

## China's Northeast: From Largest Rust Belt to Fourth Economic Engine?

Cheng Li

China is arguably undergoing the most challenging phase of its economic reform: revitalizing the old and stagnant industrial bases in its northeastern region. The ultimate goal of the so-called northeastern rejuvenation scheme is to transform the country's "largest rust belt" to its "fourth economic engine," after the Pearl River delta, the Yangtze River delta, and the Beijing-Tianjin corridor. This new phase of China's economic development not only will be crucial for the credibility and legitimacy of the Hu-Wen administration, but will also shape China's future. This article explores the broad political environment in which this strategic scheme has been formulated, outlines the main components of the northeastern rejuvenation, and analyzes the characteristics of top provincial leaders in the northeastern region.

China is arguably undergoing the most challenging phase of its reform since 1978: the economic transformation of its northeastern region. China's northeast, which covers three provinces—Liaoning, Jilin, and Heilongjiang—is the country's largest rust belt hosting many traditional heavy-industrial firms such as steel plants, metal mines, oil refineries, and shipbuilding factories. Once the "cradle of industrialization" of the People's Republic of China (PRC), the northeastern region, with a population of over 100 million, is today often called the nation's "last fortress of a planned economy." A majority of these industrial firms are poorly performing and overstaffed state-owned enterprises (SOEs) with outdated facilities and the heavy burden of distributing pensions to retired workers.

During the past quarter century, the development of China's northeastern region has taken a back seat to economic activity in the burgeoning eastern and southern coastal regions. The proportion of the northeastern region's industrial output as a share of the national total declined from 16.5 percent to 9.3 percent.<sup>1</sup> The rankings of the industrial outputs of Liaoning, Heilongjiang, and Jilin among China's provinces dropped from Nos. 2, 7, and 15 to Nos. 5, 14, and 18, respectively. In 1980, the industrial output of Liaoning Province was 44 billion yuan, which accounted for 8.8 percent of the national total, while the industrial output of Guangdong Province was 22.4 billion yuan, accounting for 4.5 percent of the national total. Sixteen years later, in 1996, the industrial output of Guangdong had increased to 610 billion yuan, accounting for 9 percent of the national total. This figure nearly equaled the combined total of the industrial outputs of all three provinces in the northeastern region (690 billion yuan).<sup>2</sup>

In addition, the average income in Liaoning Province was ranked among the top five provinces during the early years of reform, whereas today it ranks 19th.<sup>3</sup> At present,

almost one million people in Liaoning are officially categorized as unemployed, and another 1.6 million people are “off-post workers” waiting to find jobs.<sup>4</sup> The province also has 2.9 million retired workers from the SOEs, the largest number among all China’s provinces.<sup>5</sup> Further, a significant number of the 10 million workers in SOEs in the province are likely to be laid off as a result of economic restructuring in the years to come. In the whole northeastern region, five to six million urban residents receive minimum-income social security, and they account for one-fourth of the urban poverty population in the country.<sup>6</sup>

During the recently held Third Plenum of the 16th Central Committee of the Chinese Communist Party (CCP), the new leadership under Hu Jintao decided to make a concerted effort to stop the rapid economic decline of the northeastern region. The Central Committee and the State Council jointly issued a strategic plan for the rejuvenation of the traditional industrial bases in northeastern China. Premier Wen Jiabao has visited the region three times in 2003. He has characterized the northeastern rejuvenation scheme and the western development program—two major strategic plans of the current administration—as the “two wheels” that will propel China’s economic growth in the new century.<sup>7</sup> Provincial leaders of the northeastern provinces have been particularly enthusiastic about the strategic shift of the central government. Liaoning Governor Bo Xilai, for example, states that the northeast will become “China’s fourth economic engine,” after the Pearl River delta, the Yangtze River delta, and the Beijing-Tianjin corridor.<sup>8</sup>

It will be some time before the outside world can make a comprehensive assessment of this new phase of China’s economic reform. The northeastern rejuvenation is a long-term program that may require the efforts of several generations. It is clear, however, that the central authorities and provincial governments in the region are determined to make the transformation of the northeast a reality rather than an empty promise. The fact is, if the new strategic initiatives such as western development and northeastern rejuvenation do not engender significant progress in the near future, the credibility and legitimacy of the Hu-Wen administration will be severely damaged. But if the northeastern region does experience an economic boom in the coming decade comparable to the ones achieved by the eastern and southern coastal regions during the last decade, the Chinese economic landscape will have been forever reshaped. The ramifications of such a change will go far beyond China’s borders.

This bold strategic move by the Chinese leadership reveals profound changes in government policy and highlights the new dynamics in central-provincial relations. China watchers should now address some fundamental questions in Chinese politics: who gets what, when, and why. This article explores the broad political environment in which this strategic scheme has been formulated, outlines the main content and policies of the northeastern rejuvenation, and analyzes the characteristics of top provincial leaders (party secretaries, governors, and their deputies) in the northeastern region, especially heavyweights such as Liaoning Governor Bo Xilai.

