

China's Midterm Jockeying: Gearing Up for 2012

(Part 4: Top Leaders of Major State-Owned Enterprises)

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As the Chinese flagship state-owned companies become increasingly formidable and assertive in both the domestic and international economy, so too are the chief executive officers (CEOs) of these firms becoming more aggressive in their jockeying for power in the leadership of the Chinese Communist Party (CCP). Compared with the other three elite groups (provincial chiefs, cabinet ministers, and military leaders) that have long constituted the principal components of the CCP Central Committee and its Politburo, the proportion of CEOs of China's large enterprises in the national leadership is still relatively small. But it is evident that younger, business-savvy, politically connected, and globally minded Chinese CEOs have recently become a new source of the CCP leadership.

The rise of state entrepreneurs is an important trend that deserves greater attention. This development may not only broaden the channel of political recruitment in the People's Republic of China (PRC), but may also, in a significant way, change the rules of the game in Chinese elite politics in the years to come. Equally important, an empirical study of the characteristics of this distinct elite group can link to—and shed valuable light on—some of the most controversial issues in present-day China, including the public critique of the state monopoly, the role of vested corporate interest groups in decision-making, and the Chinese state capitalists' endeavor for global expansion.*

Few people outside of China know the names or the faces of Zhang Qingwei, Zhu Yanfeng, or Su Shulin. Unlike basketball star Yao Ming, kung fu master Jet Li, or movie star Zhang Ziyi, these Chinese individuals would not be recognized on the street during their travels abroad. But these relatively unknown figures have been among the most important “movers and shakers” in China's economic rise on the world stage.

- Zhang Qingwei (born in 1961) is the chairman of the Commercial Aircraft Corporation of China (COMAC), the newly established Chinese aerospace manufacturer that builds mid- to large-size passenger aircraft with the goal of challenging the dominance of Boeing and Airbus in the global marketplace. From 2001 to 2007, Zhang served as the general manager of the China Aerospace Science and Technology Corporation, making him the youngest CEO of any of the country's flagship companies at the time.

- Zhu Yanfeng (b. 1961) was the former president of the China First Automobile Works Group Corporation (FAW), which is the largest and oldest automobile manufacturer in the PRC. Zhu became a household name in China in part due to his creation of the new, bold, and somewhat controversial motto for FAW: “Let every Chinese family own a car.”¹
- Su Shulin (b. 1962) is the chairman of the China Petrochemical Corporation (Sinopec), which was ranked No. 7 on the list of the world’s largest corporations in 2010 in the Fortune Global 500. As the top leader of China’s leading global company, Su Shulin has often been recognized by the Chinese media as being at “the helm of China’s flagship state-owned enterprises (SOEs).” One of the important accomplishments of Sinopec under Su’s leadership was its environmental focus: Sinopec’s CO₂ emissions declined by 16.3 percent in 2009 and foreign analysts observed that the company “has also been actively exploring alternative and renewable energy sources.”²

It is important to note that, besides their leadership role in business, Zhang, Zhu, and Su have all previously served, or currently serve, in the government and the Party leadership. Zhang served as minister of the Commission of Science, Technology, and Industry for National Defense (a Chinese cabinet post) from 2007 to 2008. Zhu Yanfeng currently serves as executive vice governor of the Jilin provincial government. Su Shulin briefly worked as director of the Organization Department of the Liaoning Provincial Party Committee from 2006 to 2007. More importantly, all three of these leaders are in their second terms as member or alternates of the 17th CCP Central Committee. When they gained membership on the 356-member Central Committee (CC) at the 16th Party Congress in 2002, Zhang was only 41 years old, the youngest full member in the CC, and Zhu and Su were two of the three youngest alternates on the committee.³ Now still in their 40s, Zhang, Zhu, and Su are all among the rising stars of the so-called sixth generation of leaders. In fact, their tenure on the CC is even longer than some of the widely recognized front-runners of the sixth-generation leaders, including Inner Mongolia Party Secretary Hu Chunhua and Jilin Party Secretary Sun Zhengcai, who are both candidates for the next Politburo. Neither Hu nor Sun, however, joined the CC until 2007.

Top leaders in the fourth and fifth generations of leadership were also noted for their early entry to the CC. President Hu Jintao and Premier Wen Jiabao joined the CC in 1982 when they were 40 years old, and Vice President Xi Jinping and Executive Vice Premier Li Keqiang respectively became an alternate and a member of the CC in 1997 when they were both in their early 40s. This early CC membership helped advance the position of the fourth- and fifth-generation front-runners in their rise to the top of the Chinese leadership.

Zhang, Zhu, and Su are not the only CEOs of major Chinese companies who are well positioned for jockeying for power in the future. There are a number of other top business leaders among the youngest members of the 17th Central Committee, including: Zhang Guoqing (b. 1964), the CEO of China North Industries Group Corporation (CNGC); Jin Zhuanglong (b. 1964), general manager of the COMAC; Chen Chuanping (b. 1962),

former CEO of the Taiyuan Iron and Steel Corporation and currently Party secretary of Taiyuan City; Xiao Yaqing (b. 1959), former CEO of the Aluminum Corporation of China (Chalco) and currently deputy secretary general of the State Council; Xu Lejiang (b. 1959), chairman of the Baosteel Group Corporation; Wang Xiaochu (b. 1958), CEO of China Telecom; Xiao Gang (b. 1958), chairman of the Bank of China; and Xiang Junbo (b. 1957), chairman of the Agricultural Bank of China. The remarkable presence of CEOs of SOEs among the young cohorts of the CC reflects an important trend in elite recruitment in present-day China. It suggests that some of the top national leaders may come from this new pool in the foreseeable future. In fact, this trend first became evident at the 16th Party Congress in 2002, when, for the first time in the history of the CCP, the Central Enterprise Work Commission and the Central Financial Work Commission of the CCP had their own delegations at the 16th Party Congress.⁴

It remains to be seen whether CEOs-turned political leaders will further enhance their presence at the 18th CC in 2012. Analysts may reasonably expect that one or two top business leaders of China's flagship companies are among the candidates for Politburo seats. A comprehensive study of this increasingly important elite group can reveal both the defining characteristics of China's most prominent state entrepreneurs (or "state capitalists") and the status of their political jockeying. This analysis may also help explore some of the most contentious issues in today's China concerning the excessive and rapidly growing power of monopolized state-owned enterprises and the vested corporate interest groups that these CEOs may represent.

The Scope and Scale of This Study

This essay examines the backgrounds and characteristics of the top leaders of China's 130 largest state-owned enterprises, primarily focusing on the 121 companies under the State-owned Assets Supervision and Administration Commission (SASAC), which are known as "SASAC companies" (or *yangqi* in Chinese). By definition, SASAC companies are the large-size national firms in which the state, or more specifically the SASAC, owns a major portion of the assets of the company. China's SOEs are divided into two main categories: The first includes national or central enterprises that are under the direct administration of the central government, and the second includes the state enterprises that are governed by local (provincial or municipal) governments.⁵ As of 2010, China has approximately 114,500 SOEs, including both centrally and locally administered enterprises. The current number of SOEs has decreased significantly from 2003's total of 159,000.⁶

The national or central SOEs can be further divided into three groupings. The first are the SASAC companies, which consist of 1) the companies that provide public goods such as defense, communication, transportation, and utilities; 2) the firms that specialize in natural resources such as oil, minerals, metals; and 3) the enterprises that concentrate on construction, trade, and other industrial products. The second grouping includes the companies that specialize in banking, finance (securities), and insurance under the administration of the China Banking Regulatory Commission (CBRC), the China Securities Regulatory Commission (CSRC), and the China Insurance Regulatory

Commission (CIRC), respectively. The third grouping consists primarily of companies specializing in media, publications, culture, and entertainment, which are administrated by the various agencies under the State Council and national mass organizations such as the All-China Federation of Trade Unions.

The SASAC companies are the largest among these three groupings of national SOEs despite the fact that the total number of the SASAC companies has fallen significantly over the past few years—from 196 in 2003 (when the SASAC was established) to 121 in 2010—as a result of mergers and acquisitions among themselves intended to enlarge and strengthen several flagship companies. The total assets of the SASAC companies, however, increased from 3 trillion yuan in 2003 to 20 trillion yuan in 2010.⁷ According to Chinese government sources, the total number of SASAC companies will be further reduced to between 80 and 100 or even 30 to 50 in the near future.⁸ In addition to focusing on top leaders of the 121 SASAC companies, this essay also examines the top leaders of six state-run commercial banks and three large state-controlled insurance companies in the country, which are under the administrative supervision of the CBRC and CIRC. All together, they constitute China's most prominent state-owned enterprises.

Table 1 (next page) provides an overview of all 130 companies, including the names and abbreviations of the companies, their respective specialized industries, and the names of top leaders, as well as the year they were first appointed to their current posts. Most of these large companies are engaged in business activities beyond the domain of one specific industry, and their industrial boundaries are sometimes ambiguous. For example, the SASAC spokesperson recently admitted that about 74 percent of the SASAC companies are engaged in the real estate business.⁹ This study chooses a company's principal business area as its industrial concentration. Not surprisingly, many of them are in the industries that are largely monopolized by the state. There are 17 utilities companies, 14 metals companies and 12 petroleum refining and energy firms. In terms of geographical distribution, a total of 99 companies, more than three-fourths, have their headquarters in Beijing. Shanghai is second with just seven headquarters, including six SASAC companies and the Bank of Communications. Hubei Province has six of these companies and Guangdong Province has five. Some large provinces such as Henan, Shandong, Jiangsu, and Zhejiang or province-level cities such as Tianjin and Chongqing do not have any headquarters of SASAC companies at all.

This study chooses one top leader from each of these 130 major companies and then inputs and codes these individual leaders' biographical information, political backgrounds, educational credentials, professional experiences, and career patterns for statistical analysis. It is not difficult to identify the top leader in the Chinese companies: the Chinese term “Number one leader” (*diyī bashou*) does not allow much ambiguity about who is the boss. Additionally, the top leader is usually listed most prominently on the company's website.

