

Reading the NPC: Post-Crisis Economic Dilemmas of the Chinese Leadership

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The policy documents that came out of this year's National People's Congress meeting reveal that the Chinese leadership, despite the successes of 2009, feels hemmed in by the economic challenges and dilemmas that face them. Economic policy-makers see themselves as having very little room for maneuver. While monetary policy must reduce excess liquidity in the system, it cannot shift to a sharply contractionary stance. Given the difficulties policy-makers are encountering, they are increasingly stressing administrative measures to achieve their objectives.

Introduction

The National People's Congress (NPC) is an important part of the Chinese Communist Party's broader system of consultation and rule. It is of course not a democratic institution. Instead, the resolutions and agreements that come out of the NPC ratify the key policy orientations that have come from top Party and government organs. The NPC declarations also reflect a period of consensus-building before the meetings. Moreover, the NPC is scheduled when the collection and assessment of data from the previous year is essentially complete. Thus, the annual NPC is an unparalleled opportunity to benchmark economic performance and assess the policy framework for the coming year.

This year's NPC meeting, held from March 5 and 14, had a special significance, since it came at approximately the mid-point of the second and final term of the Hu Jintao–Wen Jiabao administration. There are only two and a half years until the presumptive date of the 18th Party Congress, in October or November 2012, which will—presumably—install Hu and Wen's successors. The policy orientation that emerged from this year's NPC tells us what the general approach will be during the “home stretch” of the Hu-Wen administration. Moreover, it gives us a rough idea of what these leaders hope to accomplish during the rest of their administration, and thus what they expect their legacy to be.

For all these reasons, it is worth taking an especially close look at some of the statements that have come out around the NPC. An enormous amount of political energy has gone into the crafting of some of these statements. While it is impossible to know the inner thoughts and intentions of China's leaders, a close reading of recent statements supports four observations about the attitude and approach of the current leadership. First, the top leaders are proud of their economic policy maneuvering through the worst of the global financial crisis, and believe that this success has vindicated their economic system and strategy. Second, despite this enormous success, key elements of the basic

economic agenda of the Hu-Wen administration have not been achieved. The “rebalancing” objectives laid out as early as 2004—increasing the share of consumption and making China’s economy more reliant on domestic demand, while also making it more innovative and environmentally friendly—have not been realized. The leaders are quite concerned about this. Third, the leaders feel that they have little room for maneuver, as the economic challenges they face today are extremely complex and hard to manage. Fourth, and finally, as the current leadership gears up to achieve these postponed objectives, they are increasingly stressing the role of administrative controls and top-down guidance, in order to better position themselves to force through changes and adapt to any sudden shift in circumstances that may arise. We begin our examination of these points with a careful analysis of three remarks made by Premier Wen Jiabao, the most important spokesperson on economic policy.

Three Statements by Wen Jiabao

Premier Wen Jiabao made three comments during the NPC that are especially worthy of our attention. Two come from the Premier’s Government Work Report, and thus express the official and collectively ratified views of the leadership; the third is from Wen’s post-NPC press conference, in which there is slightly more room for individual nuance and emphasis. In the Government Work Report, Wen said:

The year 2009 was the most difficult year for our country’s economic development since the beginning of the new century. Although this year’s [2010] development environment may be better than last year’s, we still face a very complex situation. . . . there are still some serious problems affecting economic and social development. There is insufficient internal impetus driving economic growth; our independent innovation capability is not strong; there is still considerable excess production capacity in some industries and it is becoming more difficult to restructure them. . . . we must not interpret the economic turnaround as a fundamental improvement in the economic situation.”¹

This opposition—2009 was the most difficult year, but 2010 may be the most complex and challenging year—is now part of the official evaluation of the situation, and could be heard all over Beijing in the wake of the NPC.

In and of itself, this is a perfectly reasonable characterization of the economic situation. 2009 was indeed a tremendously difficult year, and China’s response to the global financial crisis was generally successful. The decisiveness with which the Chinese leadership launched a large and fast stimulus investment program was a crucial part of the world’s recovery from crisis, and it was certainly seen by China’s leadership as having been successful. Nevertheless, it also left tremendous challenges, because it corroded the hard-won financial independence of banks and businesses, and it locked China into a huge and costly program of infrastructure investment, most of it controlled at the local level. Moreover, as the global economy has recovered, the Chinese economy

has rebounded with astonishing speed, and has even begun to show signs of overheating. This is because the government investment program is still boosting demand, while growing consumption, housing construction, and exports are now recovering and adding to rapid overall demand growth. China's quarterly GDP growth has ramped steadily up from the low point in the first quarter of 2009. Taking just the official year-on-year GDP growth rates, the quarterly growth rates have gone from 6.2 percent in the first quarter of 2009, steadily up to 10.7 percent in the fourth quarter, and then a searing 11.9 percent in the first quarter of 2010.

