

An Economic Bubble? Chinese Policy Adapts to Rapidly Changing Conditions

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During the first half of 2003, rapid growth in China led many to proclaim the emergence of an economic “bubble.” Extremely rapid growth of money and credit was accompanied by rapid growth in investment, especially in the housing market. Chinese policymakers have taken steps to restrain the bubble, and these measures are now having an impact. During this first phase, the emergence of the bubble and the way that it was handled seem to have strengthened the positions of both Premier Wen Jiabao and Central Bank Governor Zhou Xiaochuan. However, the rapid emergence of the bubble economy reveals some unsettling realities about the Chinese economy. Moreover, the bubble portends important shifts in the economic payoffs and challenges that lie ahead for the political leadership.

The Emergence of a Bubble Economy, and Measures to Check It

The Chinese economy began to heat up in the second half of 2002. After having managed a sluggish economy since 1998, Chinese leaders naturally welcomed rapid growth, at least initially. However, the acceleration of growth from late 2002 was clearly founded on some unsustainable practices. Bank lending grew at an accelerating rate toward the end of 2002, and during the first half of 2003 bank credit expanded by 23 percent, much too rapidly to be sustainable. Moreover, loans by state-owned banks increased more rapidly than those by other types of banks, accounting for 62 percent of the increase. Fixed investment had been growing strongly for several years as the government promoted infrastructure construction, and it had already reached the extremely high level of 42 percent of gross domestic product (GDP) in 2002. Even so, fixed investment jumped further during the first half of 2003, increasing at a rate of 31 percent. Moreover, during the first half of 2003, investment under the purview of local government increased 41.5 percent, while central government projects actually decreased nearly 8 percent.¹

The lending boom was accompanied by significant capital inflows into China. As China’s impressive 2002 export performance became clear, an increasing amount of investment capital was attracted to China.² Capital inflows created upward pressure on the Chinese currency, the yuan. The desire to maintain stable rates forced the Central Bank to buy up U.S. dollars, adding to official reserves but causing the Central Bank to emit more domestic currency in order to purchase those dollars. Although the Central Bank tried to “sterilize” the impact of capital inflows and limit the growth of domestic money, bank deposits and the domestic money supply grew rapidly.

Initially, there was almost no reaction to this investment-and-lending boom. Some steps should have been taken to restrain credit growth by spring 2003, but the severe acute respiratory syndrome (SARS) crisis erupted in Beijing in April 2003, and the government was effectively paralyzed. By midyear, as SARS faded, it seemed that an unsustainable bubble economy was developing in China. The economic situation was complex, and many important indicators were providing ambiguous signals. On the one hand, overall consumer inflation was low and unemployment was high. Unused capacity was evident in many factories, and the stock market continued its slow but inexorable two-year downward slide. On the other hand, bottlenecks were emerging in energy and raw-material sectors (especially steel), and real estate development was exceptionally rapid. Although vacancy rates were increasing, the number of new housing starts soared 70 percent in the first half of the year. As was the case with the U.S. technology bubble of 1999–2000 or the far more damaging Japanese asset bubble of the late 1980s, it was clear that if significant action were not taken to restrain the economy, long-term damage could be substantial.

The government began to respond at midyear. Zhou Xiaochuan, the governor of the Central Bank—the People’s Bank of China, or PBC—took the lead in defining the response. A number of important policies were promulgated, of which three macroeconomic policies were the most important:

- In June 2003, the PBC issued a regulation in the form of Document No. 121, which significantly curtailed the availability of bank finance for the booming real estate sector.
- On August 23, the PBC increased the required reserve ratio by one percentage point, from 6 percent to 7 percent. By increasing the amount of funds that commercial banks were required to have on deposit at the Central Bank, this measure sharply reduced the amount of funds commercial banks had available to lend.
- Within the banking system, informal “window guidance” was strengthened and used to slow the expansion of credit. Sterilization of capital inflows was stepped up.

In addition to these measures, the central government began to slow the pace of new government initiatives and restrict the approval of new “development zones,” one of the most important ways in which local governments would engage in large-scale real estate development and speculation. Some of these measures involved the imposition of administrative controls—and thus could be taken as moving away from market-oriented reform—but generally speaking the measures were prudent and consistent with the broad marketization of the Chinese economy. Stepped-up monitoring of capital inflows was combined with several modest initiatives designed to make it easier for Chinese to shift money out of China.

