Financial Reconstruction: Methodical Policymaking Moves into the Spotlight

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The Wen Jiabao administration has found its feet and instituted ambitious initiatives in the financial arena. Since December 2003, major new policies toward the financial sector have been rolled out. Recapitalization, reorganization, and stock market listing of two of the main state-owned banks have begun. A program for new policies toward the stock market has been released. The launching of major programs follows the reorganization of the administrative apparatus and the promulgation of a series of laws and programmatic documents. Thus, the resumption of activist policymaking represents the culmination of a steady and methodical process of preparation. The degree of preparation is impressive, but it also reflects the magnitude of the challenges currently being faced and the difficulty of shepherding new policies through the Chinese political system.

Methodical Policymaking

Since December 2003, important new policies have been adopted in the financial arena, including the recapitalization of two state-owned banks. The simple fact that these policies have been adopted is significant. Previously, since the failure of the policy of selling down the state share in mid-2001, there had been no major integrated economic policies of the sort that required design input from economists and coordination from policymakers. The Zhu Rongji administration, so activist in 1998–99, ran out of steam after that period and presented few large-scale initiatives in the new millennium. Thus, the simple fact that the current administration has reinvigorated the policy process and is capable of rolling out significant large-scale policies is an important development.

However, the policies also highlight a fundamental aspect of the policymaking process under Hu Jintao and Wen Jiabao. Their policy process is highly methodical. In the months after their installation at the 16th Party Congress in November 2002, Hu and Wen set about reorganizing the government administration, developing a set of overall programmatic documents, and passing new implementing legislation. This phase culminated in the October 2003 Third Plenum of the 16th Party Congress, which passed an overarching "Decision of the CCP Central Committee on Several Issues in Perfecting the Socialist Market Economy." Although couched in generalities, the document signaled the transition from preparation to action, calling, for instance, for "energetic development of capital markets and other factor markets." As a rule in this administration, programs and rules have been laid out *before* significant new policies were unveiled. The groundwork has been laid carefully. A watchword for the administration has been "*xian li guiju; hou xiandong*": first establish the rules and procedures; then, act.

In China, as anywhere, there is a danger that such an approach could yield only statements of good intentions and little in the way of practical results. It is important, however, to emphasize that the process being described here is *not* the traditional Chinese Communist Party practice of establishing a general slogan, linked to the top leader, and using that as the basis for propaganda and ideological proclamations. The "three represents" under Jiang Zemin, for example, embodied that traditional style of Chinese Communist Party policymaking perfectly. The types of programmatic documents and regulations being established by the Hu-Wen government are quite different. They are general and sometimes abstract, but they are nonetheless real-world policy documents. They are ambitious and sometimes overarching, but they are also closely related to the specific policy arenas at which they are targeted.

This real-world focus does not necessarily mean that these policy documents and regulations will be successful. Much of the success or failure of economic policymaking comes in the ongoing response to unanticipated events. Policymakers have to react to events as they arise, and they make daily decisions that have an impact on economic procedures and outcomes. Even when no programmatic policies were emerging from the leadership, in the waning years of the Zhu Rongji administration policymakers were still actively engaged in responding to events, and also in preparing for implementation of China's World Trade Organization (WTO) commitments. Unanticipated shocks and events could still derail the current administration: the government faces formidable challenges, and there is no guarantee that its day-to-day policy responses will be any more effective than those under Zhu Rongji. In fact, Zhu Rongji's record in this respect was actually quite good, so just reaching that level would be respectable. But, the current measures represent the attempt by policymakers to get a step ahead of the curve. To do so, they must design some significant restructuring that fundamentally reshapes institutions and creates new rules of the game. This overhaul, in turn, is necessary to further the ongoing transition to a market economy.

Two related issues are covered below: the recapitalization of the state-owned banks, followed by plans to list them on the market; and the promulgation by the State Council of the "Nine Articles" on capital market development. These two developments represent progress in both sides of the financial system: banking and capital markets. At the same time, the discussion throughout is influenced by two key ongoing issues: the value of the Chinese currency and the management of the emergent Chinese economic "bubble." These underlying issues are not the focus of the following analysis, but they affect the likely outcomes of the other policies, if for no other reason than that they represent the kind of shocks and unanticipated events that can derail even the best-thought-out policies.