China's current economy is then both similar to, and also completely different from, that of the United States. China is similar to the U.S. in that, with the immediate critical phase of the crisis having been overcome, it now faces the challenge of winding down the stimulus measures without undermining the recovery under way. The difference is that China comes hurtling into the recovery with far greater economic momentum, quite unlike that in the United States (or most of the developed world), which is still growing weakly. One might think that China is in the more enviable position, since in theory it could simply reduce government investment—using its Keynesian levers in reverse—thereby reducing overall aggregate demand. Yet, in fact, this is scarcely feasible in today's China. Let us see how Wen Jiabao assesses the dangers in the second of the comments we are subjecting to scrutiny.

At Wen's post-NPC press conference, a central television (CCTV) reporter asked a question about precisely the problem discussed in the previous paragraph:

CCTV Reporter: “. . . because of these [indicators of possible overheating], there are those who worry about an economic bubble. Does the premier also worry about this? Under conditions in which we are taking inflationary expectations into account, is there a possibility that some of the series of stimulus measures which we adopted in the face of the global financial crisis will be withdrawn or partially withdrawn?”

Wen Jiabao: “You raise a question that I worry about a great deal. I have previously said that if there is inflation, added on to the inequitable distribution of income and corruption, it would be enough to threaten social stability and the consolidation of political power.”²

Wen uses the question as an opportunity to raise his own essentially political concern about inflation. He makes it clear that inflation is a hot-button issue that, along with corruption and inequality, could threaten the basis of political power.³ Clearly, Wen is very worried about inflation and feels that it constrains his policy-making. But having signaled that the threat of inflation has the highest possible urgency, Wen says nothing to answer the second part of the question, which specifically asks whether any stimulus measures will be withdrawn. Instead, he proceeds into a general discussion of the difficulties of macro policy; the importance of agriculture; and the need for policy continuity. By declining to answer the question, Wen implies that the most important stimulus policies would not be substantially reduced. This is, of course, in line with

official policy that has repeatedly reiterated that monetary policy this year will continue to be “appropriately loose.” Wen says, in effect, that inflation could be a problem, but there’s nothing we can do about it right now.

To understand the formal government position on these issues, we need to return to the government work report and examine a third comment by Wen. Most of the government work report is devoted either to a review of the past year’s achievements, or to the prospects for the coming year. However, tucked away in between these two large sections is a revealing paragraph about the lessons learned from the experience of the last year. According to the official English translation, it says:

In the course of the past year, as we conscientiously applied the Scientific Outlook on Development, vigorously responded to the global financial crisis and completed all of our government work, we came to the following conclusions: We must continue to make use of both market mechanisms and macro-control, that is, at the same time as we keep our reforms oriented toward a market economy, let market forces play their basic role in allocating resources, and stimulate the market’s vitality, we must make best use of the socialist system’s advantages, which enable us to make decisions efficiently, organize effectively, and concentrate resources to accomplish large undertakings.⁴

This is a very important statement, but the bland official translation fails almost completely to convey its significance. The translation loses both the force of individual terms and the implication of the Chinese sentence structure. First, the paragraph opposes “market mechanism” and “macro-control” (*hongguan tiaokong*). To the English reader—at least to the economist reader—this really makes no sense, since “macro-control” normally refers to setting interest rates, governing the money supply, and setting other macroeconomic parameters that affect most economic actors at arm’s length. There’s no sense in which “macro-control” by that [Western] definition can be meaningfully opposed to the “market mechanism,”: of course you need both. But in fact, Wen Jiabao does not at all use the word in this standard English way. This is obvious when Wen follows through the logic of the initial opposition by enumerating the actual advantages of the socialist system, which is thereby equated with “macro-control.” Those advantages are: “efficient decision-making, a powerful organization, and concentrated power to accomplish big things.” Of course, none of these has anything to do with macroeconomic instruments: All of them are attributes of the centralized, hierarchical system of administrative control that the Communist Party operates in China. The English rendering of *hongguan tiaokong* is not unambiguously wrong: the term was originally introduced from English to Chinese, but blown by political winds, the meaning has drifted substantially, and is now used officially (and regularly) to cover both macroeconomic instruments and any other national measures of administrative or industrial policy.⁵