Confusion, however, may result for three reasons. First, the use of the Chinese
(text continues on p. 9)

Table 1*An Overview of SASAC Companies, Large State-Owned Banks, and Insurance Companies (2011)*

<i>Number</i>	<i>Company name</i>	<i>Abbreviation</i>	<i>Industry</i>	<i>Location</i>	<i>Top Leader</i>
1	China National Nuclear Corporation	CNNC	Defense	Beijing	Sun Qin
2	China Nuclear Engineering & Construction Corporation	CNECC	Defense	Beijing	Mu Zhanying
3	China Aerospace Science & Technology Corporation	CASC	Defense & Aerospace	Beijing	Ma Xingrui
4	China Aerospace Science & Industry Corporation	CASIC	Defense & Aerospace	Beijing	Xu Dazhe
5	Aviation Industry Corporation of China	AVIC	Aviation	Beijing	Lin Zuoming
6	China State Shipbuilding Corporation	CSSC	Transportation	Beijing	Tan Zuojun
7	China Shipbuilding Industry Corporation	CSIC	Transportation	Beijing	Li Changyin
8	China North Industries Group Corporation	CNIGC	Defense	Beijing	Zhang Guoqing
9	China South Industries Group Corporation	CSGC	Defense	Beijing	Xu Bin
10	China Electronics Technology Group Corporation	CETC	Electronics	Beijing	Wang Zhigang
11	China National Petroleum Corporation	CNPC	Petroleum refining	Beijing	Jiang Jiemin
12	China Petrochemical Corporation	Sinopec	Petroleum refining	Beijing	Su Shulin
13	China National Offshore Oil Corporation	CNOOC	Petroleum refining	Beijing	Fu Chengyu
14	State Grid Corporation of China	SGCC	Utilities	Beijing	Liu Zhenya
15	China Southern Power Grid Company, Limited	CSG	Utilities	Guangdong	Zhao Jianguo
16	China Huaneng Group	CHNG	Utilities	Beijing	Cao Peixi
17	China Datang Corporation	CDT	Utilities	Beijing	Liu Shunda
18	China Huadian Corporation	CHD	Utilities	Beijing	Yun Gongmin
19	China Guodian Corporation	CGDC	Utilities	Beijing	Zhu Yongfan
20	China Power Investment Corporation	CPI	Utilities	Beijing	Lu Qizhou
21	China Three Gorges (Project) Corporation	CTGPC	Utilities	Hubei	Cao Guangjing
22	Shenhua Group Corporation Limited	Shenhua	Energy	Beijing	Zhang Xiwu
23	China Telecommunications Corporation	China Telecom	Telecommunications	Beijing	Wang Xiaochu
24	China United Network Communications Group Company	China Unicom	Telecommunications	Shanghai	Chang Xiaobing
25	China Mobile Group	China Mobile	Telecommunications	Beijing	Wang Jianzhou
26	China Electronics Corporation	CEC	Electronics	Beijing	Xiong Qunli
27	China FAW Group Corporation	FAW	Motor vehicles	Jilin	Xu Jianyi
28	Dongfeng Motor Corporation	DFMC	Motor vehicles	Hubei	Xu Ping
29	China First Heavy Industries	CFHI	Machinery	Heilongjiang	Wu Shengfu
30	China National Erzhong Group Corporation	China Erzhong	Machinery	Sichuan	Shi Ke
31	Harbin Electric Corporation	HPEC	Electronics	Heilongjiang	Gong Jingkun
32	Dongfang Electric Corporation	DEC	Electronics	Sichuan	Wang Ji
33	Anshan Iron and Steel Group Corporation	Ansteel	Metals	Liaoning	Zhang Xiaogang
34	Baosteel Group Corporation	Baosteel	Metals	Shanghai	Xu Lejiang
35	Wuhan Iron and Steel (Group) Corporation	WISCO	Metals	Hubei	Deng Qilin
36	Aluminum Corporation of China	Chalco	Metals	Beijing	Xiong Weiping

(continues)

Table 1 (continued)

<i>Number</i>	<i>Company name</i>	<i>Abbreviation</i>	<i>Industry</i>	<i>Location</i>	<i>Top Leader</i>
37	China Ocean Shipping (Group) Company	COSCO	Shipping	Beijing	Wei Jiafu
38	China Shipping Group	China Shipping	Shipping	Shanghai	Li Shaode
39	China National Aviation Holding Company	AirChina	Transportation	Beijing	Kong Dong
40	China Eastern Aviation Holding Company	China Eastern	Transportation	Shanghai	Liu Shaoyong
41	China Southern Air Holding Company	China Southern	Transportation	Guangdong	Si Xianmin
42	Sinochem Group	Sinochem	Petroleum refining	Beijing	Liu Deshu
43	COFCO Corporation	COFCO	Agriculture	Beijing	Ning Gaoning
44	China Minmetals Corporation	Minmetals	Metals	Beijing	Zhou Zhongshu
45	China General Technology (Group) Holding, Limited	Genertec	Electronics	Beijing	He Tongxin
46	China State Construction Engineering Corporation	CSCEC	Construction	Beijing	Yi Jun
47	China Grain Reserves Corporation	Sinograin	Agriculture	Beijing	Bao Kexin
48	State Development & Investment Corporation	SDIC	Finance	Beijing	Wang Huisheng
49	China Merchants Group	CMHK	Commercial trade	Hong Kong	Fu Yunning
50	China Resources (Holdings) Company, Limited	CRC	Energy	Beijing	Song Lin
51	The China Travel Service (HK) Group Corporation	HKCTS	Travel	Hong Kong	Zhang Xuewu
52	State Nuclear Power Technology Corporation	SNPTC	Utilities	Beijing	Wang Binghua
53	Commercial Aircraft Corporation of China, Limited	COMAC	Transportation	Shanghai	Zhang Qingwei
54	China Energy Conservation Investment Corporation	CECIC	Energy	Beijing	Wang Xiaokang
55	China Gaoxin Investment Group Corporation	Gaoxin Group	Commercial trade	Beijing	Xu Yongzhu
56	China International Engineering Consulting Corporation	CIECC	Construction	Beijing	Xiao Fengtong
57	Zhongnan Commercial (Group) Company, Limited	Zhongnan	Commercial trade	Hubei	Hao Jian
58	China Huafu Trade & Development Group Corporation	HFJT	Commercial trade	Beijing	Gu Shen
59	China Chengtong Group	CCT	Commercial trade	Beijing	Ma Zhengwu
60	China Huaxing Group	Huaxing	Commercial trade	Beijing	Song Yaohua
61	China National Coal Group Corporation	ChinaCoal	Energy	Beijing	Wang An
62	China Coal Technology & Engineering Group Corporation	CCTEG	Energy	Beijing	Liu Gaozhuo
63	China National Machinery Industry Corporation	SINOMACH	Machinery	Beijing	Ren Hongbin
64	China Academy of Machinery Science & Technology	CAM	Machinery	Beijing	Li Xinya
65	Sinosteel Corporation	Sinosteel	Metals	Beijing	Huang Tianwen
66	China Metallurgical Group Corporation	MCC	Metals	Beijing	Jing Tianliang
67	China Iron & Steel Research Institute Group	CISRI	Metals	Beijing	Gan Yong
68	China National Chemical Corporation	ChemChina	Petroleum refining	Beijing	Ren Jianxin
69	China National Chemical Engineering Group Corp.	CNCEC	Petroleum refining	Beijing	Jin Kening
70	Sinolight Corporation	Sinolight	Household products	Beijing	Chen Esheng
71	China National Arts & Crafts (Group) Corporation	CNACGC	Commercial trade	Beijing	Zhou Zhengsheng
72	China National Salt Industry Corporation	CNSIC	Salt	Beijing	Mao Guoqing
73	China Hengtian Group Company, Limited	CHTGC	Textile	Beijing	Zhang Jie

(continues)

Table 1 (continued)

<i>Number</i>	<i>Company name</i>	<i>Abbreviation</i>	<i>Industry</i>	<i>Location</i>	<i>Top Leader</i>
74	China National Materials Group Corporation Limited	SINOMA	Construction	Beijing	Tan Zhongming
75	China National Building Materials Group Corp.	CNBM	Construction	Beijing	Song Zhiping
76	China Nonferrous Metal Mining (Group) Company	CNMC	Metals	Beijing	Luo Tao
79	China International Intellectual Corporation	CIIC	Human Resources	Beijing	Wang Xudong
80	China Academy of Building Research	CABR	Construction	Beijing	Wang Jun
81	China CNR Corporation Limited	CNR	Transportation	Beijing	Cui Dianguo
82	China CSR Corporation Limited	CSR	Transportation	Beijing	Zhao Xiaogang
83	China Railway Signal & Communication Corporation	CRSC	Telecommunications	Beijing	Ma Cheng
84	China Railway Group Limited	China Railway	Transportation	Beijing	Li Changjin
85	China Railway Construction Corporation Limited	CRCC	Transportation	Beijing	Li Guorui
86	China Communications Construction Company Limited	CCCC	Construction	Beijing	Zhou Jichang
87	China Potevio Company, Limited	China Potevio	Telecommunications	Beijing	Xing Wei (female)
88	Datang Telecom Technology & Industry Group	Datang	Utilities	Beijing	Zhen Caiji
89	China National Agricultural Development Group Company	CNADC	Agriculture	Beijing	Liu Shenli
90	Chinatex Corporation	Chinatex	Textile	Beijing	Zhao Boya
91	China National Foreign Trade Transportation Corp.	SINOTRANS	Transportation	Beijing	Miao Gengshu
92	China National Silk Import & Export Corporation	Chinasilk	Commercial trade	Beijing	Zhang Weiming
93	China Forestry Group Corporation	CFGC	Forestry	Beijing	Zhang Zhangde
94	China National Pharmaceutical Group Corporation	SINOPHARM	Pharmaceuticals	Beijing	Song Zhiping
95	CITS Group Corporation	CITS	Travel	Beijing	Gai Zhixin
96	China Poly Group Corporation	POLY	Real Estate	Beijing	Chen Hongsheng
97	Zhuhai Zhen Rong Company	Zhzrgs	Utilities	Guangdong	Zhang Dongquan
98	China Architecture Design & Research Group	CAG	Construction	Beijing	Xiu Long
99	China Metallurgical Geology Bureau	CMGB	Metals	Beijing	Yan Xueyi
100	China National Administration of Coal Geology	CNACG	Energy	Beijing	Xu Shuishi
101	Xinxing Cathay International Group Company, Limited	XXPGroup	Metals	Beijing	Liu Mingzhong
102	China TravelSky Holding Company	TravelSky	Travel	Beijing	Xu Qiang
103	China National Aviation Fuel Group Corporation	CNAF	Aviation	Beijing	Sun Li
104	China Aviation Supplies Holding Company	CASC	Aviation	Beijing	Li Hai
105	China Power Engineering Consulting Group Corporation	CPECC	Utilities	Beijing	Wang Jianping
106	HydroChina Corporation	HYDROCHINA	Utilities	Beijing	Yan Zhiyong
107	Sinohydro Corporation	Sinohydro	Utilities	Beijing	Fan Jixiang
108	China National Gold Group Corporation	CNGC	Metals	Beijing	Sun Zhaoxue
109	China National Cotton Reserves Corporation	CNCRC	Agriculture	Beijing	Lei Xiangju (female)
110	China Printing (Group) Corporation	CPGC	Printing	Beijing	Chen Xiangdong
111	China Lucky Film Corporation	Luckyfilm	Filming	Hebei	Zhang Jianheng
112	China Guangdong Nuclear Power Holding Corporation	CGNPC	Utilities	Guangdong	He Yu

(continues)

Table 1 (*continued*)

<i>Number</i>	<i>Company name</i>	<i>Abbreviation</i>	<i>Industry</i>	<i>Location</i>	<i>Top Leader</i>
113	China Hualu Group Company, Limited	Hualu	Electronics	Liaoning	Chen Runsheng
114	Alcatel-Lucent Shanghai Bell Company Limited	Alcatel-sbell	Electronics	Shanghai	Yuan Xin
115	IRICO Group Corporation	IRICO	Electronics	Beijing	Xing Daoqin
116	FiberHome Technologies	WRI	Telecommunications	Hubei	Tong Guohua
117	OCT Enterprises Company	OTC	Commercial trade	Guangdong	Ren Kelei
118	Nam Kwong (group) Company, Limited	Namkwong	Commercial trade	Macau	Xu Kaicheng
119	China XD Group	XD Company	Utilities	Shaanxi	Zhang Yalin
120	China Gezhouba Group Corporation	CGGC	Utilities	Hubei	Yang Jixue
121	China Railway Materials Commercial Corporation	CRM	Commercial trade	Beijing	Song Yufang
122	Industrial & Commercial Bank of China	ICBC	Banking	Beijing	Jiang Jianqing
123	China Life Insurance Group	China Life	Insurance	Beijing	Yang Chao
124	China Construction Bank	CCB	Banking	Beijing	Guo Shuqing
125	Bank of China	BOC	Banking	Beijing	Xiao Gang
126	Agriculture Bank of China	ABC	Banking	Beijing	Xiang Junbo
127	China Taiping Insurance Group Company	China Taiping	Insurance	Hong Kong	Lin Fan
128	Bank of Communications	BOCOM	Banking	Shanghai	Hu Huaibang
129	China Development Bank	CDB	Banking	Beijing	Chen Yuan
130	People's Insurance Company of China	PICC	Insurance	Beijing	Wu Yan

NOTES AND SOURCES: The first 121 companies are listed in the order provided by SASAC. Data derived from <http://www.sasac.gov.cn/n1180/n1226/n2425/index.html>, <http://www.ceda.org.cn/china-500/> and individual companies' websites. The information regarding the year of appointment also comes from *China Directory, 2010* (Tokyo: Radiopress, 2009) and <http://www.xinhuanet.com/>.