## Strategic Adjustment under the New Leadership

The history of the PRC has shown that each generation of leaders has its own mandate and policy priorities. New leaders often devote intensive effort and time in an attempt to resolve the problems left behind by their predecessors. As a matter of fact, within a year since Hu and Wen became top leaders, they have already presented a new vision and new road map for China's economic development.

Despite its rapid economic growth, the Jiang era is also known for the growing economic gap between urban and rural areas, coastal and inland regions, and new economies and traditional sectors. For instance, Jiang allocated disproportionate economic resources to Shanghai and other coastal cities while allowing provinces in the central, western, and northeastern regions to lag behind. Within a generation, China has transformed from one of the most equitable countries in the world in terms of income distribution to one of the least equitable.

Jiang's economic and sociopolitical policies have increasingly alienated the general public. Rampant official corruption, an enormous number of bad bank loans, the unprecedentedly high unemployment rate, the lack of a social safety net, regional tensions caused by economic disparity, growing rural discontent, environmental degradation, major health crises, and frequent industrial accidents all suggest that the current Chinese regime is sitting atop a volcano of mass social disturbance.

Hu, Wen, and other fourth generation leaders, however, seem to be more aware of China's daunting challenges than their predecessors were. President Hu has spent most of his adult life in some of the poorest provinces of China's inland region, including 14 years in Gansu, three years in Guizhou, and four years in Tibet. Similarly, Premier Wen spent 15 years after graduating from college working under extremely arduous conditions, also mainly in Gansu. Enormous physical hardship and an ever-changing political environment during their formative years nurtured in these leaders valuable traits such as adaptability, endurance, and grassroots consciousness.

The fact that both President Hu and Premier Wen advanced their careers from China's poorest region suggests that they are more sensitive to the needs and concerns of the economically backward provinces. In his first press conference as premier, Wen told reporters that of China's total of 2,500 counties, he had visited 1,800. In contrast to Jiang Zemin and his associates who emphasized the notion of the "three represents," thereby advocating the pivotal role of new elites in the country (particularly entrepreneurs), Hu and Wen have paid a great deal of attention to so-called weaker social groups: poor farmers, unemployed urban workers, low-income employees of SOEs, miners in unsafe working conditions, migrant workers with various kinds of disadvantages, and seniors without pensions. Most importantly, more-balanced regional economic development, with favorable policies toward the western and northeastern regions, has become the defining feature of the Hu-Wen administration.

Hu and Wen's populist approach is increasingly replacing Jiang's elitist style of governance. The new leaders not only have sound political judgment, but also use wise

political tactics. They have not directly challenged Jiang's authority, but have subtly undermined Jiang's influence and policies in some crucial areas. For example, in his July 1, 2003, speech, Hu Jintao made a brilliant political move. Most China watchers were disappointed by the speech because they thought Hu did not convey anything new beyond Jiang's theory of the three represents. But, these China watchers failed to realize that Hu redefined the three represents in that speech.<sup>9</sup> He stated that the "essence of the three represents is that the party and the government should represent the interests of the people."<sup>10</sup> By emphasizing one "represent" and downplaying the other two, Hu has moved away from Jiang's notion, at least in the eyes of many critics, that the party represents only the rich and powerful. As part of this broad strategic shift in socioeconomic development under the new leadership, the plan to revitalize the northeastern region came into being.

Several factors contributed to this strategic shift. According to some Chinese scholars, since the country has experienced two decades of market reform, it is the appropriate time to begin addressing the country's "last fortress of a planned economy." Mao Shoulong, chairman of the Department of Public Administration at People's University, believes that the reform policies that are going to be adopted in the northeastern region, no matter how bold and far-reaching, will be less controversial than those first experimented with in other regions during the early years of reform.<sup>11</sup> The growing political demand from the northeastern region in recent years has also encouraged the central government to make this strategic move.<sup>12</sup> Further, the northeastern rejuvenation is motivated by the strategic need to promote economic integration between China and its neighbors South Korea and Japan. A better economic relationship with these two important countries in Northeast Asia will be crucial for China in light of its growing concern over the independence movement in Taiwan.

## Main Components of the Northeastern Rejuvenation

The northeastern rejuvenation scheme will differ significantly from the western development program, although both plans address the need to expand employment and establish a social safety net. While the western development program emphasizes infrastructure development such as building railroads, highways, electricity networks, and natural gas pipelines, the northeastern rejuvenation scheme largely relies on structural adjustments in terms of "ownership reform, industrial redistribution, and state-owned enterprise reconstruction," as characterized by Premier Wen Jiabao during his visit to Heilongjiang and Jilin in August 2003.<sup>13</sup> This distinction between the development plans of these two regions is appropriate, since the northeastern region already possesses a large-scale industrial infrastructure and well-developed transportation network.