Moreover, given the original Chinese sentence structure, Wen is emphasizing that while the market mechanism and “macro-control” are two co-equal measures of

economic control, the government has been using the market mechanism all along and has only now recognized that it must also fully bring into play “macro-control,” that is, the advantages of concentrated political power. This formulation specifically equates the market and the centralized deployment of administrative and political resources, but the emphasis on the centralized deployment of resources is new. The sophisticated Chinese reader will understand that the novel element of the formulation is what is really significant. However, this rhetorical emphasis has been effectively eviscerated by the translation. This is probably the most unambiguous movement to reemphasize centralization and administrative instruments to govern the economy since the term “socialist market economy” was incorporated into official Chinese rhetoric in September 1992.⁶

These comments are obviously not the conclusions of Wen Jiabao as an individual, but of the entire Communist Party leadership. It is their essential take-away from the crisis of 2008–2009. To be sure, it is a historical fact that the concentrated political power of the Communist Party and government was instrumental in overcoming the crisis of 2008–2009, by quickly mobilizing investment resources at exactly the critical time. Many people worldwide benefited indirectly from this use of concentrated power. But that same concentration of power creates substantial long-run costs for the economy and society. While it was necessary to wield it, the task today is to wind down and reverse this extraordinary and crisis-driven assumption of power. But as we can see, this is not the lesson the Chinese leadership has drawn from the events. Their lesson is that this type of concentrated power will have to be used more frequently, and with more consistency.

Restating the Goals

Stronger administrative power may have been vindicated by the successes of the past two years, but it may be equally sought after today because of the goals that have *not* been achieved over the past several years. Since about 2005, the guiding ideas of Chinese economic policy have centered around rebalancing the economy. It has been widely accepted—both inside and outside China—that the Chinese growth model is far too dependent on investment and export demand, and insufficiently driven by domestic consumption demand and domestic productivity growth. It was quite striking, however, that between 2004 and 2008 China made very little progress in actually shifting its growth model in this direction. Then, during 2009, alarmingly but inevitably, the Chinese economy moved even further from these goals. Inevitably, because the recourse to a massive stimulus program inevitably meant an increase in the share of investment—government investment in particular—in the overall economy.⁷ This creates the rather remarkable outcome that the Chinese economy has for over five years failed to move in the direction China’s supposedly all-powerful commissars have tried to drive it. The goals put forward by the leadership are beautiful, but they are not being achieved.

As China’s recovery from the crisis has become clear, the leadership has begun to return to these long-standing goals. This was first apparent at the Politburo meeting of

November 27, 2009, which prepared for the opening the next day of the annual Economic Work Conference. This Politburo meeting introduced the infelicitously named “five points of even-greater emphasis.” The points to emphasize even more are (1) raising the quality and efficiency of economic growth; (2) pushing the shift in the economic development model and economic structural adjustment; (3) economic reform and opening, autonomous innovation, increasing the liveliness and motivation of economic growth; (4) improving livelihoods and maintaining the harmonious stability of society; and (5) simultaneously taking into account the domestic and international situations to create rapid, stable long-term growth.⁸ By calling these points of “even-greater emphasis,” the leadership is acknowledging that these points were emphasized before, but were never successfully realized. Now we need to emphasize them even more, the leadership is saying, because they remain the central tenets of our economic policy.

This reassertion of policy has been a constant refrain in the months leading up to the NPC. An important landmark came in the extraordinary Provincial and Ministerial Level Leading Cadres Study Group, held February 3–7, 2010.⁹ All the members of the standing committee of the Politburo attended this meeting, and of course most of the provincial and ministerial leaders. Moreover, on this occasion, four “important speeches” were made: one each by Hu Jintao, Wen Jiabao, Xi Jinping, and Li Keqiang. There does not seem to have been anything really new at this meeting. Hu Jintao’s speech emphasized “accelerating the transformation of the pattern of economic development” but the content of the eight points of accelerated transformation are not significantly different from the “points of even-greater emphasis.”¹⁰ Hu specifically invoked the policy declarations from the 17th Party Congress (2007) and the subsequent plenums, as well as the November 2009 Economic Work Conference. Xi Jinping gave the closing address on the same themes.¹¹ Clearly, this was an attempt to bind together the current leaders and the leaders-designate around the common economic program. We *will* rebalance the economy and move toward a new development strategy, with greater reliance on domestic demand and autonomous innovation.

