

## The “Shanghai Gang”: Force for Stability or Cause for Conflict?\*

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Of all the issues enmeshed in China’s on-going political succession, one of the most intriguing concerns the prospects of the so-called “Shanghai gang” associated with party leader Jiang Zemin. The future of the “Shanghai gang” will determine whether Jiang will continue to play a behind-the-scenes role as China’s paramount leader after retiring as party general secretary at the Sixteenth Party Congress in the fall of 2002. More importantly, contention over the future of the “Shanghai gang” constitutes a critical test of whether China can manage a smooth political succession, resulting in a more collective and power-sharing top leadership.

The term “Shanghai gang” (*Shanghai bang*) refers to current leaders whose careers have advanced primarily due to their political association with Chinese Communist Party (CCP) General Secretary Jiang Zemin in Shanghai. When Jiang Zemin served as mayor and party chief in the city during the mid-1980s, he began to cultivate a web of patron-client ties based on his Shanghai associates. After becoming the party’s top leader in 1989, Jiang appointed several of his confidants in Shanghai to important positions in Beijing.

Jiang will likely try to promote more of his protégés from Shanghai to the national leadership at the Sixteenth Party Congress in the fall of 2002 and the Ninth National People’s Congress (NPC) in the spring of 2003. The recent promotion of Shanghai Vice Mayor Chen Liangyu to acting mayor of the city and the transfer of Shanghai CCP Deputy Secretary Meng Jianzhu to become party secretary in Jiangxi province are a prelude to the power jockeying. Both Chen and Meng will almost certainly become full members of the Sixteenth Central Committee. At the previous party congress in 1997, Chen and Meng – both deputy party secretaries in Shanghai at the time–were on the preliminary ballot for full Central Committee membership. However, both were dropped from full to alternate membership because of their deputy status.<sup>1</sup> As part of new political norms that were developed at the Fifteenth Party Congress, each and every provincial-level administration (including major cities such as Beijing, Tianjin and Shanghai) has two full memberships.<sup>2</sup>

The two Shanghai officials who became full members of the Fifteenth Central Committee--party Secretary Huang Ju and then Mayor Xu Kuangdi--are now sixty-three and sixty-four years old, respectively. They are close to the age limit of sixty-five for top leaders in provincial-level administrations. Huang, who is also a Politburo member, has held the post of party secretary in Shanghai since 1994 and is expected to move to Beijing soon. Xu, a leader

who has been popular among Shanghai residents, has already been transferred to Beijing, where he serves as party secretary of the Chinese Academy of Engineering. Xu is expected to play a larger role in the central policy-making process, and the addition of both Huang and Xu will enhance the presence of the “Shanghai gang” in the national leadership

Therefore, the promotion of members of the “Shanghai gang” is not a trivial matter. Its ramifications go even farther beyond factional politics. The prospects of the “Shanghai gang” will determine whether Jiang can play a crucial behind-the-scenes role as the paramount leader after the Sixteenth Party Congress. More importantly, leadership contention over the future of the “Shanghai gang” constitutes a severe test of whether China can take a major step toward a peaceful political succession, resulting in a more collective and power-sharing political institution.

#### *Jiang’s Dilemma: Expanding Power and Potential Backlash*

Jiang and his “Shanghai Gang,” however, face a dilemma. If they promote too many of their protégés to higher posts, the potential political backlash against favoritism will be too strong to ignore. Jiang and his principal confidant, Zeng Qinghong, who is currently head of the CCP Organization Department, seem aware of their dilemma. This is precisely the reason why they have cautiously – almost meticulously – manipulated the process and timing of reshuffling and promotion.

Zeng has been particularly patient about his own promotion and has been very cautious to avoid unnecessary conflicts with other political heavyweights who are of similar age. It was recently reported in the Western media that Zeng experienced a major setback because he did not get promoted from an alternate to a full member of the Politburo at the Sixth Plenum of the Central Committee held in September 2001. But this can be seen as an example of Zeng’s great sense of timing and priority. As head of the CCP Organization Department, Zeng is in charge of personnel affairs. His likely priority at present is to promote his own people, first to top provincial and ministerial leadership posts and then to the next Central Committee. Zeng himself will have no trouble obtaining a seat on the Politburo standing committee during the Sixteenth Party Congress. Right now, a full seat on the Politburo is not important to him.

Jiang’s and Zeng’s cautiousness in expanding the power of the “Shanghai gang” is understandable. From a historical perspective, the “Shanghai gang” is not the first group of people with Shanghai origins to dominate national politics in contemporary China. During the

1940s, the “four big families”( *sidajiazhu*) – the wealthiest bureaucratic-capitalist families in the Nationalist regime – were all based primarily in Shanghai.<sup>3</sup> Toward the end of the Cultural Revolution, the “gang of four,” largely from Shanghai, wielded enormous power and influence in the country. Yet, both the “four big families” and the “gang of four” were later decisively defeated by opposing political forces.

It may not be appropriate to compare Jiang’s “Shanghai gang” with these two infamous groups in Chinese modern history. Until now, there has been no evidence of large-scale rampant corruption committed by prominent members of the “Shanghai gang.” For the Chinese public, the “Shanghai gang” today is obviously not seen as politically repressive as the “gang of four” was during the Cultural Revolution. To the contrary, in fact, the rapid economic growth and the emergence of a cosmopolitan and forward-looking urban culture, as exemplified by Shanghai, have inspired the whole nation.<sup>4</sup> With new landmark buildings such as the Oriental Pearl Tower and the eighty-eight-floor Jinmao Grand Hyatt, Shanghai has regained its past glory as a pacesetter for China’s socio-economic development.

It is also true, however, that economic disparities have become much worse in China since the 1990s.<sup>5</sup> The dazzling skyscrapers of Shanghai mask the barren soil of Guizhou and Gansu. The difference in GDP per capita between Shanghai and Guizhou, for example, increased from 7.3 times in 1990 to twelve times in 2000.<sup>6</sup> The differential in consumption expenditures between Shanghai residents and the national urban average also increased tenfold in a decade.<sup>7</sup> According to a survey conducted by China’s National Statistics Bureau in 2000, the top 5 percent of the richest people in the country held almost 50 percent of private bank savings accounts. These *nouveaux riches* are disproportionately distributed in the coastal region, especially the greater Shanghai area.<sup>8</sup>

Not surprisingly, the uneven regional development and the growing economic disparities have caused much public resentment against Jiang and his “Shanghai gang,” who have granted some favorable policy initiatives to the city at the expense of other regions. Some recent anecdotes are particularly revealing. For example, at the Ninth Chinese National Games held in Guangzhou this fall, the audience often routinely cheered whatever team or athlete competed against those from Shanghai. The Shanghai soccer team has often received similar treatment in tournaments in other cities.