The central government recently invested 600 billion yuan in the infrastructure development of the western region, but it has allocated only 61 billion yuan for the reconstruction of the northeastern region.<sup>14</sup> According to some Chinese economists, this small amount of state investment is not sufficient for the economic recovery of the northeastern region. With respect to state bonds, the central government issued securities worth 210 billion yuan during the past five years exclusively for use in western

development projects. According to an official on the State Council, the central government is unlikely to issue an equal amount in state bonds for the northeastern rejuvenation scheme.<sup>15</sup>

The central government will probably encourage more market mechanisms in the region in order to attract both foreign and domestic capital. At present, state-owned enterprises account for 70 percent of the total industrial assets in the northeastern region, a much higher percentage than in other regions.<sup>16</sup> Market reform in capital, manpower, technology, production, and ownership has become a priority in the northeastern rejuvenation. Premier Wen Jiabao recently observed that the main problem in the northeastern region is its “overreliance” on “one sector,” namely the state sector.<sup>17</sup> The northeastern rejuvenation scheme will encourage transfers in ownership of the large SOEs to stock-holding companies and will assist in the privatization of a large number of small and medium-sized firms. The capital for northeastern rejuvenation should come from the market, as stated by Chen Qingtai, deputy director of the Development Research Center of the State Council.<sup>18</sup>

Among the range of policies most helpful for the region, according to Cao Chuang, dean of the School of Business Administration at Liaoning University, a crucial one is to reduce the value-added tax in the region in order to attract foreign and domestic investment.<sup>19</sup> According to Cao, the priority for foreign trade in China should shift from the import of general manufactured products to the production of manufacturing equipment and technology. China should gradually make a transition to the next phase of economic development—the phase that economists call “import substitution–led development.” If that happens, it is likely that more foreign investment in China will be directed toward the northeastern region.<sup>20</sup>

At present, over 60 percent of manufacturing equipment with advanced technology is imported from overseas. The central government, according to a provincial leader in Jilin, should consider making the northeastern region the center of China’s equipment manufacturing in order to encourage less dependence on foreign imports and thus promote more economic growth at home.<sup>21</sup>

Top leaders such as Wen Jiabao, Zeng Qinghong, and Li Changchun were all reported to endorse the idea that the equipment industry and the metallurgical industry should continue to be the “pillar” industries in the northeastern region.<sup>22</sup> Liaoning Governor Bo Xilai likewise believes that economic development in the region should take advantage of the industries that already exist there. In Bo’s words, northeastern China’s “strength in manufacturing is an asset, not a liability,” particularly if the region can “turn these behemoths into market-driven entities.”<sup>23</sup>

Liu Jie, president of Anshan Iron and Steel Company and an alternate member of the 16th CCP Central Committee who is also a member of the Chinese Academy of Engineering, believes that the world’s most advanced techniques in the metallurgical industry are located not in Japan or South Korea but in China’s Liaoning Province.<sup>24</sup> Anshan Iron and Steel Company and Benxi Iron and Steel Company are both located in

Liaoning, and both plan to undergo major structural changes in order to compete better on the international stage.<sup>25</sup>

In his recent visit to Hong Kong, Liaoning Governor Bo Xilai had a long shopping list to attract a total of \$27.3 billion in foreign investment into the province. Of these funds, \$5.1 billion will be used in the reconstruction of Anshan and Benxi Iron and Steel Companies.<sup>26</sup> Liaoning Province plans to host about 1,000 foreign-funded projects in the next five years, each requiring more than \$10 million in foreign capital. According to *China Daily*, Liaoning aims to procure \$30 billion in foreign investment by 2007.<sup>27</sup>

Meanwhile, the northeastern region also plans to attract investment from other regions in China, especially from the eastern and southern coastal regions. In November 2003, a delegation of almost 200 chief executive officers and private entrepreneurs from Zhejiang Province visited Heilongjiang. They signed investment agreements on 95 projects, totaling 7.6 billion yuan.<sup>28</sup> The municipal government of Shenyuan has been particularly accommodating to entrepreneurs from Wenzhou, Zhejiang Province, in the hopes of establishing labor-intensive firms such as shoe factories in the city. The municipal government of Dalian recently announced that it would provide a financial subsidy of 10 percent for any investment above 10 million yuan brought into the city.<sup>29</sup>

Some observers, however, are less optimistic about the economic future of the northeastern region. Zheng Hangsheng, a distinguished Chinese sociologist, said that the key to the rejuvenation of the northeastern region is “structural transition” from a deep-rooted planned economy to a market economy.<sup>30</sup> This transition requires a parallel change in the values, behaviors, and social norms of the people. Because the northeastern region adopted a planned economy first and has sustained the system longer than other parts of the country, people in the region have doubts about the potential success of the transition to a market economy. Song Donglin, associate dean of the School of Economic Management at Jilin University, observes that the local governments, enterprises, and people in the northeastern region have a strong bureaucratic mentality and tend to discriminate against merchants and mercantilism.<sup>31</sup>

Central to an assessment of the northeastern rejuvenation is the question of whether provincial leaders in the region are prepared to confront the challenges that accompany economic restructuring. An analysis of characteristics of these provincial leaders will shed invaluable light on the trajectory of the northeastern region—the vast area largely neglected until recently, but now becoming increasingly important in China’s economic and sociopolitical development.

