

# Economic Policy after the 16th Party Congress

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The 16th Party Congress focused primarily on political principles and personnel issues. With respect to economic policy, the party congress understandably stressed continuity. Thus, fewer dramatic signs of future economic policy orientation have come in the aftermath of the congress than may be the case in other issue areas. In economic policy, the most important personnel choices tend to come at the level of ministers and vice ministers, one level below the top politicians chosen by the 16th Party Congress. These choices are being announced only gradually in the run-up to the 10th National People's Congress (NPC) meeting in March 2003. Nonetheless, some important choices have already been made—particularly with respect to the financial system—and the implications of those choices are discussed in this essay. The most important signal is the promotion of the former chairman of the China Securities Regulatory Commission (CSRC), Zhou Xiaochuan, to head the Central Bank. The reassignment of economic managers is especially important because the key personnel involved represent the young, better-educated members of China's "fourth generation," those who began their educations after the Cultural Revolution.<sup>1</sup> The senior members of the fourth generation, who have just ascended to the top of the formal political system, by contrast completed their educations before the Cultural Revolution. Some of the shortcomings of the political succession process may imply that the younger, post-Cultural Revolution leaders could begin to play an especially important role effective immediately.

## GRADUAL CHANGE IN ECONOMIC POLICY

The aftermath of the 16th Party Congress is less likely to provide dramatic clues about future economic policies or future influential economic policymakers than may be the case in other areas. This is so for a number of reasons. First, there is a lack of fundamental disagreement about the overall direction of economic policy, as was noted in my contribution to *CLM* 3. Second, the Chinese regime has increasingly put

such a premium on stability and expertise—on the performance of a technocratic elite in policy execution—that we would not expect economic policies to show abrupt changes in the short run. Third, despite all the serious challenges and deeply entrenched problems the Chinese economy faces over the long term, short-term economic performance in 2002 was exceptionally good. Exports, incoming foreign investment, and overall economic growth are all up. There are no immediate crises that absolutely require decisive government action. So under the principle of “if it ain’t broke, don’t fix it,” abrupt changes in economic policy or radical innovations in reform policy are quite unlikely in the first few months of 2003.

Moreover, practical control of day-to-day economic policy has been firmly ensconced in the State Council and the government apparatus under Zhu Rongji (indeed, it has resided there since the days of Zhao Ziyang in the 1980s). Since the full turnover of the government apparatus will not occur before the meeting of the National People’s Congress beginning on March 5, 2003, we cannot expect to see a new economic team fully in place and operating openly before that time. The new premier-designate, Wen Jiabao, will be concerned to get his own team of economic advisers and managers in place, but he will not, of course, be able to appoint whomever he wishes. He will have to balance and accommodate the factional and political interests of other influential politicians, such as Jiang Zemin, Hu Jintao, and Zeng Qinghong. In the economic policy arena, much of the “heavy lifting” is done by officials at the ministerial and vice ministerial level. Thus, we will have to wait and see which officials are promoted, which policies and factions they are associated with, and how the structure of actual decision making shifts to accommodate the still fairly personalized way in which power is exercised in China.

Yet, the restructuring of the economic management team certainly began even before the personnel decisions of the 16th Party Congress were finalized. The earliest appointments, therefore, can provide some insight into the way future policies might be expected to evolve. As it turns out, the very first important economic appointments have involved exactly the same sensitive and important institutions and personalities we described in *CLM* 2 and 3 (“Selling Down the State Share” and “The Politics of the Stock Market”). The first important change in economic personnel came with the announcement on December 27, 2002, that the head of the China Securities Regulatory Commission for nearly three years, Zhou Xiaochuan, would take over

as head of the People's Bank of China (PBC, the Central Bank). Zhou will be replaced at the CSRC by Shang Fulin, a veteran of the banking system, and most recently head of the Agriculture Bank. I will first discuss the changes at the CSRC; the implications of Zhou's promotion to the Central Bank will be discussed later.