The adopted measures began to have some effect during the third quarter of 2003. The pace of lending growth slowed substantially from the torrid pace of the second quarter, although loans outstanding were still up almost 20 percent from the same period a year ago. Some banks had to scramble to replenish funds to meet the new PBC requirements. The restrictions on the real estate sector clearly dampened growth

somewhat, while prices remained firm in most cities. Most importantly, growth remained robust, while some moderation of macroeconomic imbalances seemed in sight. Macroeconomic policy, in other words, seemed to be reasonably successful in moderating the bubble without hobbling growth.

Who Were the Winners?

Some political leaders emerged from these events obviously strengthened. The two most prominent beneficiaries were Central Bank Governor Zhou Xiaochuan and Premier Wen Jiabao.

Zhou Xiaochuan, Policy Expert

First, Zhou Xiaochuan got a lot of favorable press coverage. Not only was his name in the newspapers a lot, but much of the time, Zhou was also newsworthy because he was defending the national interest and laying out policies that the state media could easily portray as a strong but principled hard line. When U.S. Treasury Secretary Snow visited Beijing in September and pressed the Chinese leadership to consider allowing the Chinese currency to appreciate, it fell to Zhou to publicly present the response to Snow. Thus, Zhou was the individual who enjoyed the distinction of standing up to U.S. pressure, a popular role to play. Zhou presented his case skillfully, playing to popular sentiment but also appearing reasonable, dignified, and polite to the U.S. side.

Overall, Zhou had a pretty good hand to play. He was able to link his opposition to *appreciation* of the yuan to China's past "principled position" not to allow the Chinese currency to *depreciate* during the 1998 Asian financial crisis. He was able to link his endorsement of a fixed exchange rate to the broader Chinese government commitment to "stability." And, he was able to link stability and the defense of fixed parity for the yuan to the need to face down speculators. Zhou warned speculators that they faced possible losses, and he made a clear argument that maintaining the credibility of the government's commitment to the existing exchange rate for the yuan was the key to defeating speculative pressures.³

Second, Zhou displayed a considerable ability to act decisively and authoritatively. The September increase in the bank reserve ratio was a dramatic step that significantly tightened the availability of credit in a single stroke. Since it was an unexpected and decisive step, it enhanced Zhou's credibility as a top economic policymaker. Earlier in the summer, the Monetary Policy Committee had been reshuffled, a move that gave it a more technocratic membership that ought to be quite supportive of Zhou.⁴ The Monetary Policy Committee now publishes a report on its deliberations, giving insight into its members' thinking and making monetary policy somewhat more transparent. Moreover, the PBC now publishes its quarterly reports online, giving access to data and Central Bank thinking.⁵ For the first time, China is beginning to use the institutions of monetary policy in a ways that resemble the methods

applied by a developed economy. Zhou Xiaochuan, as head of the PBC, is beginning to interact with other economic decision-makers in China in a way not terribly different from the way that Alan Greenspan does in the United States.

Finally, given the current robust strength of the Chinese economy, Zhou's policy choices in September appear to have been about right. Debate and discussion about the state of the Chinese economy is ongoing, but certainly Zhou's policies haven't brought about any particularly damaging consequences and seem to be having the hoped-for results. Thus, Zhou's reputation for good policymaking and astute economic analysis has been, if anything, strengthened.

The strengthening of Zhou's image came at an opportune time. Recall that Zhou Xiaochuan, when he was the top regulator of the Chinese stock market, was widely blamed for the downturn in the market that began in 2001 and has continued since. This blame may be unfair, since Zhou's stock market policies were attempts to improve regulation and transparency and carry out a modest program of privatization, policies which were in any case necessary and overdue (see my contribution to *CLM* 2, "Selling Down the State Share"). Even if Zhou's stock market policies did nothing more than provoke a necessary and overdue correction, he is often seen as having been unfriendly to the interests of investors. Now, having been promoted to head of the Central Bank, he was the primary author of measures to cut back the supply of credit, particularly to the sensitive real estate sector. On June 5, 2003, the Central Bank promulgated PBC (2003) Document No. 121, "Notice Further Strengthening Management of Real Estate Credit." This document significantly restricted bank credit to real estate development. It increased requirements that developers bring their own capital to new projects, increased prudential requirements for the banks, and in particular discouraged luxury housing developments. Moreover, after the document was issued, the PBC stepped up its supervision of individual real estate development projects. Needless to say, these measures were not universally popular, and they were particularly unpopular among real estate investors, who saw their access to credit suddenly curtailed. For real estate developers, it appeared that Zhou was going to disrupt growth of that market just as they were beginning to make really substantial profits. They grumbled: "Wherever this guy [Zhou] goes, that market crashes!" Moreover, Zhou and the PBC were accused of having acted unilaterally and without consulting real estate companies or other government bureaucracies. By one account, the PBC was repeatedly calling the Ministry of Construction to make sure that the ministry's speeches and documents were in line with the PBC's approach.⁶