A joke circulating throughout China since the late 1990s also reflects public resentment of favoritism in elite promotion. Whenever a line formed to get on a train or bus, people often teased: “Let comrades from Shanghai aboard first” (*rang Shanghai de tongzhi xianshang*).

Region-based favoritism is certainly not new in the history of the PRC. What is new is the public's growing outspoken resistance to it.

### *Shanghai and Jiang Zemin*

For Jiang, Shanghai is both the base of his power and a showcase of China's economic progress under his rule. These associations have become especially important at a time when Jiang plans to retire from the posts of secretary general of the CCP and president of the PRC within roughly a year. Like any other top leader in China and elsewhere who is about to formally transfer power, Jiang is concerned about two things. One is his legacy; the other is his political security.

As for his legacy, the 2001 APEC Shanghai meeting--attended by 20 heads of states, including U.S. President Bush and Russian President Putin--was truly a showcase for China's coming of age. Despite his apparent failure to meet core nationalist goals of gaining new leverage over the Taiwan issue and dealing with the growing tensions in Sino-U.S. relations, Jiang's moderate approach to crises--such as Taiwan's 2000 presidential election, the Belgrade embassy bombing, and the EP-3 airplane crash--now seem to have been a wise policy course.

In addition, Jiang and his aides have begun touting "Jiang Zemin Theory," and particularly "the three represents."<sup>9</sup> This new concept licenses a broadening of the CCP's base of power to include entrepreneurs, intellectuals, and especially technical specialists. The "three represents" was endorsed by the Sixth Plenum of the Central Committee in September 2001 and will likely be incorporated into the CCP constitution at the Sixteenth Party Congress.

As for concern about his political security after retirement, Jiang will seek to appoint as many of his protégés as he can to the Sixteenth Central Committee and to the Politburo and its standing committee. Jiang will also seek to ensure that Shanghai--where he will most likely reside after his retirement and where his two sons live and work--is governed by his protégés. Jiang's lenient treatment of corruption charges against Deng's children and his solid control over Shanghai officials indicate that Jiang and his family members will likely be exempt from similar charges, should any surface in the future.

To a certain extent, Jiang has played a crucial role in the economic progress of this giant, born-again city. However, it was not during his tenure as a mayor and then party chief of the city in the 1980s, but later, after he became top leader of the country, that he contributed to

the “Shanghai miracle.” Throughout the twentieth century, Shanghai has always held an important place in the economic life of the country. But during the first four decades of the PRC, the central government placed heavy fiscal burdens on the city. In 1980, for example, Shanghai ranked first in the nation in terms of industrial output (accounting for one-eighth of the national total), in exports (one quarter of the total), and in revenue sent to the central government (one-sixth).<sup>10</sup> At the same time, Shanghai received the lowest average share in the nation of central allocations for housing, roads, and transportation. In 1984, the Shanghai municipal government’s revenues totaled 16 billion yuan, of which 13.2 billion (83 percent), was delivered to the central government.<sup>11</sup>

During the 1980s, central government policy favored other cities such as Beijing, Guangzhou, and the newly-built Shenzhen. During his tour of Shanghai in early 1992, paramount leader Deng Xiaoping recognized the great potential of Shanghai and allowed the municipal government to take more initiative in developing the local economy and attracting foreign investment. The decision to develop Pudong, the eastern side of Shanghai and China’s largest economic zone, was a major strategic shift in resource allocation in the country. During the four years between 1992-1996, the city completed more municipal construction projects than it did over the previous four decades. In 1993, for instance, the city attracted more foreign investment than during the previous ten years.<sup>12</sup>

Since 1995, after consolidating his power in Beijing, Jiang has been even more conscientious about turning Shanghai into the “head of the dragon,” a metaphor that symbolizes the leading role of Shanghai in China’s search for power and prosperity in the twenty-first century.

Shanghai’s total investment in fixed assets in 1998, for example, was 196.6 billion yuan, which was much higher than that of the three other municipalities directly under the central government--Beijing (112.4 billion yuan), Tianjin (57.1 billion yuan), and Chongqing (49.2 billion yuan).<sup>13</sup> Shanghai’s investment in urban infrastructure increased from 4.7 billion yuan in 1990 to 45.1 billion yuan in 2000. The amount of revenue dedicated to capital construction projects increased from 1.4 billion yuan to 13.2 billion yuan.<sup>14</sup> Meanwhile, the standard of living of Shanghai residents has significantly improved. Private savings of Shanghai residents, for example, increased from three billion yuan in 1980 to 237 billion yuan in 1998, a 79-fold growth in eighteen years, basically within a generation.<sup>15</sup>

Without doubt, favorable policies granted to Shanghai were only part of the reason why and how Shanghai has rapidly risen to economic prominence since the 1990s. History,

geography, cultural characteristics, and economic conditions all have contributed to the dynamic development of the city. In fact, Shanghai leaders often argue that the “Shanghai miracle” has more to do with the strong entrepreneurship of the Shanghainese than to the favourable government policies. Early this year, Shanghai party chief Huang Ju depicted three scenarios for Shanghai that circulated widely. According to Huang, Shanghai’s economic fortunes depend on how much revenue that the city surrenders to the central government. If all of Shanghai’s revenue goes to the central government, the city’s economy will collapse. If two-thirds of its revenue goes to Beijing, Shanghai will barely survive. And if a third of its revenue goes to the capital, Shanghai will continue to prosper as it has over the past decade.<sup>16</sup>

It is, of course, self-serving for Huang Ju and the “Shanghai gang” to emphasize the distinctiveness of Shanghai’s culture—its cosmopolitanism and entrepreneurial work ethic. Not surprisingly, since the 1990s the city government has sponsored an effort to research Shanghai’s identity distinct from other cities and from the country as a whole. Arguably, no other urban center—in both China and abroad—has been more conscious of its internal character and external image than Shanghai. A *Beijing Review* article has called this phenomenon the “Shanghai boom in cultural studies.”<sup>17</sup>

Yu Tianbai, the author of a best-selling book, *Shanghai: Her Character Is Her Destiny*, for example, has close connections with the municipal government.<sup>18</sup> Wang Daohan, the former mayor of Shanghai and Jiang’s mentor, wrote the preface for the book. Yu argued that the distinctiveness of Shanghai is both a cause and a consequence of remarkable economic changes in the city, because, as the title of the book suggests, “her character is her destiny.”