ABBREVIATIONS: Corp. = Corporation

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translation of the English term CEO, *zongcai*, is relatively new and only some of these companies under this study use the term *zongcai* instead of president or general manager (both are translated as *zongjingli* in Chinese) to refer to their chief executive managers.

Second, CEOs are not necessarily the top leaders in these companies. For example, the Fortune Global 500 lists Yang Kaisheng as CEO of the Industrial & Commercial Bank of China (ICBC).¹⁰ Although he is its president, Yang is not the top leader of the ICBC—that position is held unambiguously by its chairman, Jiang Jianqing. Similarly, the Fortune Global 500 also lists the Bank of China’s president, Li Lihui, as its CEO, but the real boss of the bank is its chairman, Xiao Gang. This study chooses Jiang Jianqing and Xiao Gang rather than Yang Kaisheng and Li Lihui as the top representatives of these two banks.

And third, the top leaders vary widely in terms of the administrative titles or posts that they hold concurrently. In compiling this list of 130 top leaders, we found that 33 (25.4 percent) serve concurrently as general manager and chairman of the board of directors (*dongshizhang*), 30 (23.1 percent) serve as both general manager and Party secretary, and 29 (22.3 percent) serve as general manager and deputy Party secretary. We found that a further eight (6.2 percent) play threefold concurrent roles as general manager, chairman of the board of directors, and Party secretary; with another six (4.6 percent) simultaneously occupying the posts of chairman of the board of directors, general manager, and deputy Party secretary. Fourteen, or 10.8 percent, serve only as chairman of the board of directors. Generally speaking, the chairman of the board of directors is the top leader in most of these companies if the SOE has established the board (not all SASAC companies have boards of directors). In those companies without a board, the general manager is usually the “Number-one leader.” In some cases, chairmen of the boards of directors are soon-to-be-retired leaders of the companies who have already moved out of the decision-making role, and the real power lies in the hands of general managers. The consistency in the selection of “Number-one leader” for this study can avoid the sources of confusion mentioned above.

The Meteoric Rise of China’s Large SOEs on the World Stage

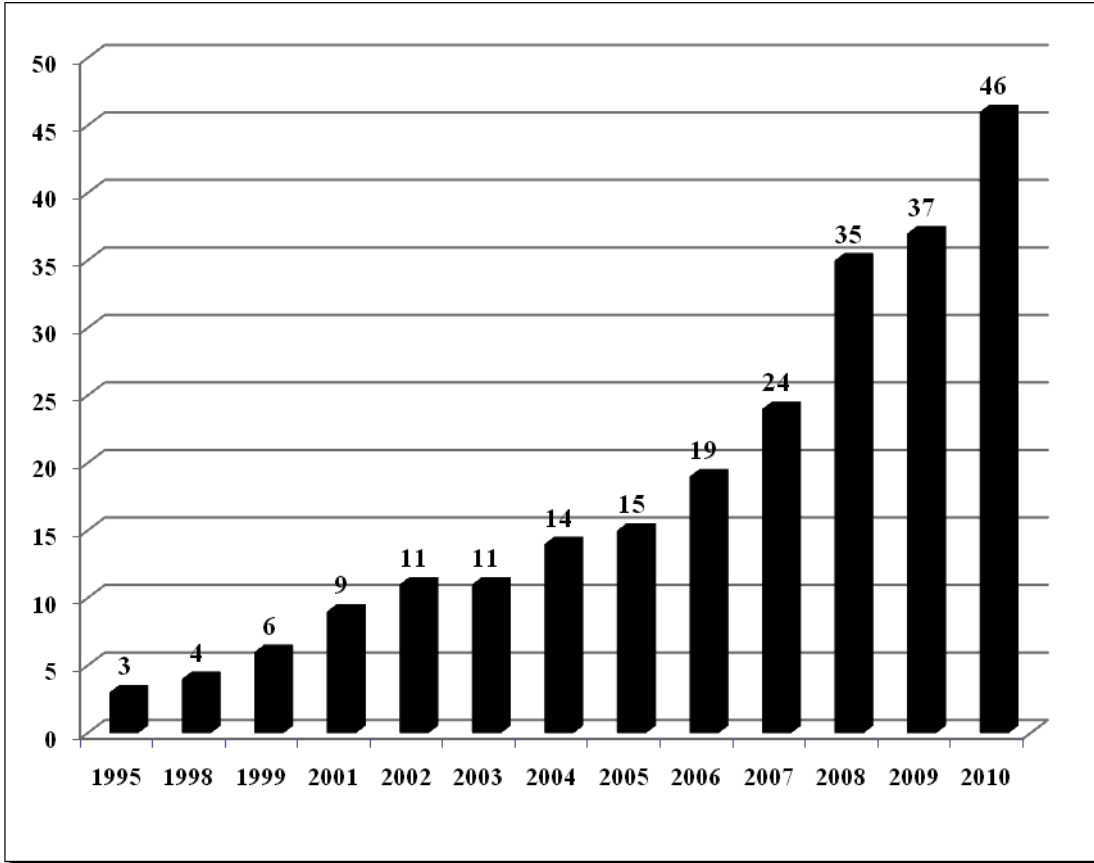
The rapid rise in power of a particular elite group in any given country is often linked to concurrent changes in the domestic and international environments. The recent emergence of chief business executives in the CCP leadership is no exception. It largely reflects—and can be attributed to—the meteoric rise and the ever-growing power and influence of the large Chinese SOEs on the world stage. If the economic success of a country is measured by the number of companies that make it onto the Fortune Global 500 list, the PRC undoubtedly represents one of the greatest triumphs in the contemporary world.¹¹

Chart 1 shows the rapid increase of Chinese companies in the Fortune Global 500 over the past 15 years, from three in 1995 to 46 in 2010. China has the third largest number of companies on the list, after only the United States (139) and Japan (71).

China’s number is significantly higher than such other major economic powers as France (39, ranked No. 4), Germany (37, ranked No. 5), and Great Britain (29, ranked No. 6). Compared with China, other major emerging economies have far less representation: for example, India has just 8, Brazil, 7, and Russia, 6.¹² Also, in contrast, only five years ago in 2005, the United States had 176 companies and Japan had 81 companies on the list while China had just 16.¹³

Chart 1

The Growing Presence of Chinese Enterprises in the Fortune Global 500 (1995–2010)



Chinese companies have not only increased their total number of companies on the Fortune Global 500 listing, but have also enhanced their standings in the rankings. Table 2 illustrates this using the PRC company China Mobile, whose ranking improved significantly among the global economic giants, moving from No. 336 in 2001, to No. 230 in 2003, to No. 148 in 2008, and to No. 77 in 2010. The impressive growth of China Mobile has been attributed, at least partially, to the company’s monopoly on telecommunication service in the Chinese domestic market. As Kan Kaili, a professor at Beijing University of Posts and Telecommunications, recently observed, China Mobile is notorious for charging fees for services that are usually free in other countries. For example, in 2005, China Mobile charged 49 billion yuan (US\$5.9 billion) for roaming fees on cellular phone service, which accounted for half of the company’s entire profits

that year. According to Professor Kan, there was almost zero cost to the company for the calls that resulted in the so-called roaming charges.¹⁴

Perhaps even more impressively, the top 10 of the Fortune Global 500 in 2010 included three Chinese companies—Sinopec, State Grid Corporation of China (SG), and China National Petroleum Corporation (CNPC)—while the United States and Japan each had only two companies on the list. SG is now the largest utilities firm in the world. Sinopec and CNPC are now similarly ranked with the world’s most famous oil companies such as Royal Dutch Shell, Exxon Mobil, and BP. These two Chinese oil companies employ a large number of workers (about 1.5 million and 1.6 million, respectively), figures surpassed only by Wal-Mart, which has 2.1 million employees.¹⁵

Table 2

China Mobile’s Rank in the Fortune Global 500 (2001–2010)

<i>Year</i>	<i>Rank</i>
2001	336
2003	230
2008	148
2010	77

A review of the ownership of the 46 PRC companies listed on the Fortune Global 500 shows that 40 (86.9 percent) are state-owned companies. Among these SOEs, 30 (65.2 percent) are SASAC enterprises, eight (17.4 percent) are state-owned banks and insurance companies, and two (4.3 percent) are under the administrative supervision of local governments. The Shanghai Automotive Industry Corporation (SAIC) and Shijiazhuang-based Hebei Iron & Steel Group are under the administrative supervision of the Shanghai municipal government and Hebei provincial government (respectively) since these entities own the majority of the assets of these two companies. The six non-state firms (13 percent) include three Hong Kong–based enterprises (the supply chain giant Noble Group, Li Ka-shing’s real estate company Hutchison Whampoa, and the construction company Jardine Matheson), two Shenzhen-based firms (shareholding insurance company Ping An Insurance and the telecommunications giant Huawei Technologies), and the privately owned metals company Jiangsu Shagang Group. Shagang was first founded in Zhangjiagang, Jiangsu Province, in 1975 by a few rural entrepreneurs with 450,000 yuan in capital. Now the firm is the largest privately owned steel producer in China, with total assets of 132 billion yuan (US\$21.29 billion), annual revenue of 7.3 billion yuan (US\$1.17 billion) in 2009, and 41,000 employees.¹⁶

Table 3 (next page) provides an overview of the top 15 Chinese companies on the 2010 Fortune Global 500 list. Without exception, they are all SOEs. The fact that the top PRC global firms are all state-owned may reflect the strong support of the Chinese government for Chinese enterprises’ domestic growth and overseas expansion. During the past decade, the Chinese government has decided to shift its trade and industrial development priorities from the policy of “Welcome In” (*yinjinlai*) to a combination of both “Welcome In” and “Go Out” (*zouchuqu*).¹⁷ In recent years, the PRC government has increasingly adopted favorable policies and preferential treatment for SOEs, which may

