September 2006.

²⁰ *Jingji guanchabao* (Economic observer), 20 August 2006, p. 1.

²¹ See <http://www.chinesenewsnet.com>, 26 September 2006.

²² *Shijie ribao*, 4 December 2006, p. A9.