## Characteristics of Provincial Leaders in the Northeastern Region

Table 1 lists all 39 current top leaders of the three provinces in the northeastern region. All of them are less than 65 years old; the oldest is Wu Guangcai, who is 64 and deputy party secretary of Jilin, and the youngest is Li Jinbin, who is 45 and vice governor of Jilin. Fifteen of them (38.5 percent) were born in the 1950s. Although the northeastern region does not have top provincial leaders in their 30s as do other province-

level administrations (e.g., 35-year-old Beijing Vice Mayor Lu Hao and 38-year-old Shanghai Vice Mayor Tang Dengjie), the age distribution of northeastern top provincial leaders is similar to that in the other province-level administrations.<sup>32</sup>

Among the six chiefs of these three provinces (full party secretaries and full governors), four are in their 60s. They are Liaoning Party Secretary Wen Shizhen, Jilin Party Secretary Wang Yunkun, Jilin Governor Hong Hu, and Heilongjiang Party Secretary Song Fatang. Due to their ages, these four top leaders will probably be replaced within one to three years.<sup>33</sup> It can be anticipated that the top leadership of all these provinces will soon undergo major personnel changes.

Table 1 also shows the year in which these top provincial leaders were appointed to their current positions. All of them have held their current positions for less than two terms (10 years). The two leaders with the longest tenure in their current positions are Jilin Vice Governor Yang Qingcai and Heilongjiang Vice Governor Zhang Chengyi; they have held their positions since 1996. As a matter of fact, 26 of these top provincial leaders (67 percent) were appointed to their current positions after the year 2000. This pattern echoes the rapid fluidity within the provincial leadership that has been evident throughout the country.<sup>34</sup>

Table 2 shows that a large proportion of these top provincial leaders (46 percent) were born in the same province in which they now govern. Among those not born in the same province, many (21 percent) graduated from a university in the province in which they now serve as leaders, and many others (21 percent) have worked in the same province for several decades. This fact means that out of 39 top provincial leaders in the northeastern region, 34 (87 percent) have strong biographical and/or professional ties with the province in which they now govern.

Among the six provincial chiefs, only Jilin Governor Hong Hu was an “outsider” who lacked any previous connection with the province in which he now serves and to which he was assigned by the central authorities. Liaoning Party Secretary Wen Shizhen was born in Haicheng, Liaoning, studied at the Dalian Institute of Engineering, and worked as a technician in a factory in Dalian after graduation. He has spent his entire career in Liaoning, as deputy director of the technical division, deputy chief engineer, deputy factory manager, manager, and deputy chief in an industrial bureau in the municipal government of Dalian; deputy chief in an industrial department of the provincial government; and vice governor, executive vice governor, acting governor, governor, deputy provincial party secretary, and secretary.

Wang Yunkun, Jilin party secretary, is a native of Jiangsu who received his education at Tianjin University, but he has worked in Jilin for over 30 years since he graduated from college in 1966. He has no work experience outside Jilin Province. Heilongjiang Governor Zhang Zuoji was transferred from his previous post as minister of labor and social security. Prior to his work in the central government, he served as vice mayor of Xi’an, Shaanxi Province. Governor Zhang, however, is a native of Heilongjiang. He studied Russian language at Heilongjiang University and after graduation taught and worked in his native province for over 10 years.

Deputy party secretaries and vice governors are more likely to be natives of the same province in which they serve or to have strong ties to the province if they are not natives. For example, Yang Guanghong, deputy party secretary of Heilongjiang, is a native of Hubei. He graduated from Wuhan University in 1968. After graduation, he worked as a *mishu* (office secretary) in the party committee of a collective farm in Heilongjiang for four years. In 1972, he worked as a staff member and deputy director in a propaganda department of the Farm Administration Bureau of Heilongjiang. Between 1980 and 1983, he served as *mishu* for the Heilongjiang party secretary. He later worked as deputy office director of the Heilongjiang provincial party committee for five years. In 1988, he was appointed party secretary of Yichun city, and he was transferred to serve in Qiqihar city two years later. From 1992 to 1997, Yang served as director of the Propaganda Department in Heilongjiang. He has served as deputy party secretary since 1997.

Although it is not unique in present-day China for provincial leaders to be selected from within the same province, the northeastern region has a higher percentage of native leaders who serve as top provincial leaders than any other region.<sup>35</sup> Even more remarkably, none of the current 39 highest-ranking leaders in the three provinces in northeastern China has had previous leadership experience in other “economic engines” such as Guangdong, Zhejiang, Shanghai, Jiangsu, Beijing, or Tianjin.

With the exception of Bo Xilai and several other officials who previously served as municipal leaders in open economic cities such as Dalian, most top provincial leaders in the region have little experience in foreign trade, foreign investment, or international finance. Many younger leaders in the region received advanced degrees in economics, in contrast to older leaders who usually majored in engineering. Three leaders, Liaoning Vice Governor Lu Xi, Jilin Vice Governor Li Jinbin, and Heilongjiang Deputy Party Secretary Liu Donghui, hold doctoral degrees (in economics, law, and philosophy, respectively). Among the seven vice governors in Jilin, four hold master’s degrees in economics (all from Jilin University), but their firsthand experience in dealing with modern economic and financial affairs is usually limited.