Shanghai culture, as some scholars in Shanghai argue, is characterized by its great tolerance, diversity, individuality, and entrepreneurship.<sup>19</sup> Approximately 120,000 foreigners, representing over fifty nationalities, settled in Shanghai in the early decades of the twentieth century. During the middle of the twentieth century over 80 percent of Shanghai’s residents came from other areas of China, such as Jiangsu and Zhejiang provinces, while only 20 percent were native to the city.<sup>20</sup> According to official statistics, about 17,000 foreigners now work in Shanghai.<sup>21</sup> It is also reported that approximately 300,000 Taiwan business people and their family members have now either settled in Shanghai or commute across the Taiwan Strait.<sup>22</sup>

The distinctive characteristics of the Shanghai culture and socio-economic conditions in the city, it is often believed, have had an impact on the political attitudes and behavior of the

residents and leaders of Shanghai. The Shanghainese are pragmatic and are interested in calculating what is in one's own best interest. A recent book comparing Beijing and Shanghai observes that the Beijingers love to talk about "isms" while the practical-minded Shanghainese discuss nothing but business.<sup>23</sup>

The reaction of Shanghai officials to some major crises seems to echo this general observation. During the 1989 democracy movement, Shanghai also experienced large student demonstrations. In contrast to the bloody outcome in Beijing, Zhu Rongji, then mayor of Shanghai, defused the political crisis, both through persuasion and by relying on workers in the city. During the Taiwan Strait crisis in 2000, in contrast to many Chinese leaders who were belligerent, officials in Shanghai reportedly lobbied against military hardliners. During that crisis, Xu Kuangdi, then mayor of Shanghai, spent most of his time reassuring Taiwanese business people working in the city.

From this perspective, the "Shanghai gang" represents a force for stability. The remarkable economic development of Shanghai since the 1990s reaffirms the need for socio-political stability in the country and a peaceful international environment. But at the same time, this patron-client network is clearly at odds with some newly adopted measures by the political establishment to consolidate China's political institutionalization, such as steps ensuring regional representation and regular reshufflings of provincial and municipal leaders. Therefore, the tensions and resentment over the excessive power of the "Shanghai gang" can become a spark for conflict in factional politics. An assessment of the current status and prospects of the "Shanghai gang" is therefore essential.

### *The "Shanghai Gang's" Status and Prospects*

Table 1 (appended) lists twenty-three of the most prominent members of the "Shanghai gang." Three clarifications should first be taken into account. First, membership in the "Shanghai gang" is based on political association rather than geographical origin. Members might or might not be born in the city, although a majority of them (61 percent) were born in Shanghai and two nearby provinces, Jiangsu and Zhejiang. All of them, however, have advanced their political careers primarily in Shanghai.

Second, the "Shanghai gang" is one of the most powerful political networks in present-day China, but the number of their high-profile "representatives" is quite small. The percentage of the seats on the Fifteenth Central Committee (both full and alternate memberships) that the

“Shanghai gang” occupied was almost negligible (4.1 percent).<sup>24</sup> This suggests that the Shanghai gang’s control over the Central Committee is very limited. This factor has placed much restraint on the power and influence of the “Shanghai gang.” The upcoming Sixteenth Party Congress will not likely change much of their overall presence on the Central Committee, thanks to institutional measures such as more balanced regional representation.

The presence of the “Shanghai gang” on the current Politburo is much more visible – five of the original 24 members (20.8 percent). The Politburo, and especially its standing committee, is where power really lies. It remains to be seen how many seats the “Shanghai gang” will hold after the anticipated retirement of Jiang and Zhu. The small percentage of the members of the “Shanghai gang” on the Fifteenth Central Committee suggests that they will have an uphill battle in gaining a large number of seats.

Third, Table 1 lists Zhu Rongji and his close aides as members of the “Shanghai gang.” Zhu, who served as mayor and party secretary in Shanghai from 1987 to 1991, later promoted his own associates in the city to central government positions. For example, his personal secretary, Lou Jiewei, followed Zhu to Beijing in 1991 and now serves as executive vice minister of finance. When Zhu took over the governorship of the People’s Bank of China in 1993, he immediately appointed two close colleagues from Shanghai as vice governors of the bank. They were Dai Xianglong, former governor of the Shanghai-based Bank of Communications, and Zhu Xiaohua, former vice governor of the Shanghai branch of the Bank of China.<sup>25</sup> Two years later, in 1995, Zhu Rongji passed the governorship of the bank to Dai.

However, a distinction between Jiang’s “Shanghai gang” and Shanghai leaders promoted by Zhu should be made. Most of the officials that Zhu promoted are financial and economic experts. To a certain extent, Xu Kuangdi, former mayor of Shanghai, is often seen as a protégé of Zhu’s, not Jiang’s. While some tensions may exist between officials who have been promoted primarily by Jiang and those who were appointed by Zhu, there is no evidence of serious friction between these two groups. In a general sense, the “Shanghai gang” is primarily part of Jiang Zemin’s patron-client network. The majority of leaders listed in the table are the protégés of Jiang’s, rather than Zhu’s. In most cases, Jiang was directly responsible for promoting them to their current positions.

Jiang’s “Shanghai gang” originated when he was first mayor and then party chief in Shanghai in the mid-1980s. When Deng Xiaoping promoted him to become party general secretary after the 1989 Tiananmen crisis, Jiang brought Zeng Qinghong (his chief-of-staff),



You Xigui (his bodyguard), and Jia Tingan (his personal secretary) to Beijing with him. You was later appointed director of the Bodyguards Bureau and deputy director of the CCP General Office. Jia serves Jiang as director of the office of the PRC president. You and Jia also have the military ranks of lieutenant general and major general, respectively.