Table 3
An Overview of the Top 15 PRC Companies in the Fortune Global 500 (2010)

<i>Rank among PRC firms</i>	<i>Global 500 rank</i>	<i>Company name</i>	<i>City</i>	<i>Industry</i>	<i>Supervised by</i>	<i>Revenues (\$ million)</i>	<i>Number of employees</i>
1	7	China Petrochemical Corporation (Sinopec)	Beijing	Petroleum refining	SASAC	187,518	633,383
2	8	State Grid Corporation of China (SG)	Beijing	Utilities	SASAC	184,496	1,533,800
3	10	China National Petroleum Corporation (CNPC)	Beijing	Petroleum refining	SASAC	165,496	1,649,992
4	77	China Mobile Communication Corp. (China Mobile)	Beijing	Telecommunications	SASAC	71,749	228,437
5	87	Industrial & Commercial Bank of China (ICBC)	Beijing	Banking	CBRC	69,295	389,827
6	116	China Construction Bank (CCB)	Beijing	Banking	CBRC	58,361	301,537
7	118	China Life Insurance Group (China Life)	Beijing	Insurance	CIRC	57,019	119,332
8	133	China Railway Construction	Beijing	Transportation	SASAC	52,044	235,387
9	137	China Railway Group	Beijing	Transportation	SASAC	50,704	276,150
10	141	Agricultural Bank of China	Beijing	Banking	CBRC	49,742	441,144
11	143	Bank of China	Beijing	Banking	CBRC	49,682	262,566
12	156	China Southern Power Grid	Guangzhou	Utilities	SASAC	45,735	303,184
13	182	Dongfeng Motor	Wuhan	Motor vehicles	SASAC	39,402	143,792
14	187	China State Construction Engineering	Beijing	Construction	SASAC	38,117	111,587
15	203	Sinochem Group	Beijing	Petroleum refining	SASAC	35,577	44,256

NOTES AND SOURCES: Data derived from <http://money.cnn.com/magazines/fortune/global500/2010/countries/China.html> and *CaiFu* (Fortune), China edition, October 2010, pp. 102–132.

ABBREVIATIONS: CBRC = China Banking Regulatory Commission; CIRC= China Insurance Regulatory Commission; Corp. = Corporation; SASAC = State-owned Assets Supervision and Administration Commission.

reflect new Chinese economic mercantilism and protectionism, as described by some foreign critics. The Chinese government has made a concerted effort, often in the name of promoting indigenous innovation in the country, to help PRC flagship companies (the so-called national champions) obtain the status of leading global companies.

As some foreign critics have recently pointed out, in 2006 China's leadership decreed that certain "pillar" (*zhizhu*) industries—including automobile manufacturing, telecommunications, transportation, mines, energy production, and steel manufacturing—should be dominated by companies under government control at home and should receive support from the state in overseas competition.¹⁸ In the telecommunications sector, for example, the Chinese government provided industrial, informational, financial, and fiscal support for Chinese companies' overseas expansion efforts.¹⁹ In recent years, many books have been published in China on the subject of Chinese firms' global expansion, making a similar argument that China's national flagship companies' "monopoly advantage" (*longduan youshi*) and overseas expansion are the most crucial factors in the next phase of China's rise.²⁰ The authors argue that China's large SOEs should more aggressively pursue mergers and acquisitions (M & A), especially within the natural resource development industries.²¹

Li Rongrong, former chairman of the SASAC, recently admitted that the SASAC companies control over 90 percent of the assets in the country's pillar industries of oil, electric power, telecommunications, and defense.²² According to Li, three state-owned oil companies (Sinopec, CNPC, and China National Offshore Oil Corporation) account for over 90 percent of the total oil production in the country.²³ It should be noted that this does not even include another giant Chinese oil company, the Sinochem Group. CNPC alone controls 80 percent of the total production of natural gas in the country.²⁴ Not surprisingly, the top 15 PRC companies in the Fortune Global 500 are mainly in such monopolized and heavily state-controlled industries as petroleum refining, utilities, transportation, and banking.

The oligopoly of the SASAC companies not only jeopardizes the commercial interests of foreign companies, but also hurts China's own private enterprises. A recent study conducted by Chinese scholars showed, to the astonishment of many critics, that the total profits made by China's 500 largest private companies in 2009 were, in fact, less than the total revenues of two SASAC companies, China Mobile and Sinopec, in the same year.²⁵ In the recently released 2010 *China Enterprise 500*, SOEs accounted for 65.8 percent of the companies on the list and 84.7 percent of the total revenue.²⁶ This explains the widely used new Chinese concept "the state advances and private companies retreat" (*guojin mintui*), which reflects the Chinese public's concern about the ceaseless expansion of SASAC companies at the expense of the private sector. It is important to point out that the private sector's net return of investment was 8.18 percent, compared to 3.05 percent of the SOEs in the country in 2009.²⁷

Some of China's prominent public intellectuals recently issued a strong critique of the growing monopoly of SOEs in the Chinese economy. Xu Xiaonian, professor of

economics and finance at the China Europe International Business School in Shanghai and Sun Liping, professor of sociology at Tsinghua University in Beijing, both use the Chinese term *quanguo zibenzhuyi*, which can be translated as “crony capitalism” or “state capitalism” to express their worry about the growing trend of state monopoly in present-day China. They believe that, with the rapid expansion of the SOEs, China is heading in the wrong direction and drawing the wrong lessons from the recent global financial crisis.²⁸ Chen Zhiwu, a Chinese-born professor of economics and finance at Yale University, argues that China seems to have returned to the 1970s, during which the government strictly controlled the economy.²⁹ The intellectual chatter on issues surrounding the recent development of the SOEs reaffirms the importance of this study of China’s top executives.

China’s Top State Entrepreneurs: An Empirical Analysis

Thanks to rapid changes in the Internet and telecommunications, access to information about China’s leaders has never been better. During the past decade, PRC leaders have called for greater transparency, which has opened up a whole new world to foreign analysts of Chinese politics, economy, and society. In this age of economic globalization, businesses that compete on a global level have recognized the necessity of maintaining easily accessible websites that conform to international standards. China’s large enterprises are abreast of this trend: All SASAC companies have official websites, most of which provide comprehensive information about senior officers of the companies. (One notable exception is the China Guangdong Nuclear Power Holding Corporation.)³⁰ Examining the biographical information of the top business executives from China’s large SOEs—their political backgrounds, educational credentials, and professional experience—yields valuable insights about the collective characteristics and career patterns of this important elite group.

Gender, Ethnicity, Age, and Birthplace

Table 4 provides an overview of the biographical backgrounds of the 130 top leaders. As in most other countries in the world, male dominance among senior executive officers in business is still a common phenomenon in China. For example, among the Fortune Global 500 companies in 2010, only 12 (2.4 percent) are run by female CEOs.³¹ In this study of top leaders of China’s 130 large SOEs, only two companies (1.5 percent) are led by women. They are Xing Wei (b. 1956), chairperson and general manager of China Potevio Co., Ltd.; and Lei Xiangju (b. 1957), general manager and Party secretary of China National Cotton Reserves Corporation (CNCRC). None of the PRC companies on the list of the Fortune Global 500 is led by a female CEO.

Only two top leaders (1.5 percent) in these firms are not ethnically Han Chinese. They are Yun Gongmin (b. 1950), general manager of China Huadian Corporation (CHC), who is Mongolian; and Xu Yongzhu (b. 1953), chairman and Party secretary of China Gaoxin Investment Group Corporation (Gaoxin Group), who is ethnically Korean.

The age distribution of China’s top business executives is broader than that found in some other levels/sectors of Chinese leadership, which often have clear-cut age limits.³²

The wide range in the age distribution of top leaders of large SOEs may be attributed to two factors. First, these firms differ significantly in terms of their political weight and economic contribution. Second, the top leaders of these firms hold vastly different official ranks—some are full ministers, some are vice ministers, and still others are only bureau heads. Yet, a few full minister-level top executives are relatively young. For example, the chairman of COMAC, Zhang Qingwei, was the youngest minister-level official in China when he served as general manager of the China Aerospace Science and Technology Corporation, another SASAC company, from 2001 to 2007. Many top leaders in China's most prominent companies, such as the aforementioned Su Shulin of Sinopec, Xu Lejiang of the Baosteel Group Corporation, Wang Xiaochu of China Telecom, Xiao Gang of the Bank of China, and Xiang Junbo of the Agricultural Bank of China are relatively young.

Table 4
Backgrounds of Top Leaders of China's 130 Largest SOEs (2011)

	<i>Number</i>	<i>Percentage</i>
<i>Gender</i>		
Male	128	98.5
Female	2	1.5
Total	130	100.0
<i>Ethnicity</i>		
Han	128	98.5
Minority	2	1.5
Total	130	100.0
<i>Age (of 128 known)</i>		
65 or over (born before 1945)	4	3.1
60–64 (b. 1946–1950)	12	9.4
55–59 (b. 1951–1955)	45	35.2
50–54 (b. 1956–1960)	45	35.2
45–49 (b. 1961–1965)	18	14.0
40–44 (b. 1966–1970)	4	3.1
Total Known	128	100.0
<i>Top six birth provinces (of 84 known)</i>		
Shandong	13	15.5
Jiangsu	8	9.5
Shanghai	7	8.3
Zhejiang	6	7.1
Hebei	5	6.0
Hunan	5	6.0
other	40	30.8
Total Known	84	100.0

The youngest top leader in this study is Chen Xiangdong, general manager and Party secretary of China Printing (Group) Corporation, who was born in 1970. The other three leaders in their early 40s are Tan Zuojun (b. 1968), general manager of the China State Shipbuilding Corporation; Song Yufang (b. 1967), general manager of the China Railway Materials Commercial Corporation; and Hao Jian (b. 1966), chairman of the Zhongnan Commercial (Group) Co., Ltd. The most senior leaders in the study, all in their late 60s, are Miao Gengshu (b. 1941), chairman of Sinotrans; Liu Gaozhuo (b. 1943), chairman of China Coal Technology & Engineering Corporation; Jing Tianliang (b. 1945), chairman of China Metallurgical Group Corporation; and Chen Yuan (b. 1945), chairman and Party secretary of China Development Bank. A majority of the top leaders studied (70.4 percent) were born in the 1950s, and thus belong to the so-called fifth generation of leaders. To a great extent, the fifth generation of leaders has already dominated the top leadership of China's SASAC companies and other large state-owned firms.

The dominance of leaders from eastern China within the Party, government, and military has been the norm for decades. This phenomenon is also evident in the ranks of China's top state entrepreneurs. Table 4 lists the top six provinces or provincial-level cities in which top leaders of SOEs were born. Among the 84 leaders whose birthplaces have been identified, approximately 52.4 percent were born in these six provinces and about 40.4 percent were born in four provinces and cities in Eastern China (Shandong, Jiangsu, Shanghai, and Zhejiang). It is interesting to note that while an overwhelming majority of these SOEs have their headquarters in Beijing, most of their top leaders were born elsewhere in the Eastern China region.