Recapitalizing the State-owned Banks

Among the "big four" state-owned commercial banks, the Bank of China (BOC) and the Construction Bank of China (CBC) are clearly the two best run. They have been pioneers in implementing institutional reforms. At the end of 2002, these banks had significantly lower ratios of nonperforming loans (NPLs) than did other banks. The Construction Bank's NPL ratio was the lowest at 15.3 percent, and the Bank of China's was next at 23.7 percent, compared to the Industrial and Commercial Bank of China (ICBC) at 25.8 percent and the Agriculture Bank at a whopping 36.6 percent.[1] Moreover, both the CBC and the BOC reported substantial reductions in their NPL ratios during 2003 (discussed below). In December, it was announced that the Bank of China and the Construction Bank would each receive half of a $45 billion injection of foreign exchange from the State Administration of Foreign Exchange (SAFE). This injection, in turn, was to be a preliminary to the conversion of the two banks into joint-stock corporations and their listing on the stock exchange.

The use of foreign exchange reserves to shore up the state-owned banks is extremely clever. China's foreign exchange reserves increased extremely rapidly during 2003. Although China's trade surplus was modest ($25 billion), and foreign direct investment (FDI) was roughly equal to that in the previous year ($53 billion), foreign exchange reserves increased much more rapidly than in the previous year and would have jumped to a total of $162 billion during 2003. (Thus, net capital inflows, not including FDI, reached $84 billion, a huge number for an economy of China's size.) China is already under pressure from the United States and other trading partners to allow its currency to appreciate—the larger the foreign exchange accumulation, the more obvious the imbalance in the currency markets.[2] Since Chinese policymakers are not currently willing to let the value of their currency appreciate, they welcome any development that might reduce outside pressure. In particular, Chinese policymakers are not eager to have a "headline" statistic like foreign exchange reserves attract too much attention. With the removal of $45 billion from foreign exchange reserves, the apparent value of reserves at year-end was $400 billion, instead of the $445 billion it would have been otherwise.

According to reports, the State Council decided back in October 2003 to use foreign exchange reserves to shore up the banks. The specific vehicle was the Huijin Corporation, which was registered in Beijing on December 16, 2003, with an initial capital of 372 billion yuan (equal to $45 billion). Huijin completed the transfer of funds to the CBC and BOC in time for year-end accounting. The name Huijin is something of a play on words: "hui" can have the meaning of foreign exchange, and "jin" means gold. In fact, the injections into the bank were in the form of foreign exchange (U.S. dollar–denominated assets) and gold. The Huijin Corporation is owned by the State Administration of Foreign Exchange, the Ministry of Finance, and the People's Bank of China, who appoint members to its board of directors. The chief executive officer, and dominant figure, is Guo Shuqing, the head of the State Administration of Foreign Exchange. (After all, it was "his" money.) The government has been eager to maintain appearances. The money from SAFE is to be maintained as foreign currency–denominated assets, not transformed into yuan, in order not to affect exchange rates. It is an investment, it is said, not a bailout. The money is not to be used to write off bad loans.

However, the banks are instead now free to use their own capital to write off bad loans. As it turns out, the two banks have a little more than 300 billion yuan available in net equity. In fact, they have already allocated this money (their existing net equity capital) to a special reserve fund that will be used to write off bad loans. Since money is fungible, the injection of funds is of course a bailout. The government—indeed the Central Bank, which is the parent of SAFE—has given the banks money, so it counts as a bailout. But, there is an important consequence of the way this transaction was structured. The initial capital of the banks has been wiped out, since it was all transferred to a special reserve fund. The previous owner of the banks was considered to be the Ministry of Finance, although its "ownership" had not been formalized under the regulations of the Company Law. Now the Ministry of Finance has "lost" that equity, and Huijin has taken over control. While still a representative of the Chinese government, Huijin is an independent company with a distinct identity. It should therefore be favorably placed to carry out more radical restructuring; in fact, it is to be the vehicle for a partial privatization of the two banks.