Among all these 39 top provincial leaders, only one has had substantial experience in foreign studies. This meager percentage stands in sharp contrast to the share in Jiangsu, where six of the eight vice governors are “returnees from study overseas.”<sup>36</sup> Liaoning Vice Governor Teng Weiping, a native of Zhejiang, studied at China Medical University in Liaoning during the Cultural Revolution. He also received advanced degree training at the same school from 1978 to 1981. In 1988–90 he spent two years in England as a visiting scholar at a hospital affiliated with Cambridge University, and he also worked as a visiting scholar at the medical school of Toronto University in the mid-1990s. Teng served as vice president, and then president, of China Medical University prior to being appointed vice governor of Liaoning in 2003.

A significant number of provincial leaders in the northeastern region were “sent-down youths” during the Cultural Revolution. For example, four out of seven vice governors in Liaoning (Xu Weiguo, Liu Guoqiang, Hu Xiaohua, and Lu Xi) worked as

farmers during their formative years and attended college after Deng Xiaoping reinstated the college entrance examination in 1978. These leaders usually advanced their careers from local administration by serving as county party secretaries and then as municipal leaders in northeastern provinces. Many of them served as *mishu* or *mishuzhang* (chief of staff) in the provincial party committees and/or provincial governments. It is likely that they were deeply involved in local politics when they occupied these positions.

Several top provincial leaders in the northeastern region are children of high-ranking officials. For example, Jilin Governor Hong Hu is the son of Hong Xuezhai, a veteran revolutionary who served as deputy secretary-general of the powerful Central Military Commission in the early Deng era. Jilin Deputy Party Secretary Lin Yanzhi is the son of Lin Feng, who once headed the Central Party School and served as vice chair of the National People's Congress.

### *The Case of Bo Xilai*

The most notable figure among these princelings—and one of the most visible top provincial leaders in the northeastern region—is, of course, Liaoning Governor Bo Xilai. The youngest son of veteran revolutionary and former vice premier Bo Yibo, Bo Xilai was politically ambitious at a very young age. With his strong family background, Bo attended No. 4 High School in Beijing, one of the best high schools in the capital. Bo was 17 years old when the Cultural Revolution began. He was reported to be an active member of *liandong*, a brutal Red Guard organization.<sup>37</sup> Bo was an advocate of the “blood theory,” which claims that “the son of a revolutionary must be a revolutionary, and the son of a counterrevolutionary must be a bad egg.” This theory was the reasoning behind the horrible “red terror” during the Cultural Revolution. Partly because of his role in the *liandong* and mainly because of the factional politics of the Cultural Revolution, Bo Xilai was incarcerated for a few years.<sup>38</sup>

After the Cultural Revolution, Bo attended Beijing University as a history major. During his sophomore year, however, he enrolled in the master's program in international journalism at the Chinese Academy of Social Sciences. After graduation, Bo worked at the research institute in the CCP Secretariat under the supervision of Du Runsheng, a leading expert on China's rural reform and a close friend of Bo's father. He also briefly served as a staff member in the General Office of the CCP Central Committee. These experiences seemed to add both “expert” and “political” credentials to Bo, as he was soon appointed to head a county in Liaoning Province.

Like other princelings such as Yu Zhengsheng (now a Politburo member and party secretary of Hubei) and Xi Jinping (now party secretary of Zhejiang) who served as chiefs in the coastal cities Qingdao and Fuzhou, Bo served as mayor of Dalian. There are three main reasons why these princelings have become top municipal leaders of these cities. First, these are the coastal cities with the status of special economic zones where economic growth rates are high and the future potential is great. Municipal leaders, therefore, can receive credit for economic achievements in these rich coastal cities much more easily than can leaders who work in other cities. Second, top municipal leaders in

these cities automatically receive the administrative rank of vice provincial governor or deputy provincial party secretary. Third, these posts do not need to be approved by the provincial people's congress, unlike most posts of vice governor and deputy party secretary at the provincial level.

Princelings' efforts to obtain seats on the Central Committee, however, have not progressed as smoothly. The 1997 15th Party Congress formed its Central Committee by an "election with more candidates than posts." Many princelings, including Bo Xilai, were among the 5 percent of defeated candidates.<sup>39</sup>

Opposition to Bo Xilai's campaign for election is particularly revealing. Bo Yibo's desire to make his youngest son a major political figure was well known. In order to publicize Bo Xilai's "achievements" in Dalian prior to the 15th Party Congress, the Bo family launched a nationwide campaign, including frequent television appearances and extensive flattering articles written by well-known novelists. For example, Chen Zufeng, a celebrity writer and a family friend of Bo, wrote a report titled "Dalian's Mayor Bo Xilai," portraying Bo Xilai as a man as statesmanlike as Henry Kissinger, as environmentally conscious as Al Gore, and almost as beloved by the public as Princess Diana.<sup>40</sup> Chen Zufeng portrayed Dalian as the most beautiful city in China, especially for its many grass parkways, or what she calls "Xilai grass"—the grass named after Bo Xilai.<sup>41</sup>

Despite the fact that his eminent father and friends tipped him to be a member of the 15th Central Committee of the CCP, Bo Xilai failed to even secure a seat in Liaoning Province's delegation to attend the 15th Party Congress. Bo may have been popular in Dalian because he used his family connections to introduce favorable policies for Dalian, especially free-trade-zone status, but colleagues in other cities and counties of Liaoning resented the special favors Bo brought to Dalian.<sup>42</sup> Eventually, Bo's father helped Bo Xilai become a member of the delegation of Shanxi, his native province.