Of course, there are many rumors floating around Beijing implying that the succession process is not on track; this meeting seemed designed to show, in part, that it is on track. Nobody really knows for sure. This meeting, though, was clearly designed to be a reassertion of Party policy; an insistence on compliance; and a demonstration that the system was unified in the face of these challenges. In other words, it was intended to be a demonstration of the potential of “efficient decision-making, a powerful organization, and concentrated power.” Further, on March 19, 2010, a Politburo meeting discussed the education campaign to spread understanding of scientific developmentalism.¹² There are even books about it.¹³ These are the themes that continued up until and through the NPC meeting. This is the Hu-Wen administration trying to ensure that its legacy is realized during the final years of their term. But the very fact that so much effort is being devoted to reemphasizing and stressing that agenda shows that the Hu and Wen feel some anxiety about the limitations in implementation this far.

What Are the Challenges of 2010?

There are many complex challenges facing Chinese economic policy in 2010, and indeed through 2012. Wen Jiabao's list, cited above, is a perfectly good introduction. We do not have the space to address all these issues here. But of all the issues, the most fundamental is the conflict between the needs to draw down liquidity and reduce inflationary pressures, on the one hand, and the enormous economic and political commitments already made to investment projects, on the other. Excess liquidity and overly expansionary monetary policy lies at the center of many of the other problems, including the overheated housing market. The central bank has repeatedly expressed its discomfort with the rapid growth of credit in 2009, and since December 2009 has been taking modest steps to reduce liquidity and damp down credit abuses. These steps are still continuing.¹⁴

But at the same time, there is a vast commitment of resources to government-led investment. The overall scale is staggering. During the first quarter of 2010, the total budget of projects under construction was 28 trillion RMB, or 84 percent of 2009 GDP. Moreover, 3 trillion of this consisted of new projects first brought under construction in the first quarter 2010 (34.5 percent more than in the first quarter of 2009, when the stimulus was ramping up).¹⁵ In total, there are more than 150,000 projects under construction, and virtually every one of these has some kind of local government backing or local political patron.

The situation in some individual provinces is much more extreme. For example, in the central province of Hubei, as of the beginning of 2010, there were already projects under construction with a total completion budget of 2.5 trillion RMB, which is almost exactly twice Hubei's 2009 GDP. Yet planners were beginning construction on another 2.7 trillion RMB worth of projects in 2010, and anticipating another 3.1 trillion in 2011 and 2012. Thus, they envisioned a total scale of construction by 2012 of a staggering 8.3 trillion RMB, equal to 648 percent of Hubei's 2009 GDP. The head of Hubei's Development and Reform Commission, Xu Kezhen, stated, "Hubei's economic development will be investment-driven for quite a long period, and investment will account for over 70 percent of economic growth." In order to finance this expansion, bank finance is growing rapidly in Hubei. At the end of February 2010 lending was already up 6 percent from year-end 2009, and 33.8 percent over the same period a year ago. In Hubei, in other words, lending is actually growing more rapidly now than it was at the beginning of 2009. Not surprisingly, Hubei's executive vice-governor, Li Xiansheng, feels expansionary monetary policy should not be reversed quickly. "If the center's activist fiscal policy and loose monetary policies are prematurely withdrawn, it would influence the local economies that have just now recovered and the progress of investment."¹⁶ Hubei is not entirely typical, since central provinces have been recently given investment priority, and Hubei sits at a crucial central node in the national transportation grid. Nevertheless, these numbers are staggering.

Under current circumstances, it is simply not conceivable that the central government would start to clamp down on this overextension of investment resources. It

would be economically somewhat reckless, since despite signs of overheating there are no clear signs of accelerating inflation or other immediate threats. More importantly, it would be politically impossible. To exert control over investment, there would have to be some sort of crisis that would lead the central leadership to override the wishes and interests of thousands of local-level cadres. A dramatic surge in inflation to substantially above a 5 percent rate would qualify as such a crisis, but this is nowhere on the horizon, and it is hard to see policies being adopted that would trigger widespread political conflict before the 18th Party Congress.