The intention is to gradually convert Huijin from the sole owner to a strategic stakeholder. The banks are to be converted into joint-stock corporations. The next step was only recently revealed: a foreign "strategic stakeholder" is to be invited to purchase up to 20 percent of the equity.[3] Domestic investors might also be allowed to take strategic stakes, but since the intention of selling off large stakes is to bring in advanced expertise in credit and risk management, the focus is on finding a foreign partner. After strategic partners have been invited in, the banks would be listed on the stock exchange. The Construction Bank is expected to list during 2004, while the Bank of China is planning a 2005 launch.[4] The Construction Bank expects to sell about 25 percent of its shares to the public and hopes to raise about $5 billion.[5]

In theory, the roadmap that the CBC and BOC are following is available to all the big four state-owned banks. However, the plan is designed as a kind of ladder of incentives, with positive incentives built in only in exchange for antecedent progress in improving operations. To qualify for the next step, a bank has to be able to demonstrate achievement of an earlier step. Progress up a step is conditional on reaching the previous step. This design is the means by which policymakers are attempting to avoid the problems of moral hazard (endless bailouts for underperforming banks, forever insulating them from the risks that they should have to manage on their own) while at the same time acknowledging the seriousness of the problems and the need to take dramatic actions (in fact, to bail out the banks). This is a package with a reasonably well-designed set of incentives. It also means that, for now, the most attractive part of the package will only be available to the Bank of China and the Construction Bank. The ICBC and Agriculture Bank have, for now, been left behind, wondering if they will be able to catch the next train out of the station.

The plan consists of the following steps:

1. The banks must carry out internal reforms and implement improved incentives among bank officers and must also use internally generated resources to write off bad loans.
2. New capital will be injected into the banks (in the style of Huijin Corporation).

3. Banks will then restructure into joint-stock corporations, although still wholly owned by state entities.
4. The owner of the banks (in this case, Huijin) will sell a stake to a foreign strategic partner.
5. The bank will then list on the stock exchange, selling a significant minority stake to the public. The government will remain, for now, the majority shareholder.

This program is strongly associated with the head of the Central Bank, Zhou Xiaochuan. Whether he is the "author" of the detailed program is unclear and not particularly important. Liu Mingkang, the head of the China Banking Regulatory Commission, is known to enjoy Wen Jiabao's confidence as well, and he would certainly play an important role in such a proposal. But Zhou is the technocrat with lead authority in this area. The fact that the program went ahead in December 2003 demonstrates that Wen Jiabao has accepted Zhou Xiaochuan's overall blueprint for financial reforms and has assembled a workable political consensus around the proposals.

The most interesting part of the blueprint is the way in which it combines significant positive incentives with an at least moderately credible promise not to engage in further bailouts. Participation in the program is extremely beneficial to the banks selected: not only do they receive the initial bailout funds, but they are also given the freedom to take on a foreign partner *and* they receive the additional funds that come from their public share offering. But at the same time, by converting the banks into joint-stock companies, by distancing the government's ownership, and by allowing the banks to take partners and float shares, the government is also declaring that it is cutting its ties to the bank. Indeed, Lou Jiwei, the vice minister of finance, even declared, "This is the last time!" One astute observer said, "Actually injecting funds is a better way of taking capital out; government capital gets out, new strategic investors and shareholders come in."[6] Indeed, that would be the best-case scenario. But of course, all the protestations are evoked by the fear that this will indeed be nothing but another bailout and that the banks haven't done enough to deserve it.

Indeed, the proposal has come in for a fair amount of criticism and some sniping. In the first place, there are worries that the CBC and BOC simply haven't earned it. Both banks reported big drops in their NPL ratios in 2003: the CBC down 6 percentage points to 9.3 percent, and the BOC down slightly more to 16 percent. But, nearly all the decline has come because of the rapid increase in overall lending: the absolute amount of loans classified as nonperforming has scarcely declined at all. The result is that the banks have relatively high levels of available reserve capital and relatively high levels of NPLs.[7] The banks are quite profitable in the current environment but haven't yet used that profit to get bad loans off the books. By some accounts, Wen Jiabao has criticized the banks for their lack of progress, but it is not clear whether this reflects real frustration or simply an effort to keep some of the pressure on while being openhanded.[8]

Second, the program is seen as "unfair." It helps the strongest banks and is thus inevitably unfair to those left behind. The Agriculture Bank, in particular, expresses something almost like panic. Competition is set to increase dramatically as WTO commitments allowing foreign banks in China kick in around 2007. The strongest domestic state-owned banks are going ahead. These selected banks, in turn, were headed by the individuals who are now the top regulators: Zhou Xiaochuan, now head of the Central Bank, is a former head of the Construction Bank, and Liu Mingkang, now head of the China Banking Regulatory Commission, is a former head of the Bank of China. Even the head of the Minsheng Bank, China's only nominally private joint-stock bank, took a shot at the proposal during the Chinese People's Political Consultative Conference (CPPCC) meetings.[9]