Educational Backgrounds

The first part of this series, titled "China's Midterm Jockeying," argued that a major difference between the fourth generation and the fifth generation of civilian political leaders can be found in their educational backgrounds. Specifically, there are three significant contrasts. First, very few leaders in the fourth generation received postgraduate education, while the fifth generation of leaders often received graduate degrees, and many hold advanced degrees, including Ph.D.'s. Second, a majority of the leaders who were born in the 1940s (the fourth generation) studied engineering as undergraduates prior to the Cultural Revolution, while the fifth generation of leaders often received their education in far more diversified academic fields, including economics, management, politics, law, and humanities, thus indicating a trend toward fewer technocrats in the civilian leadership. And third, the fifth-generation leaders at the provincial and ministerial levels often attended part-time graduate programs, and many pursued mid-career training and advanced degrees from the Central Party School (CPS).

An analysis of the top leaders of SOEs, including the majority of the fifth generation in this study, shows that many of them also have advanced degrees, but engineers-turned-technocrats are still predominant among this elite group, and very few obtained their degrees from the CPS. Only five top corporate leaders in this study pool attended part-time degree programs at the CPS. They are: Xu Bing (b. 1949), general manager and Party secretary of China South Industries Group Corporation (CSGC), who participated in a correspondence undergraduate training program in management at CPS from 1991 to

1993; Jiang Jiemin (b. 1955), chairman and general manager of China National Petroleum Corporation (CNPC), who underwent a correspondence undergraduate training program in management at CPS from 1999 to 2001; Xiong Qunli (b. 1956), chairman and Party secretary of China Electronics Corporation (CEC), who received a master's degree in management through part-time study at CPS in 1997; Fan Jixiang (b. 1954), general manager of Sinohydro Corporation, who received a master's degree from CPS; and Sun Zhaoxue (b. 1962), general manager and Party secretary of China National Gold Group Corporation (CNGC), who received a master's degree through part-time study in management from CPS in 2002.³³

Table 5 shows that all of the 120 leaders whose educational backgrounds have been identified received a college-level education, with 88 (73.4 percent) receiving advanced degrees, 32 of which (26.7 percent) were Ph.D. degrees. Most of these Ph.D.'s are from China's top universities, including Tsinghua, Harbin Institute of Technology, Fudan, Jiaotong, and the Central China University of Science and Technology. For example, Ma Xingrui (b. 1959), general manager and Party secretary of China Aerospace Science and Technology Corporation (CASC), attended an undergraduate program in engineering mechanics at the Fuxin Mining Institute (now Liaoning Institute of Engineering) from 1978 to 1982, continued his graduate studies in general mechanics at Tianjin University 1982–1985 and obtained a Ph.D. in the same field from the Harbin Institute of Technology in 1988. After receiving his doctorate he taught at the Harbin Institute of Technology for eight years, including briefly serving as vice president of the Institute in 1996.

Table 5
Educational Backgrounds of Top Leaders of China's Large SOEs (2011)

<i>Educational level</i>	<i>Number</i>	<i>Percentage</i>
Ph.D.	32	26.7
master's degree	56	46.7
4-year college	30	25.0
2-year college	2	1.7
Total known	120	100.0
Academic major*		
Engineering	47	42.3
Management	20	18.0
MBA/EMBA	19	17.1
Economics/finance	12	10.8
Foreign language	6	5.4
Law	3	2.7
Politics, CCP affairs	2	1.8
Physics	1	0.9
Chinese	1	0.9
Total Known	111	100.0

*At the individual's highest level of education.

Table 5 shows that the academic fields of engineering, management, business, and economics/finance are the top four areas in which China's state entrepreneurs have specialized. As many as 47 leaders (42.3 percent) in the study received their highest degrees in engineering. Only two leaders (1.8 percent) studied politics or CCP affairs, which is in sharp contrast to the educational backgrounds of provincial chiefs in present-day China among whom 25.8 percent obtained their degrees in this area.³⁴ A significant number of the top corporate leaders in this study obtained their MBA or EMBA degrees from the China Europe International Business School (CEIBS) in Shanghai. For example, Xu Kaicheng (b. 1956), chairman of Nam Kwong (group) Company Ltd, has long worked in the petroleum refining industry in Shanghai and received an MBA degree from CEIBS in 1997, three years after the school was founded. After graduation, he served as assistant general manager and then deputy general manager of Sinopec before being appointed as chairman of Nam Kwong (group) Company in 2008.

A total of 16 leaders (12.3 percent) in the study pool have studied in foreign countries. Some of them received advanced degrees abroad. They include: Fu Chengyu (b. 1951), general manager of China National Offshore Oil Corporation, who received his master's degree in petroleum engineering from the University of Southern California; Fu Yuning (b. 1957), chairman and general manager of China Merchants Group, who studied for his Ph.D. in Ocean Engineering at Brunel University in Great Britain from 1982 to 1986; Jiang Kaixi (b. 1963), president of Beijing General Research Institute of Mining & Metallurgy, who attended a Ph.D. program at University of Aachen in Germany from 1990 to 1995; and Tan Zuojun (b. 1968), general manager of China State Shipbuilding Corporation, who received his J.D. degree from New York's Touro Law School in 1997.

Several leaders received MBA degrees overseas. For example, Xu Jianyi (b. 1953), general manager of FAW, received his MBA from Maastricht School of Management in the Netherlands in 1998; Ning Gaoning (b. 1958), chairman of COFCO, studied for his MBA at the University of Pittsburgh from 1983 to 1987; and Huang Tianwen (b. 1955), general manager of Sinosteel Corporation, received his MBA from Seton Hall University in New Jersey in 1986. A few leaders attended short-term training programs overseas. Among them are Zhang Guoqing (b. 1964), general manager of China North Industrial Group Corporation, who attended a three-month training program for senior business executives at Harvard Business School in 2001; and Jiang Jianqing (b. 1953), chairman of ICBC, who briefly attended Columbia University as a visiting scholar early in his career.

It is likely that a greater proportion of the younger generation of senior business executives of SOEs have studied abroad. Several designated successors to the current top leaders of some large firms in this study attended foreign universities. For example, Zhang Yuzhuo (b. 1962), general manager of Shenhua Group, spent four years as a post-doctoral fellow and visiting scholar in British and American universities in the mid-1990s after receiving his Ph.D in engineering from Beijing University of Science and Technology. Lu Yimin (b. 1964), general manager of China Unicom, who is in line to succeed its chairman Chang Xiaobing (b. 1957), received an MBA from the Kennedy

School of Government at Harvard in 2001. Lu served as *mishu* (personal assistant) for Zeng Qinghong when Zeng was vice president of the PRC. Cai Rang (b. 1957), a Tibetan, who is currently general manager of China Iron & Steel Research Institute Group and is in line to succeed its chairman, Gan Yong (b. 1947), received his MBA from the State University of New York and also attended Sheffield University and Cambridge University as a visiting scholar.

Career Paths, Leadership Experience, and Political Associations

Table 6 shows the distribution of the year of appointment of the 130 top leaders. There is a very high turnover rate among chief business officers in China's national SOEs. Almost 95 percent of this study's subjects were appointed within the past decade, and about two-thirds (66.2 percent) were appointed in the past five years. The leader with the longest tenure as top officer is Ren Kelei (b. 1950), who has served as general manager and deputy Party secretary of OCT Enterprises Co. since 1993. The fast turnover and relatively brief tenures may be attributed to two factors. First, mandatory retirement at a certain age for a certain level of leadership has been an important rule in Chinese elite politics over the past two decades. Although top leaders of SOEs are not subject to the strict regulations and term limits applied to provincial chiefs and ministers (who can stay in the same position for just two five-year terms), they are still significantly affected by the trend of relatively brief leadership tenures in present-day China. Second, some of these top leaders have recently moved from their posts as general managers to the post of chairman of the board of directors in the same firm due to joint-stock (shareholding) reforms in some SASAC companies. For example, this study counts 2009 as the year that Xiang Junbo, chairman of Agriculture Bank of China, was appointed to his current position. However, Xiang previously served as president of the bank for several years. Nevertheless, the fast turnover rate among China's top state business leaders is evident in this table.

Table 6

Year of Appointment of Current Top Leaders of the 130 Largest SOEs (2011)

<i>Appointment year</i>	<i>Number</i>	<i>Percentage</i>
2010	20	15.4
2009	15	11.5
2008	20	15.4
2007	20	15.4
2006	11	8.5
2005	10	7.7
2004	14	10.8
2003	7	5.4
2002	4	3.1
2001	2	1.5
2000	1	0.8
1995–1999	5	3.8
1994 or before	1	0.8
<i>Total</i>	130	100.0

Top leaders of SASAC companies, major commercial banks, and insurance companies are appointed primarily by the Department of Organization of the CCP. Table 7 provides information about the promotion patterns of this group of top business leaders. Among the 121 leaders in this study pool whose previous posts are identified, 67 (51.5 percent) were promoted from the same companies in which they currently serve as the top leaders. Among those who were transferred from another company, a majority of them came from the same industry. This Chinese *nomenklatura* personnel-appointment system is remarkable, particularly as evidenced by a 2004 case in which the three top leaders in China's three leading SASAC telecommunications companies—China Mobile, China Unicom, and China Telecom—rotated their posts.

Only six leaders (5 percent) were transferred from the central government. They include the aforementioned Zhang Qingwei, who was a cabinet minister before becoming chairman of China's largest aircraft manufacturing company; Guo Shuqing, chairman of China Construction Bank, who previously served as director of the State Administration of Foreign Exchange (SAFE) in the People's Bank of China; Sun Qin (b. 1953), general manager of the China National Nuclear Corporation (CNNC), who previously served as vice director of the State Energy Bureau; Chen Runsheng (b. 1957), chairman of China Hualu Group Ltd., who previously served as a bureau head in the Ministry of Information Industry; and Jin Kening (b. 1951), general manager of China National Chemical Engineering Group Corporation, who previously served as office director of the State Work Safety Bureau.

Table 7

Promotion Patterns among 121 Top Leaders of China's Largest SOEs (2011)

<i>Most recent previous post</i>	<i>Number</i>	<i>Percentage</i>
Promoted from same company		
Founding chief executive	2	1.7
Vice president	60	49.6
Lower than vice president	5	4.1
Promoted from different company		
From same industry	40	33.1
From different industry	5	4.1
Transferred		
From central government	6	5.0
From local government	3	2.5
Total	121	100.0

Three leaders (2.5 percent) were transferred from local governments: the aforementioned Sinopec chairman Su Shulin, who was transferred from his position as director of the Organization Department of the Liaoning Provincial Party Committee; General Manager of FAW Xu Jianyi, who was Party secretary of Jilin City for two years before he was appointed to be top leader of FAW in 2007; and He Tongxin, chairman of China General Technology, who previously served as vice governor of Hunan Province for 11 years. Only 20 leaders (15.4 percent) in this study had work experience in central

or local governments. A majority of top leaders of China's large SOEs advanced their professional and political careers exclusively through the same company or the same industry.

The Chinese authorities recently announced that some senior executive posts of SASAC companies should be open to competition internationally in order to recruit global talents. In August 2010, the CCP Organization Department and SASAC jointly listed 20 senior executive posts, including five top positions, open for a global search. These top openings are general manager positions at Dongfeng Motor Corporation (DFMC), the State Nuclear Power Technology Corporation (SNPTC), the China Travel Service (HK) Group Corporation (HKCTS), China State Construction Engineering Corporation (CSCEC), and Chinatex Corporation (originally China National Textiles Import and Export Corporation).³⁵ It remains to be seen whether this gesture will change the current fact that almost all top leaders have been insiders in the CCP system, if not in the same company or the same industry's political patron-client network.