A few years after Jiang's move to Beijing, two of Jiang's deputies in Shanghai, Wu Bangguo and Huang Ju, were promoted to become Politburo members as part of Jiang's effort to consolidate his power in the capital.<sup>26</sup> In addition, Jiang appointed Ba Zhongtan, commander of the Shanghai Garrison of the People's Liberation Army (PLA), to become commander of the People's Armed Police. Han Zhubin, head of the Shanghai railway bureau, became minister of railways, and Zhang Wenkang, vice commandant of the Shanghai-based No. 2 PLA Medical University, became minister of health.

Jiang has also promoted members of his "Shanghai gang" to head central propaganda organs. Gong Xinhan was transferred from Shanghai to become deputy head of the CCP Propaganda Department. Xu Guangchun, former head of the Shanghai Branch of the Xinhua News Agency, was promoted to editor-in-chief of *Guangming Daily*. Xu also served as spokesperson for the Fifteenth CCP Congress and is now head of the State Administration of Radio, Film and Television under the State Council and deputy head of the party Propaganda Department.<sup>27</sup>

Chen Zhili, Jiang's deputy on the Shanghai Party Committee, now heads the Ministry of Education. Zeng Peiyan, Jiang's long-time associate, now serves as minister of the State Development Planning Commission. At the upcoming Sixteenth Party Congress, Zeng Qinghong, Wu Bangguo and Huang Ju will be among the candidates for seats on the Politburo's standing committee. Chen Zhili and Zeng Peiyan will be frontrunners for membership on the Politburo. Huang Ju's replacement as party chief in Shanghai may also obtain a seat on the Politburo. Zhao Qizheng and Hua Jianmin, who served as vice mayors in Shanghai, will likely hold important positions on the State Council or on the party's Secretariat. Wang Huning and Xu Guangchun will play an even larger role in propaganda affairs during and after the Sixteenth Party Congress.

### *Zeng Qinghong: The Designated "New Boss" of the "Shanghai Gang"*

The most intriguing relationship among members of the "Shanghai gang" is undoubtedly the one between Jiang Zemin and Zeng Qinghong. Zeng is often described as Jiang's "hands, ears, and brain." It has been widely reported that over the past decade Zeng helped Jiang in

his fight against his rivals, including the “generals of the Yang family” (Yang Shangkun and Yang Baibing), the Deng children, Chen Xitong (former Party chief in Beijing), and Qiao Shi (former head of the NPC).<sup>28</sup> The crucial role that Zeng has played in the formation of the “Shanghai gang” makes Zeng second only to Jiang in this formidable political network.

Zeng began work in Shanghai in late 1984, a few months before Jiang’s arrival. For Zeng, coming to Shanghai was a carefully planned move. Shanghai was the city in which his father, Zeng Shan, served as vice mayor soon after the communist revolution. In the early 1980s, three of his father’s junior colleagues--Chen Guodong, Hu Lijiao and Wang Daohan--held top posts in the city. Under the protection of his father’s “comrades-in-arms,” Zeng’s political career was promising.

Zeng was first appointed deputy director of the Organization Department of the Shanghai CCP Committee. When Jiang Zemin arrived in Shanghai as mayor, Zeng was promoted to director of the party Organization Department in the city. Jiang and Zeng share similar family backgrounds. Both are from high-ranking communist families, both their fathers were associated with the New Fourth Army during the war against Japan, and both lost a number of family members during the civil war with the Nationalists. In 1986, Zeng became Jiang’s chief of staff in the Shanghai municipal administration and began their “long-term mutually beneficial cooperation.”<sup>29</sup>

The relationship between Jiang and Zeng differs profoundly from many other important patron-client relationships in the CCP history, such as that between Mao and Hua Guofeng or between Deng and Jiang. Unlike the other relationships, in which the clients (Hua and Jiang) heavily depended on the patrons (Mao and Deng), Jiang has greatly depended on his client Zeng-- and more specifically, on Zeng’s family networking, his administrative skills and political wisdom. Zeng has earned respect from Jiang for all the political victories that they have jointly achieved over the past decade.

In addition, the promotion of many Shanghai leaders to high positions—such as those of Zhao Qizheng, Meng Jianzhu, and Chen Liangyu--should be attributed to both Jiang and Zeng. This is especially true at present because Zeng, as director of the party Organization Department, is in charge of the party’s personnel affairs. Without doubt, Zeng is the designated “new boss” of this well-established political network and will inherit the “Shanghai gang” after Jiang’s retirement.

In the late 1990s, Jiang and Zeng promoted three Shanghai-born and Shanghai-educated leaders in their early forties to important national leadership positions. Wang Huning, a political scientist and former dean of the Law School at Fudan University, now serves as deputy director of the CCP Policy Research Center. He is one of the principal drafters of the theory of the “three represents” enunciated by Jiang Zemin. Cao Jianming, a law professor and president of the East China Institute of Politics and Law, currently serves as vice president of the Supreme People’s Court. Cao gave several lectures to members of the Politburo, including Jiang and Zhu, about legal issues related to the World Trade Organization (WTO).<sup>30</sup> Zhou Mingwei, a specialist in public policy and former director of the Foreign Affairs Office, both at Fudan University and the Shanghai municipal government, now serves as vice chair of the Association for Relations Across the Taiwan Strait.

All three spent many years in the United States as visiting scholars (Wang at University of Michigan and Iowa State University, Cao at San Francisco State University, and Zhou at Harvard University). Zhou also received a master of arts degree in public administration from SUNY Albany. Their relatively young age and close association with top leaders have placed them in advantageous positions for further advancement, especially considering the fact that their expertise in law, political science and public policy will likely be increasingly valued in the years to come.

When he was the head of the party Organization Department in Shanghai in the mid-1980s, Zeng selected five bright college graduates in the city and sent them to the United States to study political science instead of then-fashionable academic disciplines, such as physics and engineering. Unlike many of his peers at that time, Zeng sensed the importance of political science and law to the future of China's reform. Unsurprisingly, it was Zeng who initiated the recent investigative report on official corruption and social unrest in the country, revealing the enormity of the socio-political problems that China faces and the urgent need for political reform.