### CHANGING OF THE GUARD AT THE CSRC

The job of CSRC head is often viewed as the most difficult ministerial-level post in China. Because vast sums of money are at stake, the head faces intense public scrutiny and enormous challenges. The actions of the CSRC head can move the market quickly, creating or destroying billions of dollars' worth of assets with a single gesture. Zhou Xiaochuan came to the office with an ambitious agenda of reform, regulation, increased disclosure, and internationalization. Despite Zhou's undeniable achievements, his ambitious agenda remains unfinished, at best. As described in *CLM* 3, the CSRC head is subject to enormous crosscurrents. Premier Zhu Rongji's personal interest in stock markets—and dread of speculators—pushed the CSRC head in certain directions and constrained him in others. Powerful interest groups were unhappy with Zhou's drive for disclosure and regulatory fairness. Moreover, Zhou's ambitious agenda, although intellectually coherent, was sufficiently broad and multistranded that it was sometimes confusing to observers of China's markets. Most fundamentally, the nearly 40 percent decline in the market since mid-2001 has created large losses among investors and enormous unhappiness.

Shang Fulin brings both change and continuity to the post of CSRC head. The most obvious change comes in personality. Zhou Xiaochuan is a polite and gracious individual, but also quite direct and plain-spoken. Extremely smart, he brings an internationalist and intellectual perspective to his work. Shang Fulin, by contrast, is universally characterized as understated and pragmatic. He has spent his entire career within the banking system. He will certainly bring a less programmatic and more administrative approach to China's securities markets. Indeed, some in China have decided that the CSRC under Shang will be more conservative and more bureaucratic, and that policy reforms will slow.

Shang's record in the banking system does not, however, support his characterization as a tradition-bound bureaucrat.<sup>2</sup> Born in 1951, he started working in the banking system in 1973, but he began his higher education in the first real university class after the Cultural Revolution

(1978–82). He has spent his entire career in the banking system, working his way up steadily, step-by-step. The big break in his career came in 1993, when then-vice premier Zhu Rongji took over as head of the Central Bank. Shang at that time was drafted into the work of clearing up interlocking, or “triangular,” debt among state-owned enterprises. He performed well at this essentially impossible task, and was promoted to assistant to the PBC head in 1994. He continued to serve under Dai Xianglong when Dai took over the job of PBC head. Shang was promoted to vice PBC head in 1996, at age 45. He has already been appointed (in 2002) to China’s Monetary Policy Commission, on which he will serve ex officio as head of the CSRC.

In early 2000, Shang was named to head the Agriculture Bank. At the Agriculture Bank—one of China’s most troubled financial institutions—he made a name for himself not through radical reforms, but through practical adaptation to current situations and opportunities. For example, he rapidly expanded Agriculture Bank lending for vehicles, transforming the bank into the largest source for vehicle credit in the country (by November 2002, there was 30 billion yuan in Agriculture Bank loans for vehicles outstanding). An interesting parallel exists here with the career of Zhou Xiaochuan who, when he was head of the Construction Bank before going to the CSRC, moved rapidly into private mortgage lending. In both cases, the bank heads shifted away from the traditional focus on lending to publicly owned enterprises and increased lending to private clients with collateral. These moves were part of refocusing the respective financial institutions in order to assist in their long-term struggle for solvency. Shang also closed more than 3,000 unprofitable branches of the Agriculture Bank, and laid off 50,000 employees from this bloated—half-million employee—organization. At a minimum, then, Shang has demonstrated an ability to work with difficult situations and make tough decisions.<sup>3</sup> Shang is characterized as smart and open-minded—he managed to earn a doctoral equivalent at some point during his career in the financial sector, probably from an in-house educational institution.

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Thus, while Shang is not well known outside his bureaucratic bailiwick, he is a smart and experienced economic manager.

Nevertheless, given his personality and the situation he inherits, Shang is likely initially to spend time reassuring unhappy stock market investors. The market dropped immediately after his appointment was announced, and Shang spent his first week on the job going to Shanghai and Shenzhen to listen to the opinions of market participants, including securities companies and fund managers.<sup>4</sup> Such reassurance of currently vested interests is not compatible with a rapid resumption of reform initiatives. Moreover, the atmosphere of the CSRC is likely to shift dramatically away from its former ambitious, intellectual, and internationalist orientation toward something more practical and adaptive. This change is not necessarily a bad thing at the current phase of leadership transition; Shang's accession implies a certain cooling-off period for stock market reforms.<sup>5</sup>