This study shows that all 130 top leaders in China's large SOEs are CCP members. A significant number of these top business leaders, however, obtained CCP membership relatively late in their professional careers. For example, Ma Xingrui (b. 1959), general manager and Party secretary of the China Aerospace Science & Technology Corporation, joined the CCP in 1988, the same year he received his Ph.D. from the Harbin Institute of Technology; Xu Ping (b. 1957), chairman and general manager of the Dongfeng Motor Corporation, joined the CCP in 1987; and Zhang Qingwei (b. 1961), chairman and Party secretary of COMAC, did not join the CCP until 1992, 10 years before becoming a full member of the Central Committee at the 16th Party Congress.

An important trend in Chinese elite recruitment during the past two decades has been the overrepresentation of a group of leaders known as *tuanpai*, individuals who have advanced their careers through leadership in the Chinese Communist Youth League (CCYL). This trend is particularly evident in the provincial and ministerial levels of leadership.³⁶ But among the 130 top leaders in China's large SOEs, only one has advanced his career through the CCYL leadership. Wu Yan (b. 1961), chairman and general manager of the People's Insurance Co. of China, attained the post of deputy secretary of the CCYL Committee in Xinjiang in 1985, three years after receiving his undergraduate degree from the Xinjiang Institute of Economics and Finance in 1981. He continued to work as deputy director of the Organization Department of the CCYL Central Committee. Wu received his Ph.D. in economics in 2002 from the Chinese Academy of Social Sciences (CASS), during his tenure as secretary of the CCYL Committee in the Central Financial Work Commission (1998–2003). In 2003, he was appointed vice president of the China Life Insurance Group, beginning his leadership career in the insurance sector. It is evident that *tuanpai* leaders usually pursue their post-CCYL political careers through local leadership rather than the administration of SOEs.

The work experience of the personal assistants (*mishu*) of senior leaders has also been an important steppingstone in Chinese political recruitment, but this may be truer among the provincial, ministerial, and military elites than in the leadership of SOEs. This

study finds only five top leaders in China's large SOEs who have advanced their careers through the *mishu* experience. Xiao Gang (b. 1958), chairman of the Bank of China, served as a *mishu* to Lu Peijian, then governor of the People's Bank of China, in the early 1980s immediately after graduating from the Hunan Institute of Economics and Finance. From there, Xiao sprang onto the fast track for promotion, and at the age of 36 became the youngest full bureau-level leader in the People's Bank. Wang Xiaokang (b. 1955), chairman of China Energy Conservation Investment Corporation, began his career as a *mishu* for a senior leader in the general office of the National People's Congress in 1983, soon after receiving his law degree at Beijing University. Song Yaohua (b. 1958), general manager of China Huaxing Group, served as a *mishu* in both the Ministry of Materials and the Ministry of Domestic Trade early in his career. Mao Guoqing (b. 1953), general manager of China National Salt Industry Corporation (ChinaSalt), began his career as a *mishu* in the Jiangsu Salt Company and continued his *mishu* work for over a decade in various government institutions. Ren Kelei (b. 1950), general manager of Shenzhen-based OCT Enterprises Co., served as chief of staff in the Shenzhen municipal Party committee from 1990 to 1993 before being appointed to his current position.³⁷

It has been widely reported in both China and abroad that *princelings*—children of high-ranking officials (vice minister/vice governor and above)—have been predominant players in the business arena, including the leadership of China's large SOEs. For example, the son of Li Peng, Li Xiaopeng, currently executive vice governor of Shanxi Province, was chairman and general manager of China Huaneng Group; and Li Peng's daughter, Li Xiaolin, is currently chairman of China Power International Development Limited. Li Xiaopeng and Li Xiaolin both have tremendous power and influence in China's electric power industry.³⁸ However, it is not always easy for analysts (Chinese or foreign) to trace the family backgrounds of the business executives of China's large SOEs. Quite often, the public learns the backgrounds of some princelings only after they are arrested on corruption charges. For example, Chen Tonghai, the chairman and general manager of Sinopec, was arrested in 2007 for allegedly taking bribes in the amount of 195 million yuan. In 2009 he was convicted and given a death sentence (suspended for two years).³⁹ Chen Tonghai's father was Chen Weida, who consecutively served as deputy Party secretary of Zhejiang, Party secretary of Tianjin and deputy Party secretary of the Central Political and Law Committee. Chen Tonghai advanced his career from Ningbo, a city in Zhejiang, where he served as vice mayor and then mayor before being appointed to be vice chairman of the State Planning Commission in 1994, when he was only 45 years old. He was appointed deputy general manager of Sinopec in 1998 and became chairman and general manager in 2003.

Based on available (and verified) sources, this study identifies five top leaders as princelings. They include Chen Yuan (b. 1945), chairman of China Development Bank and son of Chen Yun, former vice premier and Politburo Standing Committee member; Tan Zuojun (b. 1968), general manager of China State Shipbuilding Corporation and grandson of Tan Jiashu, former vice commander of Air Force; Kong Dong (b. 1950), general manager of China National Aviation Holding Company (Air China Group) and son of Kong Yuan, the first commissioner of PRC Customs; Chen Hongsheng (b. 1950), chairman of the China Poly Group Corporation and son of Chen Zhengren, former Party

secretary of Jiangxi Province; and the aforementioned Ren Kelei (b. 1950), general manager of OCT Enterprises Co. and son of Ren Zhongyi, former Party secretary of Guangdong. Further research is needed in order to identify more top leaders of China's large SOEs with princeling backgrounds.

Top Power Contenders with SOE backgrounds to Watch

Most of the new members of the next Politburo, which will be formed at the 18th Party Congress in the fall of 2012, will be selected from among those candidates who have strong backgrounds in provincial leadership. It may take some time for leaders with strong administrative experience in business firms to collectively become central players in Chinese elite politics. Yet, the number of current and former leaders of China's large SOEs who have already served on the Central Committee of the CCP continues to grow, and some of these leaders have even been appointed to the Politburo and its Standing Committee.

Table 8 lists current prominent political leaders with administrative experience in SASAC companies and other large SOEs. They include two Politburo Standing Committee Members (Jia Qinglin, who served as general manager of the China National Machinery & Equipment Import & Export Corporation from 1978 to 1983, and Zhou Yongkang, who was general manager of CNPC in the late 1990s) and two Politburo members (Liu Qi, who served as general manager of Wuhan Iron and Steel Company in the early 1990s, and Wang Qishan, who was president of China Construction Bank from 1994 to 1997). They also include three cabinet members—newly appointed minister of Industry and Information Technology Miao Wei, who advanced his career primarily through the automobile industry; Finance minister Xie Xuren, who served as president of China Agricultural Development Bank; and governor of People's Bank Zhou Xiaochuan, who served as president of China Construction Bank—and three provincial Party secretaries: Hainan Party secretary Wei Liucheng, who advanced his career primarily through the oil industry; Xinjiang Party secretary Zhang Chunxian, who served as general manager of China National Packaging and Food Machinery Corporation in the early 1990s; and Guangxi Party secretary Guo Shengkun, who served as general manager of the Aluminum Corporation of China from 2001 to 2004. Wang Qishan (b. 1948) will most likely become a member of the Politburo Standing Committee in 2012 and Zhang Chunxian (b. 1953) will likely get a seat in the next Politburo.

Among the youngest leaders on the list, Minister of Industry and Information Technology Miao Wei, Deputy Secretary General of the State Council Xiao Yaqing, Jilin Executive Vice Governor Zhu Yanfeng, Taiyuan Party Secretary Chen Chuanpin, and Shanxi Executive Vice Governor Li Xiaopeng are all considered to be rising stars in the Chinese leadership. Most of them are already in the CC and will very likely be reelected at the 18th Party Congress. Table 9 includes all the members and alternates of the 17th CC and members of the Central Commission of Discipline Inspection (CCDI) who represent business firms. With the exception of Zhang Ruimin (b. 1949), CEO of Haier Group, which is a privately owned company, all others are the leaders of large SOEs. These 27

Table 8*Current Prominent Political Leaders with Administrative Experience in SASAC Companies and Other Large SOEs (2011)*

<i>Name</i>	<i>Born</i>	<i>Current position</i>	<i>CC membership</i>	<i>SASAC/major company experience</i>
Jia Qinglin	1940	Chairman, Chinese People's Political Consultative Conference	Politburo Standing Committee member	General manager, China National Machinery & Equipment Import & Export Corporation (1978–1983)
Zhou Yongkang	1942	Secretary, Politics and Law Committee	Politburo Standing Committee member	General manager, China National Petroleum Corporation (1996–98)
Liu Qi	1942	Party secretary, Beijing	Politburo member	General manager, Wuhan Iron and Steel Company (1990–93)
Wang Qishan	1948	Vice premier	Politburo member	President, China Construction Bank (1994–97)
Xie Xuren	1947	Minister, Finance	Full member	President, China Agricultural Development Bank (1998–2000)
Zhou Xiaochuan	1948	Governor, People's Bank of China	Full member	President, China Construction Bank (1998–2000)
Wei Liucheng	1946	Party secretary, Hainan Province	Full member	Chairman and CEO, China National Offshore Oil Company (1999–2003)
Zhang Chunxian	1953	Party secretary, Xinjiang	Full member	General Manager, China National Packaging and Food Machinery Corporation (1993–1995)
Guo Shengkun	1954	Party secretary, Guangxi Province	Alternate member	General manager, Aluminum Corporation of China (2001–04)
Xiao Yaqing	1959	Deputy secretary general, State Council	Alternate member	CEO, Aluminum Corporation of China (2004–09)
Zhu Yanfeng	1961	Executive vice governor, Jilin Province	Alternate member	General manager, First Auto Work Group Corporation (1999–2007)
Wang Yupu	1956	First secretary, All-China Federation of Trade Unions	Alternate member	Chairman, Daqing Oilfield Company (2003–09)
Chen Chuanping	1963	Party secretary, Taiyuan City	Alternate member	General manager, Taiyuan Iron and Steel Company (2000–08)
Miao Wei	1955	Minister, Industry and Information Technology	Alternate member	General manager, Dongfeng Auto Corporation (1999–2005)
Li Xiaopeng	1959	Executive vice governor, Shanxi Province	None	General manager, China Huaneng Group (1999–2008)
Xi Guohua	1951	Executive vice minister, Ministry of Industry and Information	CCDI member	General manager, China Netcom (2002–03)
Li Jiaxiang	1949	Executive vice minister, Ministry of Transportation	None	General manager, China National Aviation Holding Company (2004–08)

leaders already constitute a small but visible elite group in these two important leadershipbodies. It is interesting to note that none of these individuals will reach the mandatory retirement age in 2012 (birth year of 1944 or earlier) as enforced in these two institutions. Twenty-one of them (77.8 percent) received advanced degrees, eight (29.6 percent) hold Ph.D.'s, and eight (29.6 percent) studied abroad (either as degree candidates or visiting scholars). The number of leaders with strong credentials in business leadership will likely further increase at the 18th CC.