Zeng is a well-rounded tactician with long-term vision and a great sense of political timing. However, Zeng’s formidable skills in political manipulation have intimidated many other leaders. At present, Zeng faces two dilemmas. First, he can take advantage of his power as the head of the CCP Organization Department to appoint his own people to important positions, but the political spotlight will focus on any indication of favoritism on his part and may generate new resentment against him. Secondly, Zeng needs Jiang Zemin’s strong endorsement in the upcoming leadership transition. At the same time, however, he will need

to establish a distance between Jiang and himself in order to fulfill his own political agenda and promote his vision for institutional development.

### *Opposition to Favoritism and Restraints on the “Shanghai Gang”*

The presence of the “Shanghai gang” in the central leadership has not only received criticism among the broader public, but also has encountered growing institutional opposition. Deputies at both the 1997 party congress and the 1998 NPC blocked the election of nominees favored by Jiang, especially those from Shanghai.<sup>31</sup> In the preliminary election for the Fifteenth Central Committee, candidates Chen Liangyu and Meng Jianchu were dropped from full to alternate membership (as discussed earlier), and You Xigui, Jiang’s bodyguard, was downgraded to alternate status because of a lack of votes. Other candidates from Shanghai—including Bao Qifang, a model engineer and long-time protégé of Jiang, and Xu Guangchun, the spokesperson for the Fifteenth Party Congress and former head of the Shanghai Branch of Xinhua News Agency—failed even to be listed on the ballot for alternate membership. This resistance explains why many of the people listed in Table 1 are not members or alternates on the Fifteenth Central Committee.

While Huang Ju, Xu Kuangdi, and Chen Zhili were elected to the Fifteenth Central Committee, their vote tallies were remarkably low. Of a total of 2,074 votes, Huang received only 1,455, the lowest among all candidates who were elected to the Politburo. Xu and Chen received 1,374 and 1,315 votes, respectively, which meant that more than one-third of the deputies did not vote for them.<sup>32</sup> In Central Committee elections to the Politburo, Jiang’s “Shanghai gang” also fared badly. Only one member of the “Shanghai gang”—Zeng Qinghong—was added, and only as an alternate. Zeng received only 231 out of 344 votes, among the lowest. Approximately one-third of the members of the Central Committee did not vote for him.

In elections to the State Council and other state positions at the Ninth NPC in 1998, the fortunes of Jiang’s “Shanghai gang” were similar. For example, Chen Zhili, minister of education, received the fewest votes among 29 ministers elected. Han Zhubin, the nominee for procurator-general, was almost rejected by the NPC because about 35 percent of the deputies opposed the appointment.<sup>33</sup> All these examples suggest that the “Shanghai gang” may seek to expand its power and influence, but resistance is also likely to be strong.

Officials in other regions are also resentful that top leaders in Shanghai have stayed in their positions much longer than leaders in other regions, as other provincial and municipal

leaders are regularly reshuffled. In addition, Shanghai officials have always been selected from Shanghai itself. According to the CCP Organization Department's "Regulations on Cadre Exchange," "provincial leaders should more frequently be transferred (either to another province or to the national level)."<sup>34</sup> In 2000, the average tenure of provincial party secretaries was 3.3 years. But Shanghai party Secretary Huang Ju has served in his post since 1994, one of the two-longest tenured province chiefs in the country.<sup>35</sup>

Some provinces have established new regulations that emphasize the "law of avoidance"—stipulations prohibiting officials from serving in their home regions—in local appointments. The Guangdong CCP Committee, for example, recently decided that county chiefs in the province may not be selected from the same county.<sup>36</sup> But in Shanghai, since Jiang became general secretary of the CCP in 1989, almost no high-ranking officers (deputy party secretaries and vice mayors) have been transferred from other regions into Shanghai's party committee or municipal government. <sup>37</sup> A survey of "fourth generation" leaders on the Fifteenth Central Committee of the CCP and the Fifteenth Central Commission for Discipline Inspection shows that all of the Shanghai officials on those bodies were born in Shanghai or the nearby provinces of Jiangsu and Zhejiang. All have worked in Shanghai for a long time, most since their college graduation about two decades earlier.<sup>38</sup>

The only exception is Yang Xiaodu, the newly appointed vice mayor of Shanghai. But even Yang has substantial previous experience in the city. Yang was born in Shanghai in 1953 and grew up during the Cultural Revolution. He was "sent-down" to Anhui in 1970. Three years later, he returned to his birthplace, where he attended the Shanghai Traditional Medical School. After graduation, he went to Tibet, where his political career advanced from party secretary of a hospital to party secretary of a prefecture. He became a vice governor of Tibet before being transferred back to Shanghai.

Yang's recent appointment as vice mayor of Shanghai can be seen as another sign of Zeng Qinghong's political manipulation. Zeng may be trying to demonstrate that Shanghai's top leaders include "outsiders" such as Yang. But one may also argue that, because of his background in Shanghai, both Yang's promotion to vice governor in Tibet in 1998 and his recent transfer to Shanghai confirm the prevalence of the "Shanghai gang."

Table 2 (appended) lists twelve top officials in Shanghai at present. They hold the most important posts in the city, including Party secretary, deputy secretaries, mayor and vice mayors. All of them were born in Shanghai or nearby provinces. Many attended colleges in Shanghai. All except one (Yang Xiaodu) were promoted to their current positions from lower

leadership positions in the city. Only Yang has substantial work experience outside Shanghai.

Though the careers of these top Shanghai officials are varied (many worked as factory directors and some served as county or district chiefs), most of them (75 percent) have served as chiefs-of-staff (*mishuchang*) either on Shanghai's municipal party Committee or the municipal government. Over the past two decades, service as a leader's personal assistant (*mishu*) or a chief of staff (*mishuchang*) has often been seen as a stepping stone to further promotion.<sup>39</sup> Probably no patron-client tie is closer than the relationship between a *mishuchang* and his or her boss. The high percentage of top Shanghai leaders who have been *mishuchang* further illustrates the prevalence of favoritism in elite promotion.

The career advancement of these Shanghai leaders can be directly attributed to help from their patrons in higher places. For example, Gong Xueping, deputy party secretary and former head of Shanghai Television Station, is a confidant of Jiang Zemin. Luo Shiqian, the newly appointed deputy party secretary, worked under Zeng Qinghong for a long time.