Third, the use of national foreign exchange reserves to form the capital of a new company—even a new state-owned company—is without any clear legal sanction. Without doubt, the State Administration of Foreign Exchange has the right and obligation to manage foreign exchange reserves, but it doubtless does not have the right to give the reserves away. Therefore, spokesmen have stressed that the injection of funds is an investment, which should yield a return to the state as owner. Still, the fact that the head of the SAFE, Guo Shuqing, has suddenly ended up controlling an enormous amount of money and property has evoked some comment. Guo is a smart, well-educated economist, very much a technocrat in the internationalist mode. In one sense, Huijin is rather like an embryonic State Asset Commission for the financial sector.[10] There may be a bit too much fancy footwork in the whole establishment of Huijin. But while it is easy to criticize these shortcomings, it is considerably more difficult to imagine crafting a package with a better chance of getting the main state banks into shape in time to meet the competition.

The Nine Articles

On January 31, 2004, the State Council released an overall programmatic document entitled "Several Opinions of the State Council on Giving Impetus to the Reform, Opening, and Stable Development of Capital Markets." The promulgation of the "Nine Articles" (*jiudian yijian*, or simply *yijian* in Chinese abbreviation) represents a potentially important milestone.[11] It is not that any specific element of the Nine Articles is of breakthrough importance. Indeed, there are really no specific, concrete measures in the Nine Articles at all, although there are a few surprise endorsements. Rather, the Nine Articles are important because they bring together many different aspects of financial market policy in China and integrate them into a single clear and compelling framework. That framework is consistent and powerful enough to provide guiding principles for many areas of concrete policymaking.

It was not necessarily this way at the beginning. The drafting of the Nine Articles began in the China Securities Regulatory Commission (CSRC). After Shang Fulin took over the CSRC in early 2003, he initiated the drafting of a "white paper" on securities market development. A group was constituted under CSRC Vice Chairman Fan Fuchun with the goal of having a draft for wider circulation completed by year-end. (At the same time, a parallel writing group with many of the same members, but nominally under the State Council, was directed by the CSRC office vice head, Zhao Zhengping.)[12] By the end of November a draft was delivered to the State Council, and CSRC Vice Chairman Tu Guangshao held discussion meetings with the Ministry of Finance, the People's Bank of China, the State Asset Commission, and other related parties. However, agreement was not immediately forthcoming. There were disagreements over content and over jurisdiction. A lobbying effort in favor of the document was mounted by former CSRC chairman Zhou Zhengqing, who is now a member of the National People's Congress Standing Committee and vice head of the Finance and Economics Commission of that body. Around (Chinese) New Year, Vice Premier Huang Ju (in charge of finance) convened a discussion meeting that eventually produced a working consensus. The document was adopted by the State Council at the end of the month.

In its origins, then, the Nine Articles document does not seem particularly promising. Zhou Zhengqing has long been associated with policies calling for continued high levels of government intervention in the market while stressing the market's role in raising capital for state-owned enterprises. Indeed, Zhou published an interview in which he claims the Nine Articles are a vindication of his position and a repudiation of his opponents. The Nine Articles recognize the fundamental importance of the stock market, Zhou Zhengqing argues, and thus repudiate the views of those who, since 2001, have seen the market as more like a casino than a market and have argued that the market had to decline in order to resume its development later.[13] These are code words for Wu Jinglian and other reformist economists, such as Xu Xiaonian, who have argued for much greater transparency and regulation in the market, even at the cost of short-run market contraction. Implicitly, Zhou is also criticizing Zhou Xiaochuan, his successor as CSRC chairman, who instituted the "year of supervision" in 2001 to put these policies in place (see *CLM* 3). More generally, the impetus behind the initial drafting of the Nine Articles was frustration about the prolonged stagnation of the stock market among stock market insiders. They feared that the stock market was becoming marginalized and that top policymakers seemed to be neglecting the stock market and concentrating solely on the banking system.[14]

Indeed, the most surprising provision of the Nine Articles is the document's call for allowing fund management companies (experimental) freedom in issuing securities and accessing bank loans. This move would permit bank credit to flow into the market legally for the first time in a decade. Other provisions of the Nine Articles might equally boost the market: an emphasis on investors' return is widely seen as signaling a reduction in the stock Stamp Tax, and encouragement to insurance companies and other institutional investors to enter the market would also be bullish. On balance, the stock market's response to the renewed attention implied by the Nine Articles has been optimistic. After hitting new lows in November (the Shanghai Composite below 1,350), the market has risen steadily, with a cumulative gain of over 30 percent. It is the first significant bull market since 2001, and some argue that the market gains also reflect an increasingly discriminating market, as healthier companies have performed well while flimsier companies have declined.