The shift at the top is likely to herald substantial changes in the personnel and atmosphere of the CSRC. The drive to professionalize the CSRC's operation by bringing in large numbers of overseas-trained staff will surely slow, or be reversed. This prospect is particularly clear because the very first personnel change announced publicly was the departure of Gao Xiqing, the vice chairman of the CSRC and Zhou Xiaochuan's key legal and regulatory deputy. Moreover, it is rumored that Gao was unceremoniously dismissed, and although this speculation cannot be verified, the public notice of his departure was in fact rather curt.<sup>6</sup> Gao has many of the same strengths as his former boss Zhou Xiaochuan, including superior intelligence and a direct working style, but he also serves as a lightning rod for those who object to an excessively intellectual style and internationalist orientation. Gao is an important figure in the development of Chinese stock markets, and also represents the prominent presence of "overseas returnees" (*haigui*) in the CSRC in recent years. Gao was an important adviser in the initiation of China's stock market in 1988, and he has played an important role at the CSRC twice. His first stint at the CSRC's forerunner institution was from 1992 to 1995, after which he resigned to return to teaching. He then returned to the CSRC in July 1999, shortly before Zhou Xiaochuan's assumption of the chairmanship. Gao is a professor with extensive experience in the United States, an analytic approach, and a brutally realistic assessment of China's current institutional arrangements and capabilities. Gao aggressively sought talent from overseas universities and securities companies. By early 2001,

there were 50 “overseas returnees” working at the CSRC, about one-fifth of the total staff, and these employees were most prominent in the top levels of management.<sup>7</sup> Gao’s departure thus represents a significant loss of expertise and talent and will probably trigger an exodus of overseas returnees. In sum, Shang Fulin’s arrival will herald significant changes in the CSRC.

### THE ISSUES BEING FACED

Why do these personnel changes matter? As discussed in *China Leadership Monitor* 2 and 3, the Chinese stock market has been the locus of some of the most important economic policy initiatives in the past few years. Yet almost all of these initiatives are stalled, and in some cases they are becoming increasingly entangled with complex economic and political issues. Lying behind the policy difficulties is the dramatic fall in the market since mid-2001. As one Chinese commentator has put it, “a rising market eases contradictions; a falling market sharpens contradictions.”

Previous issues of *CLM* discussed the program of “selling down state shares,” which was suspended during 2002 because of its adverse impact on share values. Despite the indefinite suspension of the program, discussion of the issues has continued, and the focus has shifted to various alternative policies that would allow more government shares to circulate on the market. A popular example is the proposal to begin by allowing all “legal person” shares—generally, those held by other state-owned enterprises—to circulate in the broader market. These discussions continue because the underlying problems they seek to address simply will not go away without concerted action and carefully designed reforms. The interlocking issues of public ownership, pension reform, and the government regulatory role are all intertwined with the transition to a stock market in which valuations are determined by the supply and demand of all shares of a company. But in the short run, the continued uncertainty about future policy directions adds risk to the market, and the

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uncertainty depresses stock values. Ironically, the uncertainty also perpetuates the policy-driven market, in which share values respond less to economic fundamentals and more to expectations about government policies.

Indeed, the agenda of thorny and interconnected problems first raised at the CSRC is already spilling over into other sectors of the economic bureaucracy. It is clear that there will be a significant reorganization of the economic bureaucracy at or immediately after the NPC meeting in March 2003. This reorganization will affect at least three different areas, and in each area there is significant uncertainty about the precise contours of the organizational configuration that will ensue. First, the long-discussed separation of the regulatory and policy functions of the Central Bank will go forward. Currently the PBC is responsible for both monetary policy and supervision of the banking system. There is a general consensus that these two functions should be separated—to encourage impartial regulation and to prevent monetary policy from becoming a prop for faltering state banks—but there has been continuing debate, for over a year, about how this split should be accomplished. The most sensitive issue is whether the two new bodies should function within the existing PBC structure, or whether the PBC should become just a central bank and surrender the supervisory functions to a new “China Banking Regulatory Commission.” Change will occur: the PBC has already moved most of its regulatory bureaus into a new building in Beijing, and local governments have begun setting up new government financial service bureaus.<sup>8</sup> But, how these pieces will fit together is still unclear.

Second, there will be an effort to reform the existing system of public asset management. There are some indications that the central government will accept a clarification of local government ownership, giving local governments clear property rights over local firms (instead of maintaining the fiction that they represent the national government in its management of public assets). A new “state asset management” system would have to be set up.<sup>9</sup> Again, the outlines of the future form of such a system are murky, but the proposals would make it much easier for local governments to privatize or incorporate their firms. Indeed, anecdotal evidence suggests that since the period around the 16th Party Congress, there has been an acceleration of small-scale privatization, as well as an improvement in the position of private entrepreneurs. Of course, these phenomena are just what should be expected as the practical policy counterpart to the highly symbolic inclusion of prominent

entrepreneurs on the Central Committee elected at the 16th Party Congress. A strong pro-private-business statement made by the head of the State Administration of Industry and Commerce (SAIC) in December supports this interpretation.<sup>10</sup>