While Jiang and Zeng have firmly controlled the selection of the municipal leadership in Shanghai and have continuously promoted members of the "Shanghai gang" to the central government, their efforts to transfer Shanghai officials to other provinces and major cities seem unsuccessful thus far. Among the sixty current top provincial party secretaries and governors in other regions, only one--Meng Jianzhu, party secretary of Jiangxi--was transferred from Shanghai.

Among several hundred deputy party secretaries and vice governors in the country, only two can be identified as having Shanghai connections. One is Huang Qifan, former chairman of the Shanghai government's Economic Commission, who was recently appointed as vice governor of Sichuan. The other one is Li Yuanchao, former secretary of the Chinese Communist Youth League (CCYL) in Shanghai, who was recently appointed as deputy party secretary of Jiangsu. Li was born in Jiangsu in 1950 and studied at Fudan University as a mathematics major. He also received a Master's degree in economics at Beijing University in 1988 and a Ph.D. in law at the Central Party School in 1998. He spent many years in Shanghai as a math teacher, at both a middle school and a college. His political career was mainly in the CCYL, where he served as secretary of both its Shanghai committee and its national committee. He also served as deputy director of the Central Office for Overseas Publicity of the CCP Central Committee and vice minister of culture. He concurrently serves as party secretary in Nanjing. In addition to his relatively young age, his broad leadership

experience in the party, government, and the CCYL at both municipal and national levels will help him advance further in his political career.

Another former head of the Shanghai CCYL committee, Wan Xueyuan, has had a much more difficult political career. A graduate of Shanghai's Jiaotong University, he served as secretary of the CCYL at the university and then as secretary of the CCYL in Shanghai. Wan also served as chief-of-staff in the Shanghai municipal government during the late 1980s. Beijing appointed Wan governor of Zhejiang in 1993, but he was then rejected in an election called by the Zhejiang People's Congress. After serving as director of the State Bureau of Foreign Experts, a much lower position than provincial governor, he was recently appointed as vice minister of personnel.

The fact that very few of the members of the "Shanghai gang" currently serve in the leadership of other provinces suggests that Jiang and Zeng have faced strong local resistance in appointing Shanghai officials on others' turf. The reason that Meng Jianzhu has been accepted in Jiangxi is partially due to Zeng's influence in his native province. In the case of Li Yuanchao, his appointment may reflect more than his membership in the "Shanghai gang." His experience in the CCYL and his association with the Central Party School may indicate that Li is also endorsed by Hu Jintao, who presides over both of these political networks.

All of these factors suggest that, although powerful, the "Shanghai gang" has its limitations. Some of its members are often highly visible, but the list of Shanghai leaders who have been promoted to the central government or transferred to the top leadership in other provinces is quite short. The "Shanghai gang" has to share power with other competing factions and with leaders from other regions. Jiang and Zeng certainly recognize the potential backlash they will face if they appoint too many members of the "Shanghai gang" to the national leadership at the next Party Congress.

The role and prospects of the "Shanghai gang" in leadership succession bear on some of the crucial political issues that China faces, such as growing economic disparity between coastal and inland regions and the tension between the demand for regional representation and the need to curtail the rise of localism and region-based nepotism. With respect to Chinese leadership politics, what is most evident is the broad shift from an all-powerful single leader such as Mao and Deng, to greater collective leadership, which is characteristic of the Jiang era. It seems highly likely that post-Jiang leaders, because of institutional restraints and their own limitations, will rely on power-sharing, negotiation, and consultation more than their

predecessors. The next several years will likely be a period of political experimentation that will test not only the wisdom and skill of the new leaders, but also the effectiveness of new institutional developments. The unfolding story of the “Shanghai gang” – simultaneously functioning as a force for stability and a fuse for conflict – will be particularly revealing.



- 1 *Qianshao yuekan* [Advance guard monthly], October 1997, pp. 16-17.
- 2 These two seats are usually occupied by the party secretary and the governor (or mayor) of the province (or city). 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): 240.
- 3 *Shijie ribao* (World journal), February 5, 2000, p. A10.
- 4 For a further discussion of the resurgence of a cosmopolitan and forward-looking urban culture in Shanghai, see Cheng Li, "Rediscovering Urban Subcultures: Contrast between Shanghai and Beijing," *The China Journal* 36 (July 1996): 139-153; and Pamela Yatsko, *New Shanghai: The Rocky Rebirth of China's Legendary City*, (New York: John Wiley, 2001).
- 5 Wang Shaoguang and Hu Angang, *The Political Economy of Uneven Development: The Case of China*, (Armonk, New York: M.E. Sharpe, 1999).
- 6 *Shijie ribao*, January 12, 2000, A9.
- 7 Deborah S. Davis, "China's Consumer Revolution." *Current History*, September 2000, p. 252.
- 8 This figure is based on information found on <<http://www.chinesenewsnet.com>> June, 29, 2000.
- 9 For a detailed discussion of this topic, see Joseph Fewsmith, "Is There Political Reform in China's Future? China Confronts the Problems Facing Society—and the CCP." *China Leadership Monitor* 1 (Winter 2002).
- 10 Yang Dongping, *Chengshi jifeng: Beijing he Shanghai de wenhua jingshen* [City monsoon: the cultural spirit of Beijing and Shanghai], (Beijing: Dongfang Press, 1994), pp. 313-314.
- 11 In contrast, the total revenue collected in Beijing was 4.5 billion yuan, of which only 1.8 billion (40 percent) was delivered to the central government. Yang, *Chengshi jifeng*, p. 314, and p. 324; and Lynn T. White, III. *Shanghai Shanghaied? Uneven Taxes in Reform China* (Hong Kong: University of Hong Kong, Center of Asian Studies, working paper
- 12 Cheng Li, *Rediscovering China: Dynamics and Dilemmas of Reform* (Lanham, Maryland: Rowman & Littlefield Publishers, 1997), p. 19.
- 13 State Statistical Bureau of the People's Republic of China, Comp, *China Statistical Yearbook, 1999 (Beijing: Zhongguo tongji chubanshe, 1999)*, p. 186.
- 14 Kang Yan, *Jiedu Shanghai* [Understanding Shanghai] (Shanghai: Shanghai renmin chubanshe, 2001), p. 387.
- 15 Cai Laixing, *Maixiang xiandaihua de juizhe* [Choices in the road towards modernization] (Shanghai Far East Press, 1993), p. 312; *Shanghai tongji nianjian* [Statistical yearbook of Shanghai] (Beijing: Zhongguo Tongji Press, 1995), p. 123; and *Shanghai shi niandu tongji gongbao* [Annual report of Shanghai statistics, 1996, 1997, 1998, 1999].
- 16 Xiong Yuezhi and Zhou Wu, interview with author, Cambridge, MD, November 3, 2001.
- 17 Hong Lanxing, "Shanghai Boom in Cultural Studies," *Beijing Review*, March 19-25, 1990, p. 46.
- 18 Yu Tianbai, *Shanghai: xingge ji mingyun* [Shanghai: Her character is her destiny] (Shanghai: Wenyi Press, 1992).
- 19 Yu Qiuyu, *Wenhua kulü* [The bitter journey of culture] (Shanghai: Zhishi Press, 1992).
- 20 From 1852 to 1949, the population of the city increased from 540,000 to 5,450,000. Yu Tianbai, *Shanghai: xingge ji mingyun*, p. 10.
- 21 Yin Jizho. *Shanghai wenhua fazhan lanpishu* [Blue Book of Cultural Development in Shanghai 2000] (Shanghai: Shanghai shehui kexueyuan chubanshe, 2000), p.12.
- 22 *Shijie ribao* [World journal], September 29, 2001, p. A9.
- 23 Luo Shuang and others, eds., "Pipan" Beijingren?! [A critique of the Beijingers?!] (Beijing: Zhongguo shehui chubanshe, 1994).