To referee this competition, the State Council on August 12 issued a "Notice on Promoting the Sustained and Healthy Development of the Real Estate Markets" (State Council [2003] Document No. 18). The document was formally promulgated at the end of August, just in time for a September 1 National Real Estate Work Conference in Beijing, presided over by Vice Premier Zeng Peiyan and Minister of Construction Wang Guangtao. This document called development of the real estate market "basically healthy," praised it as a "pillar of the national economy," and called for further development of the real estate sector along strong market principles. Real estate interests

delighted in this document and contrasted it favorably with PBC Document No. 121. Zeng Peiyan analyzed the current real estate market while giving direction on the implementation of State Council Document No. 18. Wang Guangtao described the drafting of the document, a process that apparently involved broad consultation. The real estate pages of China's business press had a field day contrasting the PBC and State Council documents.⁷ In the midst of his apparent successes, Zhou Xiaochuan seemed to be on the receiving end of unwarranted harsh criticism.

Wen Jiabao, Conciliator

This episode could perhaps be seen as a reassertion of influence by government officials who are somewhat more traditional in orientation than Zhou Xiaochuan. Zeng Peiyan, after all, is a very close associate of Jiang Zemin and was formerly head of the State Development Planning Commission. The Ministry of Construction is close to the real estate interests that it (partially) supervises. Real estate development in China (as in other countries) is often linked with local government and offers abundant opportunity for personal enrichment by local government associates. But, it is more likely that the episode bears the marks of Premier Wen Jiabao's style. The wide consultation and broad affirmation are very much in line with Wen's managerial style. Perhaps some of the provisions in State Council Document No. 18 can be seen as rebukes to Zhou Xiaochuan's more abrupt approach in PBC Document No. 121. But in fact, it appears that none of the concrete policies adopted by the PBC have been rolled back. A somewhat more restrictive approach to real estate lending has prevailed. Instead, the episode seems to reflect Wen's ability to reinforce a leadership consensus after it has been strained by the need to make some hard choices.

Wen Jiabao has emerged from the economic policymaking process with an enhanced position. He effectively delegated authority and decisive action to Zhou. There was never any doubt that Wen would stand behind him. At the same time, having delegated the tough action to Zhou, Wen was able to play the role of conciliator and peacemaker, something he does to perfection. Thus, State Council Document No. 18 smoothed some ruffled feathers and distributed praise to multiple actors. As was predicted in an earlier *CLM*, Wen has surprised many with his policy effectiveness.⁸ The *Wall Street Journal*, for example, recently ran a front-page article on Wen's popularity in preparation for his visit to Washington, D.C.⁹ But, at least as important as his apparent popularity with the masses is the fact that Wen is increasingly seen as successful among the Beijing policy elite. Wen is now widely respected and supported among the elite. It is said that he expects to be premier for two successive five-year terms, and he appears to be taking policy actions that are designed not only to secure his "reelection" in 2008, but also to ensure a positive economic and political environment during his second term. Thus, at least insofar as economic policy is concerned, there is diminishing worry about short-run political weakness due to an incomplete leadership transition from the Jiang Zemin-Zhu Rongji administration. In that sense, macroeconomic policy formulation during 2003 shows a competent and effective leadership at work.