Third, it is likely that some type of government “superministry” will be set up that consolidates the existing State Development Planning Commission, State Economics and Trade Commission, and Commerce and Trade Ministries. This new umbrella commission—perhaps labeled the “National Trade Commission”—would have authority over all the former sectoral and trade ministries. Such a trade commission would improve China’s ability to comply with the extensive commitments it made as part of its deal for securing World Trade Organization membership. It would also provide further impetus to the process by which direct government intervention in the economy is whittled down through a repeated process of privatization, government downsizing, the listing of public enterprises on the stock market, and so forth.

The changes contemplated will not be just another bureaucratic reshuffling (unless, that is, they fail completely). Instead, each change implies significant revisions in authority and in property rights, and thus significant challenges to vested interests. Both the technical and the political decisions involved will be difficult. Moreover, since these decisions involve very large interests and the establishment of new regulations, new laws will certainly have to be passed. Thus, even though the key decisions will doubtless be made, in the end, by a few of the top leaders, there may be a tortuous process of public debate and rulemaking before the policies are finally put in place. Already, observers are beginning to look to the March meeting of the National People’s Congress and speculate about what measures will be put forward at that time. Some comprehensive changes will have to be made if the property rights underlying China’s market system are to be put on a reasonably healthy and stable foundation.

### **ZHOU XIAOCHUAN: NEW GENERATION LEADER**

Despite the unfinished agenda at the CSRC, Zhou Xiaochuan accomplished a great deal, and his appointment to head the PBC is, unambiguously, a promotion. Moreover, Zhou Xiaochuan has now played an important and successful role as a policy adviser in a series of economic areas going back to the mid-1980s. This string of accomplishments, and the recognition he has received from the top leadership, clearly mark



him as one of the very brightest and best of the post-Cultural Revolution generation. Zhou's appointment to head the PBC is clearly a positive signal for those concerned with the future of Chinese economic policy. It assures us that a highly skilled and capable technocratic leader will have a key position in financial and macroeconomic policy-making. It also guarantees that a policymaker with a clear vision of a fully market-based economy, one based on the development of a clear and impartial regulatory system and the rule of law, will have a key voice in future policy evolution.

Moreover, Zhou Xiaochuan will have an influential voice in the ultimate disentangling of the thorny knot of interconnected problems discussed in the previous section. China has reached a difficult position, in which incremental policymaking has become increasingly difficult and has been contested by powerful interest groups. The key problems of financial regulation, financial sector cleanup, social security reform, and public asset management and privatization are all now deeply intertwined. Moreover, each of these issues requires legal definition (or redefinition) of property rights, and therefore runs into substantial vested interests. Resolving these difficult issues, and putting through a complex set of legal and regulatory changes, will require technical sophistication and political will. Zhou Xiaochuan is in a strategic position to provide both the technical sophistication and at least the initial impetus for policy change. Thus, Zhou will probably have the single most important voice in financial sector reforms. This state of affairs will facilitate the resolution of issues such as the stock market listing of state-owned banks—where Zhou and Shang ought to work together smoothly—and more importantly will allow someone with a comprehensive view of the whole package of issues to play a key role.

Zhou Xiaochuan has ties to various personalities in the top leadership. Clearly, Zhou has been valued, used, and promoted by Zhu Rongji at crucial points in his career. At the same time, Zhou is also well regarded by Jiang Zemin. Indeed, Jiang himself began his broader political career under the aegis of Zhou Xiaochuan's father, Zhou Jiannan, a former minister of the machinery industry. During 1979–80, Zhou Jiannan and Wang Daohan ran the initial State Import-Export and State Foreign Investment Management Commissions under then-vice premier Gu Mu. It was in this hierarchy that Jiang Zemin first attracted notice as a capable and internationally minded official.<sup>11</sup> Zhou Xiaochuan's links to a broad array of political factions complement his technical expertise.