Thus, we see that the Chinese leadership finds their scope for maneuver severely constrained. Standard macroeconomic policy instruments can certainly be used to draw down liquidity somewhat, and are being used to do so. Bank regulators are pushing banks to raise extra capital and be prepared for future defaults. At the same time, banks are beginning to subject to greater scrutiny the local government investment platforms that have served as finance conduits for much of this investment.¹⁷ But banking officials can only press so hard when the beneficiaries of loose credit policy are local officials with substantial collective political influence. Thus, the recourse to administrative controls becomes more attractive. As described in *CLM* 31, there is a movement toward the use of timely quotas and monitoring in control of bank lending. Policy-makers feel that this allows them to control more directly, but also to discriminate more effectively between different kinds of bank lending. Under a scenario in which overall lending is unlikely to be brought down below the year's credit target, planners and bankers will use administrative levers to squeeze harder on real estate lending, while allowing other kinds of project lending—the kind favored by local governments—to proceed. In many other areas—such as in industrial policy and controlling excess capacity—we see a similar emphasis. More and more, having recourse to the concentrated power of the administrative apparatus seems like an attractive and perhaps necessary step.

Conclusion

China indeed faces tough economic challenges despite its apparently booming economy. The difficulty of grappling with these challenges shows up in a profound mismatch between the economic goals Chinese leaders want to achieve and the instruments they have chosen to reach those goals. Enhanced administrative controls and concentrated political power are useful in an economic crisis. Can they actually be used to create a more balanced and harmonious economic development pattern? It seems quite doubtful. Instead, it seems more likely that China's leaders perceive the economic environment as still having profound risks and dangers, such that concentrated power may be needed to deal with further crisis.

Overall, despite the tremendous economic successes of 2009, the Chinese leadership seem also to be in defensive mode, trying to preserve—or indeed, to reach—the goals they have already enunciated, in some cases repeatedly. The leadership seem to perceive themselves as surrounded by difficulties, and though they do not say so, they must suspect that they themselves have created at least some of these difficulties.

Notes

¹ Wen Jiabao, “Report on the Work of the Government (2010),” Third Session of the 11th National People’s Congress, March 5, 2010, accessed at http://www.npc.gov.cn/englishnpc/Speeches/2010-03/19/content_1564308.htm. In fact, Wen’s list of problems continued after those enumerated here, including, “while the pressure on employment is constantly growing overall, there is a structural shortage of labor; the foundation for keeping agricultural production and farmers’ incomes growing steadily is weak; latent risks in the banking and public finance sectors are increasing; and major problems in the areas of healthcare, education, housing, income distribution and public administration urgently require solutions.”

² Wen Jiabao, “*Guowuyuan Zongli Wen Jiabao Huijian Zhongwaijizhe bing Da jizhe wen*” [State Council Premier Wen Jiabao meets Chinese and foreign press and responds to questions], March 14, 2010. Accessed at http://www.npc.gov.cn/huiyi/dbdh/11_3/2010-03/14/content_1563493.htm.

³ Of course, this is phrased in terms of governmental stability, but Wen would be well aware that premiers who have presided during inflationary periods have generally lost their jobs.

⁴ Wen Jiabao, “Report on the Work of the Government (2010),” Third Session of the 11th National People’s Congress, March 5, 2010, accessed at http://www.npc.gov.cn/englishnpc/Speeches/2010-03/19/content_1564308.htm. The original reads: 必须坚持运用市场机制和宏观调控两种手段, 在坚持市场经济改革方向、发挥市场配置资源基础性作用、激发市场活力的同时, 充分发挥我国社会主义制度决策高效、组织有力、集中力量办大事的优势。

⁵ Furthermore, the English translation says that the advantages of the socialist system *enable* us to make decisions efficiently, etc., whereas the original states that the advantages of the socialist system *are* efficient decision-making, a powerful organization, and concentrated power.

⁶ The slogan introduced at that time, at the 14th Party Congress, also had an apparently balanced set of goals, since the economy was to be both “socialist” and “market.” But in that case, it was the adoption of the market economy as a goal that was new, and therefore significant. The converse is the case today.

⁷ The one important exception is that the export surplus did decline substantially during 2009. In that respect, the Chinese economy did become more “balanced” in 2009.