Problems with Deeper Roots

Local Government Influence and Bank Incentives

Seen from the perspective of leadership influence and policy formulation, recent economic policy changes present a positive image. However, when we probe deeper into the causes of the economic problems, the picture becomes far less rosy. First, it is not a coincidence that the rapid expansion of bank credit began around the time of an “election,” or succession process, in the Chinese leadership. The new Chinese Communist Party Central Committee was seated in November 2002. At this time, the new Hu Jintao–Wen Jiabao leadership team took over at the center, and new leaders took over at the provincial level and below as well (see Cheng Li’s recent contributions to *CLM*). It has long been characteristic of Chinese leadership succession that new leaders try to consolidate power by embarking on a number of local display projects. Moreover, the retiring top leaders have a strong interest in ensuring that patronage projects are available during the handover period so that they can reward their patrons and keep their succession strategies on track. So, it has long been noted that there is a kind of political business cycle in China, in which expansionary phases come right after major leadership transitions and often coincide with major Chinese Communist Party meetings.

However, recent reforms—particularly reforms in the banking system—were supposed to have dampened this cyclical dynamic. During the 1990s, banks were reorganized by region so that they would not be subordinate to provincial power holders; this change was supposed to have broken the link between provincial government authority and lending decisions made by regional banks. But, breaking the direct personnel link between local governments and banks was apparently not sufficient to moderate local government influence.

In part, this result stems from the fact that the incentive environment facing bank managers was altered in ways that encouraged banks to resume loan expansion. Chinese bank loan growth had been quite moderate between 1998 and mid-2002. Given the attention paid to the problem of nonperforming loans (NPLs) and to concerns about bank solvency, top leaders of the banking system had urged banks to be especially careful about risky lending. The most important success indicator for bank managers was a reduction in the value of nonperforming loans on the books. Bank loan officers were assigned long-term (supposedly lifelong) responsibility for the performance of any new loans they authorized. When branch managers were evaluated on their job performance, revenue performance was subordinated to their success in cleaning up balance sheets. Under these circumstances, banks understandably became very cautious about lending during the 1998–2002 period.

During 2002, these incentives were changed. Bank managers were given new incentive contracts that once again rewarded managers for increasing revenues and profits. Even more importantly, bank heads were told that they would be able to list their banks on the stock market if their NPL ratio (NPLs as a percentage of total loans

outstanding) fell below a certain benchmark. Banks that were allowed to list on the Chinese stock market would be able to open up lucrative new sources of capital. As a result, banks became eager to increase total loans (the denominator) in order to reduce the NPL ratio, even if they were unable to reduce the absolute amount of NPLs (the numerator). Bank heads translated these new objectives into incentives for bank branches that encouraged them to resume rapid lending growth.

In a broader sense, these changes were part of a shift in Chinese lending policy and indeed in Chinese growth strategy. After the 1998 Asian financial crisis, Chinese leaders realized that a strategy of bank lending primarily to state-owned enterprises, combined with promotion of exports, could not be followed any longer. Shifting the focus of development strategy to domestic demand had many attractive features. China would become less reliant on exports, and support for consumption growth might help improve the condition of laid-off state workers and struggling farmers in backward parts of the country. Banks, for their part, could begin to make consumer loans for which collateral was likely to be available. If banks lend for auto and home purchases, the problem of future NPLs may become less severe, because autos and homes can, in theory anyway, be repossessed and resold if borrowers default on their payments. Thus, part of the strategy for improving the solvency of banks was to shift the portfolio of the banks away from state factories and toward households. This shift naturally led to an increase in lending for real estate, since housing is the most important real asset most households have.

Consumer lending has turned out to be more difficult than Chinese bankers perhaps realized. But, more important for our purposes is the fact that the shift in development strategy interacted with the pressures on local government officials for urban redevelopment and political show projects to cause a rapid increase in lending, especially lending for real estate projects. Moreover, this effect was intensified by the shift in incentives within the banking system. These factors combined to produce an unsustainable surge in lending to the real estate sector. The extent of political influence over the banking system that this series of factors reveals is a troubling indication of the distance China still has to travel in depoliticizing its economy.

Hot Money Inflows

The forces detailed in the previous section were reinforced by an additional external factor: a steady growth in capital inflows into China. Chinese publications like to call this “hot money,” making an especially sharp distinction between these funds and the patient investment capital that comes into China in the form of foreign direct investment, which primarily funds construction of factories and other fixed assets. There is no doubt that new money began flowing into China during the second half of 2002 and that the pace of inflows has, if anything, accelerated during 2003. Money comes into China through many different channels. Remittances from overseas Chinese are significant (and fluctuating), and there are even underground banks and illicit ways to transfer funds. Money has been brought into China as part of new investment funds

(Qualified Foreign Institutional Investors, or QFII), which have recently been permitted to invest in the stock market but have so far bought few stocks. Probably more important are funds transferred by adjustments in the capital positions of foreign firms in China (including Hong Kong and Taiwan firms) or of Chinese firms abroad.¹⁰ There are many ways to bring money into China, and the Chinese regulatory apparatus, until very recently, had been focused primarily on attempting to monitor and prevent capital flows *out* of China. Not until this year had much thought been given to regulating capital flows *into* China.