The outbreak of a corruption scandal in Liaoning, which involved former governor Zhang Guoguang, was a propitious opportunity for Bo Xilai's career advancement. He was appointed acting governor of Liaoning on the eve of the 16th Party Congress, which helped ensure his membership on the Central Committee because two chiefs per province (party secretary and governor) generally obtain membership seats.

Bo Xilai's political ambition will not be limited to membership on the Central Committee. Because of Bo's role as a leading advocate for the northeastern rejuvenation, his future career will likely depend on the economic and sociopolitical situation of Liaoning in particular and the northeastern region in general. It is unclear to what extent the central government's decision to revitalize the northeastern region should be attributed to the political lobbying efforts of provincial leaders like Bo. Bo's father was an important political ally of Jiang Zemin in the early 1990s, and Bo Xilai has been a personal friend of Zeng Qinghong.<sup>43</sup> But at the same time, Bo Xilai was among the first group of provincial chiefs who expressed strong support for Hu Jintao and Wen Jiabao during the severe acute respiratory syndrome (SARS) crisis in spring 2003.

## Conclusion

This discussion reveals the active and crucial role an individual leader can have in the development of a city, a province, a region, or even a whole country. Politicians have their own agendas. National leaders like Hu and Wen and provincial leaders like Bo do not seem to be afraid to show their own political ambitions and policy initiatives. Their political agendas and initiatives may help contribute to the economic and sociopolitical development of areas of the country under or even beyond their direct control.

An analysis of the collective characteristics of top provincial leaders in the northeastern region also shows that these leaders lack broad administrative experience in working within a market economy, especially in the areas of foreign trade, foreign investment, and international finance. The lack of cross-province appointment, especially the failure to transfer leaders from advanced provinces or cities to the northeastern region, may delay or undermine the economic takeoff of the self-proclaimed fourth economic engine of the country.

In fact, other provinces and regions in the country also claim to be such an economic engine. Provincial leaders in Hubei, for example, argue that the greater Wuhan in central China should be considered the fourth economic engine in the country.<sup>44</sup> It is unknown, however, whether tension between regions will increase in the years to come due to dwindling natural resources or intensifying economic competition across geographical regions.

There is also no clear indication that the northeastern region will be as accessible to capital and technology from foreign and domestic sources as the eastern and southern coasts. One can argue that cleavages within the fourth generation of leaders, especially the lack of consensus on major social and economic policies and the conflict of regional interests, are so intense that major political crises are inevitable in China.

Yet, few observers doubt the aptness of Hu's and Wen's political advancement and policy initiatives for more-balanced regional development or the sense of urgency felt by provincial leaders in less privileged areas, such as Liaoning Governor Bo Xilai. The next five to 10 years will reveal whether these ambitious political leaders are truly capable enough to lay siege to this last fortress of the Soviet-style planned economy.

---

## Notes

<sup>1</sup> Li Qingchuan, "Jinri Dongbei jiexi" (Analysis of the northeast today), *Xinmin zhoukan* (Xinmin Weekly), August 16, 2003, 1.

<sup>2</sup> *Ibid.*, 3.

<sup>3</sup> *China Daily* (Hong Kong edition), November 19, 2003, 1.

<sup>4</sup> *Ibid.*

<sup>5</sup> Li Qingchuan, "Jinri Dongbei jiexi," 1.

<sup>6</sup> *Nanfang doushi bao* (Southern urban news), November 24, 2003, 2.