Table 9

Prominent Business Leaders Who Currently Serve on the 17th CCP Central Committee or the Central Commission of Discipline Inspection

<i>Name</i>	<i>Born</i>	<i>Current position</i>	<i>Since</i>	<i>Education level (foreign studies)</i>
Zhang Qingwei	1961	Chairman, Commercial Aircraft Corp. of China	2008	MA
Xiang Junbo	1957	Chairman, Agricultural Bank of China	2007	Ph.D. (Australia)
Jiang Jianqing	1953	Chairman, Industrial & Commercial Bank of China	2005	Ph.D. (U.S.)
Xiao Gang	1958	Chairman, Bank of China	2003	MA
Chen Yuan	1945	Chairman, China Development Bank	1998	MA
Lou Jiwei	1950	Chairman, China Investment Corporation	2007	MA
Wang Xiaochu	1958	Chairman, China Telecom	2008	BA
Zhang Guoqing	1964	CEO, China North Industries Group Corporation	2004	Ph.D. (U.S.)
Xu Lejiang	1959	Chairman, Shanghai Baosteel Group Corp.	2007	MA (HK, U.S.)
Zhang Xiaogang	1954	GM, Anshan Iron & Steel Group Corp.	2008	Ph.D.
Guo Shuqing	1956	Chairman, China Construction Bank Corp.	2005	Ph.D. (UK)
Jiang Jiemin	1955	Chairman, China National Petroleum Corp.	2006	MA
Liu Zhenya	1952	General Manager, State Grid	2004	MA
Li Changyin	1951	GM, China Shipbuilding Industry Corporation	2001	BA
Zhang Ruimin	1949	CEO, Haier Group	2000	MA
Liu Shiquan	1963	Party secretary, No. 9 Institute of China Aerospace Science & Industry Corporation	2001	MA
Lin Zuoming	1957	GM, China First Aviation Industry Corporation	2008	Ph.D.
Shi Dahua	1951	Chairman, China Railway Engineering Corp.	2006	2-year college
Yuan Jiajun	1962	Deputy General Manager, China Aerospace Science and Technology Corporation	2007	MA (Germany)
Jin Zhuanglong	1964	GM, Commercial Aircraft Corporation of China	2008	Ph.D. (HK)
Su Shulin	1962	Chairman, Sinopec Group	2007	MA
Li Jincheng	1963	Deputy Chief Engineer, China Railway Construction Corporation	2003	BA
Wei Jiafu	1950	CEO, China Ocean Shipping Companies Group (COSCO Group)	1998	Ph.D.
Wang Zhigang	1957	GM, China Electronics Technology Group Corp.	2003	BA
Xu Dazhe	1956	GM, China Aerospace Science & Industry Corp.	2007	MA
Xu Bin	1949	GM, China South Industries Group Corporation (CSIGC)	2003	2-year college
Fu Chengyu	1951	Chairman, China National Offshore Oil Corp.	2003	MA (U.S.)

ABBREVIATIONS: CEO = Chief Executive Officer; Corp. = Corporation; GM = General Manager

One may reasonably argue that the presence of top CCP national leaders with administrative experience in SOEs is not an entirely new phenomenon. A number of top

leaders in the third and fourth generations served as general managers or directors in factories and companies earlier in their careers. For example, former president Jiang Zemin served as director of several large factories in Shanghai and Changchun in the 1950s and 1960s and former premier Li Peng first served as director of power plants in Northeastern China and then as chief of the Beijing Electricity Authority before being appointed to the position of vice minister of the Electric Power Industry in 1979.

There are, however, at least two main differences between senior leaders Jiang Zemin and Li Peng and new business executives Zhang Qingwei, Zhu Yanfeng, and Su Shulin, who were discussed in the beginning of this essay. First, the business entities administrated by the former and the large companies led by the latter are fundamentally different, both in size and in type. The Commercial Aircraft Corporation of China, the FAW, and Sinopec are all gigantic companies competing in the global market. This gives these CEOs not only tremendous power in making financial and economic decisions, but also an overwhelming sense of corporate responsibility as a result of the very high stakes of their decisions. Although all of these firms are state-owned companies with the privilege of monopoly and other preferential policies, the CEOs must have sharp business minds and a global perspective.

Second, the business leadership backgrounds of Jiang and Li are not usually considered the defining experiences of their political careers. In contrast, the experience of running China's flagship companies (in the case of Zhang, Zhu and Su) is likely to be seen as the most salient evidence of their leadership abilities, both now and in the future. Though business administrative experience did not serve as a major political stepping stone for Jiang and Li, it will most likely do so in the case of Zhang, Zhu, and Su. In fact, a majority of the third, fourth, and fifth generations of Chinese leaders did not have much leadership experience in the business world and very few served as CEOs of companies. In a way, Jiang and Li's business leadership experiences were exceptions rather than norms in their generation. Many leaders, including Jiang, Jia Qinglin, and Zhou Yongkang, have advanced their careers primarily through provincial leadership, and some others have advanced their careers through the ranks of the CCYL. At the 17th Politburo, for example, 76 percent of the members previously served as provincial chiefs and most advanced their careers step by step from local leadership to county, prefecture/municipality, and province. At the 17th Central Committee, 86 members and alternates (23 percent) have advanced their careers through the CCYL.⁴⁰

In contrast, nowadays very few princelings pursue careers through lower levels of local governments or the CCYL. A majority of this new generation of princelings pursue careers in the business world—in joint ventures, foreign companies, or SOEs.⁴¹ This development may not only broaden the channel of political recruitment in the PRC, but may also, in a significant way, change the rules of the game in Chinese elite politics in the years to come.

SOEs and Vested Corporate Interest Groups

The importance of large SOEs in the political and socioeconomic life of present-day China goes far beyond the economic competitiveness of these firms in the global market and their chief executive officers' political weight in the national leadership. It embodies some of the most controversial political issues in the country—the role of vested corporate interest groups in decision-making and the status of state-society relations in the light of the recent trend “the state advances and private companies retreat.” In fact, never in the six-decade history of the PRC have the Chinese general public paid as much attention to vested corporate and industrial interest groups as they have in recent years.

Not surprisingly, a new term, “black collar stratum” (*heiling jieceng*) was recently created in China to refer to the increasing number of the rich and powerful who dress in black, drive black cars, have hidden incomes, live secret lives with concubines, have ties to the criminal underground (*heishehui*, or black society), and most importantly, operate their businesses and wield their economic power in an opaque manner.⁴² The “black collar” phenomenon reflects widespread public resentment at the increasingly close associations between government officials and the CEOs of large corporate and industrial firms. The public has become even more resentful as some of the rich entrepreneurs and corrupt officials have engaged in a new “wave of investment immigration” to Canada, Australia, and the United States, which has created an outflow capital of 17 billion yuan in the past three years.⁴³

The various players associated with property development have emerged as one of the most powerful special interest groups in present-day China. According to Sun Liping, a sociology professor at Tsinghua University, the real estate interest group has accumulated tremendous economic and social capital during the past decade.⁴⁴ The huge profits of property developers in China are often compared to those of drug-dealers. Ever since the early 1990s real estate bubble in Hainan, this interest group has consistently attempted to influence government policy and public opinion. The group includes not only property developers, real estate agents, bankers, and housing market speculators, but also some local officials and public intellectuals (economists and journalists) who promote the interests of the group.⁴⁵ The power of this corporate interest group explains why it took 13 years for China to pass the anti-monopoly law, why the macroeconomic control policy in the mid-1990s was largely ineffective, and why the widely perceived property bubble in coastal cities has continued to grow. In each of these cases, corporate and industrial interest groups have encroached upon the governmental decision-making process, either by creating government policy deadlock or manipulating policies in their own favor.

The Chinese government recently admitted that more than 70 percent of the 121 SASAC companies are engaged in the real estate business and property development.⁴⁶ These companies also run about 2,500 hotels in the country. The official media have criticized these companies for “not doing their proper business” (*buwu zhengye*). According to Xinhua News Agency, the Chinese government recently ordered 78 SASAC companies to withdraw their investments in the real estate business.⁴⁷ It has been

speculated that some portion of China's stimulus package (4 trillion yuan or US\$586 billion) in the wake of the 2008 global financial crisis has been used—inappropriately—for property development.⁴⁸ According to a senior researcher of the Ministry of Housing and Urban-Rural Development, about 32 percent of the stimulus package was invested in real estate.⁴⁹ Zhang Ping, minister of the National Development and Reform Commission, however, told reporters at the National People's Congress' annual meeting in March that “not one penny of the stimulus package has been invested in real estate.”⁵⁰ This controversy may relate to the difference in defining real estate investment by SOEs. Some distinguished economists in both China and abroad, for example, Xu Xiaonian and Chen Zhiwu, recently expressed their deep worry about the direction of the Chinese economic change. They believe that the rapid expansion of China's large SOEs has reversed Deng Xiaoping's plan for China's development.⁵¹

With the monopoly of large SOEs in the telecommunications sector (as described earlier vis-à-vis China Mobile's roaming fees) on the one hand, and SOE speculation in real estate that gains huge returns on the other, there is no incentive for these flagship companies to pursue technological innovation. This explains a paradoxical phenomenon: while China's large SOEs have dramatically increased their numbers and rankings on the Fortune Global 500 over the past decade or so, no single Chinese brand has come to the fore in the global market.

Looking Ahead

The emergence of the business elite as new stars in the CCP leadership presents the country with both challenges and opportunities for solving many of the emerging problems related to SOEs, such as real estate speculation and interest group interference. Amid concerns in China over increasingly monopolistic SOEs and worries abroad over alleged Chinese protectionism, the role of business interests in elite politics must be closely watched.

Indeed, the overlap between the business elite and the political elite will have immense consequences for the Chinese government as a whole. The unique backgrounds and life experiences of the business elite, including overseas studies and political ties, will most certainly impact their decision-making and policy choices. Though their business backgrounds could have a negative impact on such government policies as those aiming to slow growth, their more diverse backgrounds may lead to more-nuanced policy.

The political transition in 2012 will be an important litmus test for the future role of business elites in the Party leadership. Their relative success or failure will help illuminate the future importance of business interests in Chinese politics and contribute to the ongoing discourse about socioeconomic fairness, thus perhaps portending a new phase of transformation of state-society relations in this rapidly changing country.

Notes

*The author is indebted to Yinsheng Li for research assistance. The author also thanks Sally Carman and Eve Cary for suggesting ways in which to clarify the article.

¹ Liu Jen-Kai, “Zhu Yanfeng,” in Wenxian Zhang and Ilan Alon, comp., *Biographical Dictionary of New Chinese Entrepreneurs and Business Leaders* (Edward Elgar, 2009), pp. 266–267.

² Quoted from Mary Jo A. Pham. See “Fortune Global 500: 2010,” *Fortune* magazine, July 26, 2010, <http://money.cnn.com/magazines/fortune/global500/2010/snapshots/10694.html>.

³ The other youngest alternate member was Liu Shiquan (b. 1963), also a business leader who has served as director of the China Aerospace Science & Industry Corp.

⁴ The 16th Congress included 38 delegations. In addition to the two new delegations from enterprises and financial firms, there were 31 provincial and municipal delegations, one from the PLA, one from the central party, one from the central government, one from Hong Kong and Macao, and one representing Taiwan.