It is impossible to track these many channels directly, and some of them are illicit and show up only in the “errors and omissions” section of the balance of payments schedule.¹¹ However, one way to look at the quantity of funds is to examine the increase in Chinese government foreign exchange reserves that *cannot* be accounted for by trade surpluses (goods and services) or foreign direct investment (FDI). During the first half of 2003, the trade surplus was just a little over \$1 billion per month, and FDI was almost exactly \$5 billion per month. But foreign exchange reserves increased \$10 billion per month, indicating that there was an additional \$4 billion per month of capital inflow that the Central Bank had to accommodate (which it did by acquiring dollars with yuan). In subsequent months, trade flows and FDI remained at similar levels, but Central Bank reserves increased even more rapidly, including a \$26 billion increase in October, according to preliminary figures.¹² These figures point to capital inflows exceeding \$20 billion in October 2003, and exceeding \$60 billion for the year (not including FDI)! Not all this money should be considered “hot,” of course. Investors move money into China because they see investment opportunities there and because with China’s fixed-exchange-rate system under both economic and political pressure to appreciate, they figure they can’t lose. If China’s currency does appreciate, investors gain from the increased value of their yuan-denominated assets, and if there’s no appreciation their investments pay off at the expected rate. There is virtually no risk of a currency depreciation that would cause losses.

Hot money contributes to the China bubble. It causes an increase in yuan deposits in the Chinese banking system, because the Central Bank buys up dollars with yuan to defend the existing exchange rate. Despite Central Bank sterilization of much of the inflow, yuan deposits and base money have grown rapidly. This growth gives banks the resources they need to increase loans rapidly. Moreover, hot money inflows contribute directly to the bubble, because a favorite investment is the Chinese property market. Many investors feel that Shanghai real estate is an excellent investment, with expected property appreciation only made more attractive by the prospect of yuan appreciation, whether that comes in the short or long term. Some observers estimate that more than half the money in the Shanghai market comes from external sources.¹³ Other cities experience the same phenomenon, though to a lesser extent.

Looking Ahead

Some economists deny that there is a bubble in the Chinese economy. To these observers, there are structural imbalances that need to be addressed, and perhaps a real estate bubble exists, but not an overall bubble. These analysts point out that although there have been significant price increases in the last year, they have been concentrated in the prices of energy, raw materials (such as steel) that consume a lot of energy, and grain. Other observers think these imbalances are harbingers of more-fundamental macroeconomic problems that need to be addressed now. There is no consensus on the depth of the economic challenges China faces.¹⁴

However, for policymakers and politicians there has now been a fairly fundamental shift in the political-economic environment. Ever since the 1996–97 macroeconomic “soft landing,” Chinese politicians have faced a fairly friendly economic situation. This is not to say that China hasn’t had plenty of economic problems; it has. Downsizing of the state sector has created a huge unemployment problem, competitive challenges from foreign firms and imports are significant, especially after the advent of World Trade Organization (WTO) membership, and persistently sluggish rural income growth has been a serious problem. But as long as these problems do not lead to a social explosion, they do not threaten the position or political strategies of the current leadership. In the first place, none of these problems has had a severe impact on the most powerful and privileged sectors of Chinese political society, many of whom were becoming wealthy. More importantly, the sluggish economy has encouraged the central government to run substantial budgetary deficits, giving them additional benefits to distribute to political clients. Spending needs are obvious, and the economy is sluggish and needs stimulation, so the governing administration ends up with substantial leeway to spend money and distribute benefits as it wishes. The ability to run deficits has been combined with a fairly comfortable overall budgetary revenue situation. Since the 1994 budgetary reform, fiscal revenues have grown strongly every year. With a growing economy, and fiscal revenues increasing as a share of GDP, central government leaders have had plenty of resources to play with.