- 
- <sup>7</sup> See <http://www.sina.com.cn>, September 12, 2003.
- <sup>8</sup> *China Daily* (Hong Kong edition), November 19, 2003, 1.
- <sup>9</sup> One exception is H. Lyman Miller, who observes accurately that in Hu's speech, "the three represents theme is treated not as Jiang's exclusive intellectual property and personal legacy but rather as the party's 'collective wisdom' and consensus." Miller, "The Hu-Wen Leadership at Six Months," *China Leadership Monitor* 8 (fall 2003).
- <sup>10</sup> *Renmin ribao*, July 2, 2003, 1.
- <sup>11</sup> See <http://www.sina.com.cn>, September 12, 2003.
- <sup>12</sup> *Ibid.*
- <sup>13</sup> *Ershiyi shiji jingji baodao* (21st-century economic report), August 6, 2003.
- <sup>14</sup> Fan Junli, "Jiang chengwei zhuanxing shidian: Dongbei daxiang zengzhishui gaige diyiqiang" (Becoming an experimental zone: Will the northeastern region begin China's reform of value-added tax exemption?), *Zhongguo chanjing xinwen bao* (China industrial and financial news), November 21, 2003, 1.
- <sup>15</sup> *Ershiyi shiji jingji baodao*, August 13, 2003.
- <sup>16</sup> See <http://www.xinhuanet.com>, October 11, 2003.
- <sup>17</sup> *China Daily* (Hong Kong edition), November 19, 2003, 1.
- <sup>18</sup> See <http://china.com>, September 15, 2003.
- <sup>19</sup> Fan Junli, "Jiang chengwei zhuanxing shidian."
- <sup>20</sup> *Ibid.*
- <sup>21</sup> *Ershiyi shiji jingji baodao*, August 13, 2003.
- <sup>22</sup> Li Changchun, for example, emphasized the vital importance of the development of the equipment industry in the region during his visit to Heilongjiang in October. See <http://www.sina.com.cn>, October 8, 2003.
- <sup>23</sup> *China Daily* (Hong Kong edition), November 19, 2003, 1.
- <sup>24</sup> See <http://www.sina.com.cn>, August 4, 2003.
- <sup>25</sup> Some Chinese scholars are critical of this "catch-up mentality," which they believe trapped China in its stagnant economic situation in the first place. See Lin Yifu and Liu Peilin, "Zhenxin Dongbei yao zuoxun bijiao youshi zhanlue" (The northeastern rejuvenation should rely on the strategy of comparative advantage), *Nanfang zhoumo* (Southern Weekly), August 28, 2003, 5.
- <sup>26</sup> See <http://finance.sina.com>, November 18, 2003.
- <sup>27</sup> *China Daily* (Hong Kong edition), November 7, 2003, 1.
- <sup>28</sup> See <http://www.business.sohu.com>, December 2, 2003.
- <sup>29</sup> *Ibid.*
- <sup>30</sup> See <http://www.sina.com.cn>, September 21, 2003.
- <sup>31</sup> *Ershiyi shiji jingji baodao*, August 6, 2003.
- <sup>32</sup> For the age distribution and other biographical information about current top provincial leaders in the entire country, see Cheng Li, "Analysis of Current Provincial Leaders," *China Leadership Monitor* 7 (summer 2003), and Cheng Li, "Educational and Professional Backgrounds of Current Provincial Leaders," *China Leadership Monitor* 8 (fall 2003).
- <sup>33</sup> It has been speculated in the overseas media that Ma Kai, the current chair of the State Development and Reform Commission of the State Council, will replace Wen Shizhen as Liaoning party secretary. See <http://chinesenewsnet.com>, November 7, 2003.
- <sup>34</sup> See Cheng Li, "Analysis of Current Provincial Leaders."
- <sup>35</sup> For a cross-province comparison, see Cheng Li, "Political Localism versus Institutional Restraints: Elite Recruitment in the Jiang Era," in  *Holding China Together: National Integration and Regional Diversity*, ed. Barry Naughton and Dali L. Yang (Cambridge: Cambridge University Press, forthcoming).
- <sup>36</sup> See Cheng Li, "Educational and Professional Backgrounds."
- <sup>37</sup> See He Pin and Gao Xin, *Zhonggong "Taizidang"* (China's communist "princelings") (Taipei: Shih-pao Ch'u-pan Kung-ssu, 1992), 605-44.
- <sup>38</sup> See He Pin and Gao Xin, *Zhonggong "Taizidang,"* 623.
- <sup>39</sup> For more discussion on the election, see Li Cheng and Lynn White, "The Fifteenth Central Committee of the Chinese Communist Party: Full-Fledged Technocratic Leadership with Partial Control by Jiang Zemin," *Asian Survey* 38, no. 3 (March 1998): 231-64.
- <sup>40</sup> Chen Zufeng, "Dailian shizhang Bo Xilai" (Dalian's mayor Bo Xilai), *Caifu* (Fortune), 1998, no. 15: 6-36. The report was originally published in *Zhongguo zuojia* (Chinese writers), 1997, no. 2.
- <sup>41</sup> Chen Zufeng, "Dailian shizhang Bo Xilai," 21.

---

<sup>42</sup> For more discussion of politics in Liaoning and the Bo family's political tactics, see Cheng Li, *China's Leaders: The New Generation* (Lanham, Md.: Rowman & Littlefield, 2001), 145–68.

<sup>43</sup> During Zeng's recent visit to Liaoning, Zeng endorsed the northeastern rejuvenation plan. *Dagong bao* (Hong Kong), November 21, 2003.

<sup>44</sup> See <http://www.chinesenewsnet.com>, November 30, 2003.