24 There are two leaders with Shanghai connections who also serve on the Fifteenth Central Committee as alternate members. They are: Xie Qihua, president of the Baoshan Steel Company in Shanghai, and Wu Yigong, vice chairman of the China Federation of Literary and Art Circles and former head of the Cultural Bureau in Shanghai. Both are very low-profile leaders who are not actively associated with the “Shanghai gang.”

25 See John P. Burns, “Strengthening Central CCP Control of Leadership Selection,” *China Quarterly* 138 (June 1994): 472.

26 For a discussion of Jiang’s effort to promote members of the “Shanghai gang” to the central government in the early 1990s, see David Bachman, “China in 1994: Marking Time, Making Money,” *Asian Survey* 35, no. 1 (January 1995): 37-48.

27 For more discussion on Jiang’s network in the propaganda sector in the central government, see Paul Cavey, “Building a Power Base: Jiang Zemin and the Post-Deng Succession,” *Issues and Studies* 33, no. 11 (November 1997): 13.

28 For more on the power struggle between Jiang and his rivals, see Li and White, “The Fifteenth Central Committee of the Chinese Communist Party: Full-Fledged Technocratic Leadership with Partial Control by Jiang Zemin,” pp. 236-239.

29 Xiao Chong, *Zhonggong disidai mengren* [The fourth generation of leaders of the Chinese Communist Party] (Hong Kong: Xiafeier guoji chubangongsi, 1998), p. 23; and also Li, *China’s Leaders*, pp. 161-162.

30 *Shijie ribao*, November 1, 1999, A8.

31 See also Cheng Li, “After Hu, Who?--China’s Provincial Leaders Await Promotion,” *China Leadership Monitor* 1 (Winter 2002).

32 *Zhengming* [Contending], October 1997, p. 9; also Li, *China’s leaders*, pp. 166-168.

33 Willy Wo-Lap Lam, “All the President’s Men,” *South China Morning Post*, March 18, 1998, 1; Vivien Pik-Kwan Chan, “Strong Opposition as Jiang Man Gets Top Law Job,” *South China Morning Post*, March 18, 1998, 1; and *Shijie ribao*, March 20, 1998, A9.

34 *Liaowang* [Outlook], June 7, 1999, pp.15-16; also see Li, “After Hu, Who?”

35 The other is Abdulahat Aburixit, governor of Xinjiang, who has held his post since 1994. For more discussion, see Li, “After Hu, Who?”

36 *Shijie ribao*, November 8, 2001, A7.

37 For a discussion of mobility patterns of Shanghai leaders at lower administrative levels, see Shi Chen, “Leadership change in Shanghai: toward the dominance of [Chinese Communist] Party technocrats,” *Asian Survey* 38, no. 7 (July 1998): 671-687.

38 Li, *China’s Leaders*, p. 67

39 For a detailed analysis of *mishu* and *mishuchang*, see Li Wei and Lucian Pye. “The Ubiquitous Role of the *Mishu* in Chinese Politics.” *China Quarterly* 132 (December 1992): 913-36; and Li, *China’s Leaders*, pp. 127-174

\*Li Cheng, The “Shanghai Gang”: Force for Stability or Cause for Conflict?, December 2001, Issue 1 part 2, Published by China Leadership Monitor, Hoover Institution, Stanford University, <http://www.chinaleadershipmonitor.org/20011b/>

Table 1: Prominent Members of the “Shanghai Gang” (December 2001)