## CONFIGURATION OF THE NEW ECONOMIC POLICY TEAM

Ultimately, the ability of the Chinese government to carry out the complex policy agenda that confronts it will depend on the broader configuration of political power at the top of the system. Since the exact makeup of the economic policy team will not become clear until the eve of the 10th National People's Congress in March, we cannot yet make a clear prediction about the likely outcomes. Recent reports may provide an indication of how the system will evolve, but these reports are not yet official and may turn out to be premature. For example, a recent, extremely plausible report on the configuration of the new State Council projects the following lineup: Premier Wen Jiabao will be assisted by Huang Ju in the position of executive vice premier. Although Huang was not a popular leader in Shanghai, he is generally viewed as a competent administrator. According to

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this report, Hui Liangyu would take responsibility for agriculture, and Zeng Peiyan, currently head of the State Development Planning Commission, would become vice premier in charge of all industrial areas. Zeng Peiyan would then head the superministry, or National Trade Commission, discussed in a previous section.<sup>12</sup>

Zeng Peiyan has had extensive experience as head of the State Development Planning Commission in recent years. He is clearly quite capable and has well-developed policy skills. He has steadily pushed the planning commission to redefine its capabilities and roles in ways that are generally consistent with a market economy. Under his leadership, the Western Development Program was drawn up in a way that moderated some of the most grandiose and wasteful parts of the program, which now stresses healthier initiatives in poverty alleviation, educational development, and environmental protection. Given Zeng's experience and demonstrated ability, he would play an extremely important role in economic policy if he were to head the new trade commission. Of the influential economic policy names circulating thus far, then, it is reasonable to expect that in Wen Jiabao's new government, Zeng

Peiyan and Zhou Xiaochuan might emerge as the two most influential members.

This conclusion has some relevance for understanding the factional balance in Chinese politics: Zeng is easily identifiable as a member of Jiang Zemin's group, and has been a close aide to Jiang over the years. Huang Ju is, of course, a charter member of Jiang's "Shanghai Gang." Overall, then, the emerging configuration on the State Council provides evidence of Jiang Zemin's continuing influence and success in promoting and protecting his people.

It may be especially important to follow the evolution of personnel matters below the top of the political system because of the way power appears to be structured in the wake of the 16th Party Congress. In the years prior to the 16th Party Congress, decision making at the top was, by all accounts, carried out according to the standard procedures of a communist-type system. The Standing Committee of the Politburo made the final decision on all key issues. Most economic policymaking was delegated to the premier and the State Council, but the Standing Committee exercised strict oversight and retained the final decision-making power. Jiang Zemin was, of course, a master of keeping himself in the key position as the final voice. The Standing Committee, therefore, was highly aligned with Jiang's preferences, but Jiang maintained supremacy in part by yielding and listening on many issues in which he saw a less vital political stake. As a result, the Standing Committee actually mattered, and votes in the Standing Committee did determine the outcome of some of the key economic policy decisions, even as Jiang consolidated his central position.

This structure will be much less robust in the coming years because of the makeup of the new Standing Committee. First, decision making will be more unwieldy because there are too many members, nine instead of seven. Second, too many of the members transparently owe their promotions to their loyalty to Jiang Zemin, and do not have sufficient stature to command respect on their own. In particular, four members—Wu Bangguo, Jia Qinglin, Huang Ju, and Li Changchun—are in the rather uncomfortable position of having made their careers as local politicians primarily evaluated according to their economic policy successes without, however, having any really concrete accomplishments to their names.<sup>13</sup> They are politicians who were associated with a certain amount of policy entrepreneurship, and who developed reputations for being somewhat open-minded and reasonably adventurous. But, their achievements do not go much beyond that level. Moreover,

not one of them has heretofore demonstrated any impressive grasp of complex economic matters. Thus, it is rather difficult to see the Standing Committee gathering authority to itself as the locus of decision making over the complex economic issues mentioned above.

All the Standing Committee members are engineers, and all completed their higher educations before the Cultural Revolution, under the basically Soviet-style educational institutions. Even the youngest, Li Changchun, barely squeaked by, finishing at Harbin Institute of Technology in 1966. They then maintained low profiles through most of the Cultural Revolution, sidestepping the most virulent factional conflicts, and returned to the fast track of political promotion in the early 1980s. By contrast, the younger members of this generation lived through the Cultural Revolution as students, and the experience marked them in more profound ways. Many careers—and lives—were damaged permanently, but those who survived educated themselves in the dramatically different environment of Deng's China post-1978. They came from much more independent and open-minded backgrounds, and they have had far more exposure to the outside world. Many of them are trained as economists or lawyers, and many more have had exposure to the ideas of modern economics, policy evaluation, and political philosophy.