**Table 1. Top Leaders of Northeastern Provinces (2003)**

Province	Name	Current position	Since	Born	Birthplace	Education	Previous position
Liaoning	Wen Shizhen	Party secretary	1997	1940	Liaoning	Dalian Institute of Engineering	Governor, Liaoning
	Bo Xilai	Governor	2001	1949	Shanxi	Beijing University	Party secretary, Dalian
	Zhang Wenyue	Deputy secretary	2002	1944	Jiangxi	Beijing Institute of Geology	Commander, Xinjiang Construction
	Sun Chunlan	Deputy secretary	1997	1950	Liaoning	Anshan Institute of Engineering	Chair, Workers Union, Liaoning
	Zhang Xingxiang	Deputy secretary	1997	1945	Liaoning?	Beijing University	Chief of staff, Liaoning party committee
	Wang Weizhong	Deputy secretary	1997	1945	Shandong	Qinghua University	Party secretary, Dandong
	Liu Guoqiang	Vice governor	2001	1953	Liaoning	Dalian Railway Institute; engineering	Mayor, Benxi
	Xu Weiguo	Vice governor	2003	1955	Liaoning	Liaoning Party School; M.A., economics	Party secretary, Yingkou
	Yan Feng	Vice governor	2002	1947	Heilongjiang	PLA Military Academy	Commander, Army
	Hu Xiaohua	Vice governor	2003	1949	Anhui	Central Party School; law	Party secretary, Anshan
	Li Wancai	Vice governor	2003	1955	Liaoning	Central Party School; M.A. (part-time)	Vice mayor, Dalian
	Lu Xi	Vice governor	2003	1955	Liaoning	Liaoning Institute of Finance; Ph.D.	Director, Department of Finance, Liaoning
	Teng Weiping	Vice governor	2003	1952	Zhejiang	China Medical University, Shenyang	President, China Medical University
	Jilin	Wang Yunkun	Party secretary	1998	1942	Jiangsu	Tianjin University; radio engineering
Hong Hu		Governor	1998	1940	Anhui	Beijing Institute of Engineering	Office deputy director, State Council
Wang Guofa		Deputy secretary	2000	1945	Jilin?	Unknown	Vice governor, Jilin
Lin Yanzhi		Deputy secretary	2000	1948	Unknown	Qinghua University; engineering	Standing member, Henan party committee
Wu Guangcai		Deputy secretary	2001	1939	Jilin?	Unknown	Director, Organization Department, Jilin
Quan Zhezhu		Deputy secretary	2002	1952	Jilin	Nanbian University, Jilin	Vice governor, Jilin
Wang Rulin		Vice governor	2001	1953	Henan	Jilin University; M.A., economics	Discipline secretary, Jilin
Yang Qingcai		Vice governor	1996	1946	Jilin	Central Party School; M.A.	Deputy chief of staff, Jilin provincial government
Li Bing		Vice governor	2001	1954	Liaoning	Jilin University; M.A., economics	Assistant governor, Jilin
Li Jinbin		Vice governor	2002	1958	Sichuan	Jilin University; Ph.D., law	Party secretary, Liaoyuan city, Jilin
Niu Haijun		Vice governor	2003	1955?	Jilin?	Unknown	Party secretary, Tonghua city, Jilin
Li Jieche		Vice governor	1998	1944	Jiangxi	Jilin University; M.A., economics	Chief of staff, Jilin provincial government
Jiao Zhengzhong	Vice governor	2003	1950	Jilin	Jilin University; M.A., economics	Director, Department of Finance, Jilin	
Heilongjiang	Song Fatang	Party secretary	2003	1940	Shandong	Qufu Normal College	Governor, Heilongjiang
	Zhang Zuoji	Governor	2003	1945	Heilongjiang	Heilongjiang University; Russian	Minister of Labor and Social Security
	Han Guizhi	Deputy secretary	1998	1943	Heilongjiang	Northeastern Forest Institute; engineering	Director, Organization Department, Heilongjiang
	Yang Guanghong	Deputy secretary	1997	1943	Hubei	Wuhan University; Chinese	Director, Propaganda Department, Heilongjiang
	Zhou Tongzhan	Deputy secretary	2002	1945	Hebei	People's University; economics	Director, Organization Department, Neimenggu
	Liu Donghui	Deputy secretary	2002	1948	Heilongjiang	Heilongjiang University; Ph.D., philosophy	Director, Propaganda Department, Heilongjiang
	Zhang Chengyi	Vice governor	1996	1945	Shandong	Jilin University; chemistry	Director, Planning Commission, Heilongjiang
	Wang Donghua	Vice governor	1998	1950	Jiangsu	Harbin Institute of Technology; M.A.	Chief of staff, Heilongjiang party committee
	Shen Liguo	Vice governor	1999	1949	Henan	Central Party School; M.A., economics	Director, Agricultural Department, Heilongjiang
	Wang Limin	Vice governor	2000	1949	Neimenggu	Provincial party school; accounting	Director, Department of Finance, Heilongjiang
	Fu Xiaoguang	Vice governor	2003	1952	Heilongjiang	Jilin Institute of Technology; engineering	Assistant governor, Heilongjiang
	Liu Haisheng	Vice governor	2003	1949	Jilin	Provincial party school	Director, Department of Finance, Heilongjiang
	Cheng Youdong	Vice governor	2003	1952	Anhui	Beijing Institute of Foreign Languages	Vice mayor, Harbin

**Table 2. Top Provincial Leaders' Biographical Information Related to the Province in Which They Govern**

Province	Total number of top leaders	(A) Born in same province	(B) Born in another province, but educated in same province	(C) Born and educated elsewhere, but have worked in same province for decades	Total of (A), (B), and (C)
Liaoning	13	7 (54%)	1 (8%)	3 (23%)	11 (85%)
Jilin	13	6 (46%)	4 (31%)	1 (8%)	11 (85%)
Heilongjiang	13	5 (38%)	3 (23%)	4 (31%)	12 (92%)
<b>Total</b>	<b>39</b>	<b>18 (46%)</b>	<b>8 (21%)</b>	<b>8 (21%)</b>	<b>34 (87%)</b>