A closer look at the Nine Articles reveals that the document is much more than just a shot in the arm for stock markets. The predominant emphasis of the Nine Articles is the need for a diversified and flexible set of capital markets in the service of economic growth and restructuring. With regard to stock markets, the Nine Articles stress the interests of shareholders—especially holders of circulating shares—and the importance of quality standards for companies and shareholder returns. Moreover, the document makes clear that progress will be made toward allowing all shares to circulate, albeit at a measured pace. The emphasis is on the choices and the protection of shareholders, rather than the use of the market to raise money for firms. This emphasis on choice and flexibility extends beyond stock markets: there is a significant stress on the importance of developing corporate bond markets (which is in fact the most underdeveloped part of China's financial system). A ringing endorsement of financial innovation is included, including derivatives and securitization of existing credit relationships. Some of these measures work to the short-term benefit of the stock market, and of course the renewed priority given to the market's long-term development also augurs well for the market. But, many of these measures will increase competition on the market, will generate new supplies of circulating stocks for the market—as well as assets that will compete with stocks—and may in some cases draw investors from the market. In the long run, the Nine Articles may not be "bullish" for existing shareholders. In fact, the document represents a well-balanced compromise with regard to the interests of current participants in the stock market.

But if the document is a political compromise in terms of current interests, it is nonetheless remarkably clear and consistent with respect to the principles it enunciates. According to one account, it is a "vast blueprint for the reform and development of our capital markets. . . . After more than a decade of 'groping for stepping-stones to cross the river,' capital markets finally have a clear developmental objective and direction."[15] Allowing for the hyperbole, this statement is not without some rationale. The document lays out a very clear and complex vision of developed, diverse, and integrated capital markets in China. There is a danger that the document will remain a set of empty paper declarations, but if it remains a dead letter that will not be because of internal inconsistencies. Rather, the Nine Articles commit China to the comprehensive development of capital market institutions much like those of developed countries. It admits of no further ideological obstacles. The key commitments have been made and endorsed by the top leadership.

Conclusion

Recent financial initiatives show policy momentum. In their broad scope and sophistication, they represent the outcome of a methodical process of policy formulation. They also show distinct signs of technocratic dominance of policy, with Zhou Xiaochuan, in the financial sector, the key technocrat. Yet, they also show Wen Jiabao in charge politically. The carefully assembled political consensus around the elaborately crafted economic proposal seems a classic outcome of the Wen-Zhou interaction.

Will these policies be successful? It is too early to say. The current bubble has given the banks and the state enterprise sector a breather. Demand is booming;

profitability is way up; loans are not as difficult to collect on as they could be. Yet, this apparently favorable situation is extremely fragile. The absence of progress until recently on reforming the stock market has made the economy even more dependent on bank credit than it was before, and that was already an extreme degree of bank dependence. Competition from new banks will increase markedly in the next few years, eroding the protected position of state banks and competing away their present fat profit margins. The problems in the banking sector are deep-seated indeed.

Moreover, if the current economic bubble bursts—or if policymakers feel they have to pop that bubble—the financial position of the banks could become much worse very quickly. After years of deflation, there was a significant uptick in consumer price inflation (CPI) in November and December 2003. The national CPI index bumped up 3 percent, with nearly all the increase in the volatile food category (up 8.6 percent from a year previous, on the back of a 13 percent increase in grain prices and a 20 percent increase in fresh vegetable prices).[16] In fact, the worst imbalances are in heavy industrial materials, such as iron and copper. Central Bank head Zhou Xiaochuan is known to be quite sensitive to indications of emerging inflation. He has long expressed the opinion that China's macro economy could quickly slip back into inflationary mode despite years of price stability. The dynamism and volatility of the Chinese economy will not permit any leadership the luxury of methodical policymaking across the board. Above all, policymaking has to be quick and decisive. Unanticipated events will probably determine the success or failure of the financial initiatives.

Notes

[1] Figures from *South China Morning Post*, January 7, 2004, http://bix.scmp.com/images/Business_boc_graphicb.jpg.