⁸ Zhongguo xinwen wang, “*Zhengzhiju jianji mingnian Jingji guongzuo qiangdiao wuge ‘gengjia zhuzhong’*” [The Politburo in examining next year’s economic work, advocates the five points of ‘even greater emphasis’]. November 27, 2009, accessed at http://www.china.com.cn/economic/txt/2009-11/27/content_18968208.htm. See also Wen Hai, “*Hu Jintao xinnian heci weihe chongti ‘wuge gengjia zhuzhong’*” [Why did Hu Jintao repeatedly raise the ‘five points of even greater emphasis’ during his new year’s greetings?]. Zhongguo Gongchandang Xinwen wang, January 4, 2010. Accessed at <http://kxfz.people.com.cn/GB/135100/10697006.html>.

⁹ Sun Chengbin, Li Yajie, and Tan Hao, “*Shengbuji zhuyao lingdao yantaoban ceji; Keburongyuan de zhanlue jueze*” [Heard on the margins of the provincial/ministerial level leading cadres study group: A strategic decision that doesn’t allow a moment’s delay], Xinhua, February 12, 2010, accessed at http://www.gov.cn/jrzg/2010-02/12/content_1534659.htm.

¹⁰ There is a little more “harmonious society” thrown in, though. “President Hu says faster economic adjustment ‘brooks no delay,’” February 4, 2010, <http://english.cpc.people.com.cn/66102/6887339.html>; Xinhua, “*Hu Jintao zai shengbuji ganbu luoshi kexue fazhanguan yantaoban shanjianghua*” [Hu Jintao’s speech at the provincial/ministerial level cadres meeting to study implementation of scientific developmentalism], February 3, 2010. http://news.xinhuanet.com/politics/2010-02/03/content_12926039.htm.

¹¹ Dangjian Yanjiu (ed.), “*Xi Jinping zai shengbuji zhuyao lingdao ganbu zhuanli yantaoban jieshi jianghua*” [Xi Jinping’s speech at the closing ceremony of the provincial/municipal level important leading cadres specialized study meeting]. February 8, 2010, accessed at <http://www.zgdjyj.com/Default.aspx?tabid=99&ArticleId=2896>.

¹² Xinhua, “*Zhonggong zhongyang zhengzhiju zhaokai huiyi; Zongjie quandang shenru xuexi shijian kexue fazhanguan huodong*” [The Politburo calls a meeting; summing up the all-party activity of deeply studying and implementing scientific developmentalism]. March 19, 2010, accessed at <http://cpc.people.com.cn/GB/64093/64094/11181417.html>.

¹³ Jin Zhao, “*Shenru guanche luoshi kexue fazhanguan jikuai jingji fazhan fangshi zhuanbian xuexi duben: Xuexi Hu Jintao zai shengbuji zhuyao lingdao ganbu zhuanli yantaobanshang de zhongyao jianghua jingshen*” [Reader for Studying the more profound implementation of scientific developmentalism and the

accelerated shift in the economic growth model: Studying the spirit of Hu Jintao's important speech at the study session of provincial and ministerial level leading cadres]. Beijing: Huawen, 2010.

¹⁴ China Broadcast Net, “*Yanghang chongqi 3 nianqi yangpiao; shoujin liudongxing zengqiang jiaxi yuqi*” [The central bank resumes issuance of 3-year bank notes; reducing liquidity and raising expectations of an interest rate increase], April 9, 2010, accessed at <http://news.sina.com.cn/o/2010-04-09/105620039730.shtml>.

¹⁵ Li Xiaochao (National Bureau of Statistics), “*Yijidu guomin jingji huisheng xianghou shitou jinibu fazhan*” [The national economy is recovering and progressively developing in a good direction in the first quarter], April 15, 2010, accessed at http://www.stats.gov.cn/tjfx/jdfx/t20100415_402634582.htm.

¹⁶ Zhou Chengsi, “*Hubei 12 Wanyi touzi jihua pintu*” [The 12 trillion investment plan jigsaw puzzle in Hubei], *21 Shiji Jingji Baodao*, March 23, 2010, accessed at <http://www.21cbh.com/HTML/2010-3-24/169937.html>.

¹⁷ Victor Shih has written extensively about this phenomenon. See, for example, Luo Jun and Kevin Hamlin (Bloomberg), “China to Nullify Financing Guarantees by Local Governments,” March 7, 2010, accessed at <http://www.businessweek.com/news/2010-03-07/china-to-nullify-financing-guarantees-by-local-governments.html>.