⁵ For more discussion of the status and classification of the SOEs (in Chinese), see “中央企业现状与分类” (The status and classification of central state-owned enterprises), August 18, 2010, <http://finance.vip168168.com/caijingxueyuan/118140.html>.

⁶ See “李荣融 ‘以朱镕基为榜样 以普京为偶像’” (Li Rongrong, “I consider Zhu Rongji as a role model and Putin as an idol”), *Xinhua*, September 8, 2010, http://news.xinhuanet.com/fortune/2010-09/08/c_12530988.htm. Also see Chen Zhiwu, *Shuo Zhongguo jingji* (Assessing the Chinese economy; Taiyuan: Shanxi jingji chubanshe, 2010), p. 103.

⁷ See “李荣融 ‘以朱镕基为榜样 以普京为偶像’” (Li Rongrong, “I consider Zhu Rongji as a role model”).

⁸ See “中央企业现状与分类.” According to Li Baomin, director of the Research Center of the SASAC, the number of SASAC companies will be reduced to somewhere between 30 and 50 during the 12th five-year plan period (2011–2015). See “十二央企数量将减至50家以内” (SASAC companies will be reduced to 50 or less during the 12th Five-Year Plan), http://news.xinhuanet.com/fortune/2010-11/01/c_12725939.htm.

⁹ “七成国资委监管央企涉足房地产 尚无退出时间表” (70% of SASAC companies invest in real estate and they do not have timetable to withdraw from this sector), *Xinjing bao* (New Capital Daily), March 19, 2010, http://bt.xinhuanet.com/2010-03/19/content_19293215.htm.

¹⁰ See “Fortune Global 500: 2010,” *Fortune* magazine, July 26, 2010,

<http://money.cnn.com/magazines/fortune/global500/2010/snapshots/10773.html>.

¹¹ Li Rongrong, former chairman of the SASAC, recently stated that the most important criteria for China’s rise to global economic giant status are the number of Chinese companies that make it on the Global 500 list. See “李荣融 ‘以朱镕基为榜样 以普京为偶像.’”

¹² *Caiifu* (Fortune), China edition, October 2010, pp. 125–130.

¹³ According to the study by L. Michael Cacace, senior editor of *Fortune* magazine, the highest representation of Japanese companies occurred in 1995 when Japan had 149 companies listed on the Fortune Global 500, and the highest representation of U.S. companies occurred in 2001 when the U.S. had 197 companies listed. L. Michael Cacace, “‘财富’世界500强排行榜的历史” (History of the Global Fortune 500), *Caiifu* website (in Chinese), October 27, 2010, http://www.fortunechina.com/fortune500/c/2010-10/27/content_43634.htm.

¹⁴ Quoted in Wu Xiaobo, *Jidang sanshi nian: Zhongguo qiye 1978–2008* (Thirty Years of China Business, 1978–2008), vol. 2 (Beijing: Zhongxin chubanshe, 2008), p. 309.

¹⁵ “国家和地区排名” (Ranking by State and Region), *Caiifu*, China edition, October 2010, p. 122.

¹⁶ For more information about the Shagang Group, see its website: <http://www.sha-steel.com/eng/index.html>; and “Fortune Global 500: 2010,” *Fortune* magazine, July 26, 2010, <http://money.cnn.com/magazines/fortune/global500/2010/snapshots/11567.html>.

¹⁷ For more discussion on the strategic shift, see Zhu Jinzhou, *Dianxin jingzhengli pingjia yu duice* (Telecommunication competitiveness: Assessment and policy; Beijing: Posts & Telecoms Press, 2006), pp. 183–184.

¹⁸ Michael Forsythe, “China Inc.” *Bloomberg Markets* magazine, October 13, 2010, accessed at <http://www.bloomberg.com/news/print/2010-10-13/china-inc-.html>.

¹⁹ Huawei, for example, received a loan of US\$600 million from the China Import-Export Bank, which it used for overseas expansion in the middle of the last decade.

²⁰ Yang Qing, *Zhongguo kuaguo gongsi chengzhang yanjiu* (Study of the development of China’s transnational corporations; Beijing: Renmin chubanshe, 2009), p. 30; and Yang Zhongzhi, *Qiye haiwai*

binggou ji haiwai zigongsi neibu kongzhi yanjiu (Overseas mergers and acquisitions and study of overseas subsidiaries' internal control; Xiamen: Xiamen daxue chubanshe, 2010).

²¹ Xie Hao, *Kuaguo binggou yu Zhongguo qiye de zhanlue xuanze* (Overseas mergers and acquisitions: Chinese enterprises' strategic choices; Beijing: Renmin chu banshe, 2009), pp. 201–202.

²² See “李荣融‘以朱镕基为榜样 以普京为偶像’” According to another official source, state assets accounted for over 92 percent of the value of telecommunications, electric power, oil and natural gas, and shipping industries; and 78 percent of aviation, defense, and coal and mining. See “中国中央企业国有资本超过 2 万亿元” 超中 (The total assets of SASAC companies exceed 2 trillion yuan), Xinhuanet, August 20, 2010, http://news.xinhuanet.com/fortune/2010-08/12/c_12440586.htm.

²³ See 孟华, 何宗渝, 邹兰 “中国国有企业定位引发达沃斯领军者热议” (Meng Hua, He Zongyu, Zou Lan; Heated discussion in Davos on the status of the Chinese SOEs), Xinhuanet, September 15, 2010, http://news.xinhuanet.com/fortune/2010-09/15/c_12555153.htm.

²⁴ See “李荣融‘以朱镕基为榜样 以普京为偶像,’” Xinhuanet, September 8, 2010, http://news.xinhuanet.com/fortune/2010-09/08/c_12530988.htm.

²⁵ “民企500强利润总和不及两大央企” (The total profits of China's 500 largest private companies are less than the total profits of two SASAC companies), *Beijing shangbao* (Beijing Business Daily), August 30, 2010. See also http://news.xinhuanet.com/fortune/2010-08/30/c_12496387.htm.

²⁶ See 孟华, 何宗渝, 邹兰 “中国国有企业定位引发达沃斯领军者热议” (Meng, He, Zou, “Heated discussion in Davos”).

²⁷ This is based on Xu Xiaonian's research. See his blog: <http://xuxiaonian.blog.sohu.com/160724498.html>.

²⁸ 孙立平 “社会溃败的趋势” (Sun Liping, The trend of social decay), *Nanfangchuang* (Southern Window), August 30, 2010; and *Lianhe zaobao* (United Morning News), August 1, 2010. For more discussion of this topic, see Sun Liping's blogs: <http://finance.ifeng.com/opinion/zjgc/20100830/2567934.shtml>; and http://www.360doc.com/content/10/0802/18/23620_43208168.shtml. In his recent book, *The End of the Free Market: Who Wins the War between States and Corporations?* (Portfolio, 2010), Ian Bremmer, the president of the Eurasia Group, also expressed concern about the rise of state capitalism in China.

²⁹ *Shijie ribao* (World Journal), October 27, 2010, p. B7. Also see Chen Zhiwu, *Shuo Zhongguo jingji* (Assessing the Chinese economy, Taiyuan: Shanxi jingji chubanshe, 2010), p. 103.

³⁰ A few other exceptions include China Huafu Trade & Development Group Corp., China Hualu Group, and China Railway Materials Commercial Corporation. These companies' websites list only the names of the senior officers of the company and do not include their biographies.

³¹ See “Fortune Global 500: 2010,” *Fortune* magazine, July 26, 2010, <http://money.cnn.com/magazines/fortune/global500/2010/>.

³² For further discussion on this subject, see the first three parts of this series.

³³ In addition, only six leaders, including Li Changyin (b. 1951), general manager and party secretary of the China Shipbuilding Industry Corporation, attended short-time training programs at the CPS.

³⁴ See Part 1 of this series, “Provincial Chiefs,” *China Leadership Monitor*, no. 31, February 2010.

³⁵ See <http://www.sasac.gov.cn/n1180/n1566/n259685/n263403/7531044.html>.

³⁶ See Cheng Li, “Hu's Policy Shift and the Tuanpai's Coming-of-Age,” *China Leadership Monitor*, no. 15 (Summer 2005).

³⁷ The aforementioned Lu Yimin, general manager of China Unicom and a *mishu* to Zeng Qinghong, is not the top leader in the company, thus should not be counted here.

³⁸ *Shijie ribao* (World Journal), September 12, 2010, p. A11.

³⁹ In the PRC, those convicted in capital cases face one of two alternatives: immediate execution, or a two-year “suspended death sentence” that is usually commuted to life imprisonment.

⁴⁰ See Cheng Li, “China's Communist Party-State: The Structure and Dynamics of Power,” in William A. Joseph (ed.), *Politics in China* (New York: Oxford University Press, 2010), p. 171, and p. 187.

⁴¹ *Shijie ribao* (World Journal), September 12, 2010, p. A11; and “To the money born” *Financial Times*, March 30, 2010, <http://www.ft.com/>.

⁴² It is unclear who first coined the term “black-collar stratum.” Most online postings in China attribute the label to U.S.-educated economist Lang Xianping (Larry Lang), but Lang has publicly denied that he wrote the widely circulated article that popularized the term. See Tom Orlik (tr.), “The black collar class,” *China Translated* (blog), June 12, 2009, <http://www.chinatranslated.com/?p=407>.

⁴³ *Shijie ribao* (World Journal), August 30, 2010.

⁴⁴ Sun Liping, “*Zhongguo jinru liyi boyi de shidai*” (China is entering the era of the conflict of interests), <http://chinesenewsnet.com>, February 6, 2006.

⁴⁵ Jin Sanyong, “*Zhongyang difang cunzai mingxian boyi*” (The open game that the central and local governments play), Academic Knowledge Net, February 10, 2006. See <http://www.zisi.net>.

⁴⁶ “逾七成央企涉足房地产业, 央企炒地被指不务正业” (About 70% of SASAC companies invest in real estate and are considered as not doing their proper business) *Qianjiang wanbao* (Qianjian Evening News), February 11, 2010. Also see <http://www.chinanews.com.cn/estate/estate-lspl/news/2010/02-11/2121577.shtml>.

⁴⁷ See “七成国资委监管央企涉足房地产尚无退出时间表,” http://bt.xinhuanet.com/2010-03/19/content_19293215.htm.

⁴⁸ “住建部官员: 4万亿投资中32%与房地产相关” (An official of the Ministry of Housing and Urban-Rural Development says that 32% of the 4 trillion yuan stimulus package is invested in real estate), http://news.xinhuanet.com/fortune/2009-03/17/content_11024848.htm.

⁴⁹ Ibid.

⁵⁰ “4万亿投资 没有一分钱投向房地产” (Not one penny of the 4 trillion stimulus package has been invested in real estate), http://www.sc.xinhuanet.com/content/2010-03/07/content_19178284.htm.

⁵¹ For Xu Xiaoning’s views, see <http://xuxiaonian.blog.sohu.com/158818651.html>. For more discussion of Chen Zhiwu’s critique of the growing state monopoly, see *Shijie ribao* (World Journal), October 27, 2010, p. B7. Also see Chen’s *Shuo Zhongguo jingji*.