This situation is beginning to change. The emergence in the past year of a bubble economy is forcing Chinese policymakers to take steps. This is the first time in a decade that Chinese policymakers have been forced to impose austerity measures on the economy. China will not have the same ability to distribute funds broadly to needy recipients and political clients, and political leaders may have to make difficult decisions about how to allocate the costs of austerity policies. China may have to rein in its large fiscal deficits, which have been running over 3 percent of GDP. A new set of challenges is emerging, and it will be very much in the interests of the Wen Jiabao administration to address these challenges early, before they become more serious.

Notes

- ¹ INFOBANK, “Shijie Yinhang anshi Zhongguo jingji yiguori” (The World Bank hints that China’s economy is already overheated), October 17, 2003.
- ² Foreign direct investment—investments in new fixed assets such as factories and buildings—was already strong. The new factor was the inflow of finances through multiple channels not necessarily going into new fixed assets.
- ³ Zhou Tilon, “Zhou Xiaochuan jinggao reqian touji: ‘Shibai de kenengxing hen da’” (Zhou Xiaochuan warns hot-money speculators: “There’s a big possibility of defeat”), *21 shiji jingji baodao*, September 8, 2003, 16.
- ⁴ “State Council Appoints New Monetary Policy Committee,” June 16, 2003, <http://www.pbc.gov.cn/english/xinwen/>.
- ⁵ Even the English version is posted. See People’s Bank of China, “Q3, China Monetary Policy Report,” <http://www.pbc.gov.cn/english/xinwen/?id=330>.
- ⁶ Yuan Yihong, “‘18’ vs. ‘121’: Fangdichan dongqu chun youlai?” (18 vs. 121: Has spring come again for the real estate sector?), *21 shiji jingji baodao*, September 8, 2003, 33.
- ⁷ Xie Hongling, “Guowuyuan 18 hao wenjian dazhu ‘changshuai’ feng, fangdi chanye zhizhu diwei huode shouken” (State Council Document No. 18 stops the dirge; the real estate industry’s pillar position receives a first affirmation), and Ren Zhiqiang, “18 hao wenjian xiuzheng 121 hao wenjian” (Document No. 18 revises Document No. 121), both at *Zhongguo jingyingbao*, September 8, 2003, sec. A, p. 34. Also see Yuan Yihong, “‘18’ vs. ‘121.’”
- ⁸ Barry Naughton, “The Emergence of Wen Jiabao,” *China Leadership Monitor* 6 (spring 2003).
- ⁹ Kathy Chen and Susan V. Lawrence, “After Year of Crises, Chinese Premier Faces Trade War: Mr. Wen Shows Deft Touch on SARS, Hong Kong; U.S. Visit Puts Him to Test,” *Wall Street Journal*, November 28, 2003, sec. A, pp. 1, 4.
- ¹⁰ Du Yi, “Jingchang xiangmuxia’ de reqian tongdao” (Hot money channels in the current account), and Wang Tao, “10 yi Meiyuan anbing budong; QFII haodu renminbi shengzhi?” (A billion U.S. dollars advanced, but not moving; are the QFII funds betting on RMB appreciation?), both in *21 shiji jingji baodao*, September 8, 2003, 16.
- ¹¹ This item, incidentally, was a negative \$18 billion in the late 1990s, but was a positive \$4.7 billion in the first half of 2003.
- ¹² “Reqian daliang liuru Zhongguo neidi kenong cuishi QDII chutai” (Big flows of hot money into China might accelerate the rollout of QDII), INFOBANK, November 6, 2003.
- ¹³ “Fangdichan: Shanghai loushi fengxian chuxian duanni” (An inkling of the risk in Shanghai real estate appears), *Jingji cankao*, November 7, 2003, <http://news1.jrj.com.cn/news/2003-11-07/000000682850.html>, and “‘Reqian’ lailong” (Origins and development of hot money), <http://business.sohu.com/37/10/article214591037.shtml>.
- ¹⁴ Sun Lei, “Wuda xuezhe lunzheng ‘jingji guore’” (Five scholars debate whether the economy is overheated), *21 shiji jingji baodao*, November 3, 2003, <http://nanfangdaily.com.cn/jj/20031103/jd/200311030608.asp>, and Yi Gang, “Guodu xindai yicheng Zhongguo jinrong yinhuang; keneng chongta Riben fuche” (Excess lending has already become China’s latent disaster; we might repeat the disastrous Japanese experience), November 26, 2003, <http://www1.cei.gov.cn/dailynews/doc/YBQH1/200311260181.htm>