For quite a while in China, the idea has circulated that the transfer of power to the fourth generation might be rather short-lived, and that China's full transition to a market economy and a pluralistic society would come under a younger, post-Cultural Revolution generation. This broad-brush characterization cannot capture the subtleties and complexities of the struggle for political power in China, but it does reflect part of the reality. The current formal leadership will only gradually take over from Jiang Zemin, and it will need time to establish its authority. At the same time, it does not possess the same expertise as the group a few years younger. Much will depend on the way Premier-designate Wen Jiabao manages the skillful managers and bureaucrats under his leadership. But Wen's reputation is the strongest in precisely this area—he is seen as a leader who is highly capable of listening to good advice and maintaining open lines of communication with his subordinates. There is thus much to watch as a new generation of managers and bureaucrats takes charge of economic policy in the months around the March 2003 National People's Congress.

JANUARY 2003

## NOTES

1. Some analysts even advocate using this dividing line to demarcate a “fifth generation.” Here, I follow Cheng Li’s convention of including in the fourth generation all those with dates of birth before 1956.

2. The following is drawn primarily from Wang Yao, “Shang Fulin: The Focus of 60 Million Share Owners,” *Zhongguo qingnianbao*, December 31, 2002, <http://www.bigsun.com.cn>, and Ma Teng, “Shang Fulin Breezes In: The Chairman’s Innovations and Changes at the CSRC,” *21 shiji jingji baodao*, January 2, 2003, <http://www.bigsun.com.cn>.

3. “Shang Fulin Has a Big Responsibility with Reform at the CSRC,” *Zhong cai wang*, January 2, 2003, <http://www.bigsun.com.cn>. This source also gives Shang credit for a reduction in the share of nonperforming loans at the Agriculture Bank by 2.3 percentage points—but these figures are so unreliable, they can hardly be used as a measure of performance.

4. Lin Jian, “Shang Fulin Visits the Shanghai and Shenzhen Exchanges,” *Shanghai zhengzhuan bao*, January 8, 2003, <http://www.bigsun.com.cn>.

5. Benjamin Kang Lim and Lee Chyen Yee, “China Names Market Regulator to Head Central Bank,” *South China Morning Post*, December 29, 2002; Bei Hu, “Shang Confirmed as Head of China’s Securities Watchdog,” *South China Morning Post*, December 31, 2002; “Brief Biography of Shang Fulin,” December 30, 2002, <http://business.sohu.com/73/80/article205338073.shtml>; and “Market Indexes Fall to Historic Lows: Why Shang Fulin Sits on a Volcano,” *Zhonghua gongshang shibao*, January 1, 2003, <http://business.sohu.com/22/05/article205460522.shtml>.

6. “State Council Personnel Officer Announces CSRC Vice Chairman Gao Xiqing’s Departure,” *Shanghai Securities Daily* (Internet edition), January 1, 2003, <http://finance.sina.com.cn/y/20030103/0830297713.shtml>.

7. Liu Dong, “The Rise and Fall of Gao Xiqing,” *21 shiji jingji baodao*, January 13, 2003, <http://finance.sina.com.cn>.

8. Dan Yuqing, “The Central Finance Working Meeting Will Begin Soon; The ‘Banking Regulatory Commission’ Might Be Delayed,” *Zhongguo jingji shibao*, January 14, 2003, <http://finance.sina.com.cn/g/20030114/0813302009.shtml>.

9. “The State Council Has Put Forth Four Important Opinions on the Reform of the State Asset Management System,” *Xinhuaawang*, January 8, 2003, [http://news.xinhuanet.com/fortune/2003-01/08/content\\_683394.htm](http://news.xinhuanet.com/fortune/2003-01/08/content_683394.htm).

10. “All Policies and Regulations That Discriminate against the Private Economy Will Be Eliminated,” December 19, 2002, [http://news.xinhuanet.com/zhengfu/2002-12/19/content\\_664039.htm](http://news.xinhuanet.com/zhengfu/2002-12/19/content_664039.htm). In this article, Wang Zhongfu, head of the SAIC, called for measures to encourage informal finance and to support the privatization of small and medium-sized enterprises.

11. Liang Xin, *Zhu Rongji moulue* (Zhu Rongji’s strategies) (Huhehot: Neimenggu renmin, 1999), 376–81.

12. “State Council Premier and Vice Premier Personnel Choices Said to Be Set,” *Dongfang ribao*, January 13, 2003.

13. A fifth member, Wu Guanzheng, might also be placed in this group, but he has been designated to run the discipline inspection system, rather than any economic policy field.