[2] However, it should be said that all East Asian economies accumulated foreign exchange rapidly during 2003, as virtually all of them elected to sustain economic recovery by holding their currency values level with the depreciating dollar. Capital flows into China may be more short-term phenomena, in which case temporary reserve accumulation makes sense as a policy response.

[3] Christine Chan, "Foreigners Get Nod for Stakes in Key Lenders: Investors Are Allowed up to 20pc Equity in China Construction Bank and Bank of China before Their Public Listings," *South China Morning Post*, March 8, 2004, http://biz.scmp.com/bizmain/ZZZ1XZUATPD.html.

[4] "Zhonghang, Jianhang Shangshi shijian chiding; Jianhang niannei youwang sianbo touchou" (Timetable for BOC, CBC listing set; CBC expects to go within the year), China News Net, February 7, 2004, http://www.people.com.cn/GB/jingji/1040/2325629.html. The listing plans were first formally announced on page 1 of *People's Daily*, January 6, 2004.

[5] "450 yi meiyuan zhuzi zemmayong?" (How is the $45 billion being used?), *Beijing wule xinbao* (Beijing Entertainment Xinbao), http://www.people.com.cn/GB/jingji/1040/2319995.html.

[6] Wang Chenbao, "Guanzhu Zhonghang Jianghang: 450 yi meiyuan zhuzi, xingzheng haishi xingqi" (Showing solicitude for the BOC and CBC: Is the injection of $45 billion surnamed "political" or is it surnamed "commercial"?), *Beijing qingnianbao*, http://www.people.com.cn/GB/jingji/1045/2325627.html.

[7] "450 yi meiyuan zhuzi zemmayong?"

[8] Christine Chan and Bei Hu, "Premier Sets Three-year Bank Revamp Deadline: Wen Tells BOC and CCB to Shape Up as 'Real Commercial' Lenders as Reforms Are Introduced to Increase Accountability," *South China Morning Post*, March 3, 2004, http://scmp.com.hk, and earlier articles.

[9] Christine Chan, "Minsheng Chief Attacks US$45b Bailout for State Banks," *South China Morning Post*, March 6, 2004.

[10] Wang Chenbao, "Guanzhu Zhonghang Jianghang."

[11] "Guowuyuan guanyu tuijin ziben shichang gaige kaifang he wending fazhan de ruogan yijian," *Renmin ribao* (People's Daily), February 2, 2004, 1, http://www.people.com.cn/GB/jingji/1037/2314920.html. I am indebted to Walter Hutchens for steering me to the original Nine Articles document, and for discussion about its significance. Hutchens argues that most of the key ideas of the Nine Articles have appeared in earlier documents. My emphasis here is on the way they have been integrated into a coherent programmatic framework.

[12] Li Qing, "Guowuyuan 'jiudian yijian' chutai de qianhou" (Before and after the appearance of the State Council's "Nine Articles"), *Caijing*, http://www.people.com.cn/GB/jingji/1045/2351047.html. For example, the head of the Chinese Academy of Social Sciences Finance Research Center, Li Yang, and the head of the Shanghai Exchange Research Center, Hu Ruyin, were in both groups.

[13] Xue Li, "Baozhang zibenshichang jiankang fazhan—Zhou Zhengqing tan 'yijian'" (Safeguarding healthy development of capital markets—Zhou Zhengqing talks about the "Nine Articles"), *Shanghai zhengquanbao* (Shanghai Securities Daily), http://www.people.com.cn/GB/jingji/1041/22061/2329773.html.

[14] He Xiaohe and Guo Hongchao, "Qicaoren xiangjie 'yijian' neiqing; Gaoceng yizai zhengti gaizao gushi" (The drafters explicate the inside story of the "Nine Articles"; Top leaders intend to comprehensively reform equity markets), *21 shiji jingji baodao*, http://www.people.com.cn/GB/jingji/1041/22061/2325632.html.

[15] "'Guowuyuan guanyu tuijin ziben shichang gaige kaifang he wending fazhan de ruogan yijian,' jiedu zhiyi" (A close reading of the State Council "Nine Articles," no. 1), part 1 of 4, *Shanghai zhengquanbao*, http://www.people.com.cn/GB/jingji/1045/2317139.html.

[16] http://www.stats.gov.cn/tjsj/index.htm, March 16, 2004.