Name	Current Position	15 <sup>th</sup> CC	Born	Native	Education	Principal Experience in Shanghai
Jiang Zemin	Secretary General of the CCP President, PRC	Standing Member	1926	Jiangsu	Shanghai Jiaotong University	Mayor, '85-86, Party Secretary, '86-89
Zhu Rongji	Premier	Standing Member	1928	Hunan	Qinghua University	Deputy Party secretary, '87-89, Mayor, '88-91, Party Secretary, '89-91
Zeng Qinghong	Head, CCP Organization Department	Politburo Alternate	1939	Jiangxi	Beijing Institute of Engineering	Head, Organization Dept., '85-86; Chief-of-Staff, '86 Deputy Party Secretary, '86-89
Wu Bangguo	Vice Premier	Politburo Member	1941	Anhui	Qinghua University	Deputy Party Secretary, '85-91; Party Secretary, '91-95
Huang Ju	Party Secretary of Shanghai	Politburo Member	1938	Zhejiang	Qinghua University	Chief of Staff, '84-85; Vice Mayor, '86-91; Mayor '91-95, Party Secretary '94-present
Zeng Peiyan	Minister of State Development Planning Commission	Member	1938	Zhejiang	Qinghua University	Director of the Research Institute under No. 1 Machine Industry, '78-85
Chen Zhili (f)	Minister of Education	Member	1942	Fujian	Fudan University, Academy of Sciences (Graduate)	Head, Propaganda Dept., '88-89, Deputy Party Secretary, '89-97
Zhang Wenkang	Minister of Public Health	Member	1940	Shanghai	Shanghai No.1 Medicine School	Vice Commandant, No. 2 PLA Medical University (based in Shanghai), '84-90
Han Zhubin	Procurator General, Supreme People's Procuratorate	Member	1932	Heilongjiang	Beijing Economics Correspondence University	Head, Shanghai Railway Bureau, '83-90
Dai Xianglong	Governor, People's Bank	Member	1944	Jiangsu	Central Institute of Finance & Banking	General Manager, Communication Bank of China (located in Shanghai), '90-93
Xu Kuangdi	Party Secretary, Chinese Academy of Engineering	Member	1937	Zhejiang	Beijing Institute of Steel Industry	Head of Education Bureau, '89-91; Vice Mayor, 92-95, Mayor, '95-2001
Meng Jianzhu	Party Secretary of Jiangxi	Alternate	1947	Jiangsu	Shanghai Institute of Engineering (Graduate)	Deputy Chief of Staff, '92-93; Vice Mayor '93-97; Deputy Party Secretary, '96-2001
Chen Liangyu	Acting Mayor of Shanghai	Alternate	1946	Zhejiang	PLA Institute of Engineering	Deputy Chief of Staff, '92-96; Deputy Secretary, '97-present; Executive Vice Mayor '98-2001
You Xigui	Dep. Director, General Office of the Central Committee of CCP	Alternate	1939	Hebei	PLA Institute of Engineering	Deputy Commander, Guards Regiment, '85-89
Zhao Qizheng	Head, Information Office, State Council		1940	Beijing	China's University of Science & Technology	Head, Organization Dept., '84-91; Vice Mayor '91-97, Head of Pudong District, '92-97
Hua Jianmin	Director, General Office, Financial & Economic Leading Group		1942?		Qinghua University	Vice Mayor, '94-98
Lou Jiwei	Executive Vice Minister of Finance		1951	Zhejiang	Qinghua University, Academy of Social Science (PhD)	Deputy Head, Shanghai Economic Reform Committee, '88-91
Wang Huning	Deputy Director, General Policy Research Center		1955	Shanghai	East China Normal University Fudan University (Graduate)	Dean of Law School at Fudan Univ., '93-97
Cao Jianming	Vice President of Supreme People's Court		1955	Shanghai	Institute of East China Political Science & Law (Graduate)	President, Institute of East China Political Science & Law, '98-present
Zhou Mingwei	Vice Chair, Association for Relations across the Taiwan Strait.		1956?	Shanghai	Fudan University, SUNY Albany (Graduate)	Director, Foreign Affairs Office, '97-99
Xu Guangchun	Head, State Administration of Radio, Film & TV		1944	Zhejiang	People's University	Director, Shanghai Bureau of Xinhua News Agency, '85-91
Gong Xinhan	Deputy Head, CCP Propaganda Department		1940	Zhejiang	Fudan University	Deputy Propaganda Department, '86-93
Jia Tingan	Director, PRC President's Office		1950	Hebei		Jiang Zemin's personal secretary, '85-89

Table 2: Top Officials in Shanghai (December 12, 2001)

Name	Current Position	Since	Born	Native	Education	Most Recent Post	Chief-of-Staff in Shanghai	Exp. Other Region	Main Experience
Huang Ju	Party Secretary	1994	1938	Zhejiang	Qinghua Univ.	Shanghai Mayor '91-95	CCP com. '83-85	None	Factory Director
Chen Liangyu	Acting Mayor; Dep. Party Secretary	2001	1946	Zhejiang	PLA Institute of Engineering	Shanghai Executive Vice Mayor '98-01	CCP Com. (Dep.) '92-96	None	Factory Director
Gong Xueping	Dep. Party Secretary	1997	1942	Jiangsu	Fudan Univ.	Shanghai Vice Mayor '93-97	Gov't (Dep.) '92-93	None	Head, Television Station
Liu Yungeng	Dep. Party Secretary	2000	1947	Zhejiang	Unknown	Head, Shanghai Pub. Security Bur., '97-99	Gov't (Dep.) '95-97	None	Head, Public Security Bureau
Luo Shiqian	Dep. Party Secretary	2001	1943	Anhui	Unknown	Head, CCP Shanghai Org. Dept. '91-01		None	CCP functionary
Jiang Yireng	Vice Mayor	1993	1942	Shanghai	Qinghua Univ.	Head, Shanghai Trade Comm, '91-93	Gov't (Dep.), '93	None	Factory Director
Han Zheng	Vice Mayor	1998	1954	Zhejiang	East China Normal Univ.(G)	Head, Shanghai Planning Comm '96-98	Gov't (Dep.), '95-96	None	Factory Director
Feng Guoqin	Vice Mayor	1996	1948	Shanghai	Central Party School	Chief-of-Staff, Shanghai gov't '95-96	Gov't. '95-96	None	County Party Secretary
Zhou Yupeng	Vice Mayor, Head, Pudong New Area	1998	1947	Jiangsu	Television Univ. New York U. (V)	Chief-of-Staff, Shanghai gov't '97-98	CCP Com. '97-98	None	District Director
Zhou Muyao	Vice Mayor	1998	1943	Shanghai	Shanghai S&T University	Chief-of-Staff, '97-98	Gov't, '97-98	None	Chief-of-Staff
Yang Xiaodu	Vice Mayor	2001	1953	Shanghai	Shanghai Trad. Medical School	Vice Governor, Tibet '98-01		Tibet	Provincial Gov't
Yan Junqi	Vice Mayor	2001	1946	Jiangsu	Jiaotong Univ. Denmark (PhD)	Dep. Director, Shanghai IT Office		None	College President

Notes: Bur.=Bureau; Com.= Committee; Comm.= Commission; Dep.=Deputy, G=Graduate degree, Gov't=Government; IT=Information Technology; Pub.=Public; Sec.=secretary; S&T=Science and Technology; Trad.=Traditional; U or Univ.=University; V=Visiting scholar