

The Big Read **Wang Qishan**

Wang Qishan: China's enforcer

The head of the anti-corruption campaign has many foes. But his supporters want him to become the next premier

YESTERDAY by: Tom Mitchell in Beijing, Gabriel Wildau in Shanghai and Henny Sender in Hong Kong

To his admirers, Wang Qishan is the best premier China never had. Over the past four decades the 69-year-old head of President Xi Jinping's anti-corruption campaign has built one of the most remarkable CVs in [modern Chinese politics](#).

From his emergence as an influential young reformer in the early 1980s to his handling of trade and economic relations with the US during the global financial crisis, Mr Wang has played an important role in almost every pivotal financial and economic reform in modern Chinese history.

More recently he has stood out in a much more political post. Since late 2012 he has been, as some refer to him, “the handle on President Xi's knife”. Under Mr Wang's leadership, the ruling Communist party's Central Commission for Discipline Inspection has tormented government ministers, People's Liberation Army generals and state-owned enterprise executives. His investigators have arrested more than 150 officials with vice-ministerial rank or higher — [so-called “tigers”](#) — for alleged corruption.

As China prepares for a crucial Communist party congress in the autumn, which is expected to formally mark Mr Xi's second five-year term and reshuffle parts of the senior leadership, Mr Wang has become one of the central figures in the intense, behind-the-scenes machinations. By recent precedent, Mr Wang, who has passed the unofficial retirement age of 68, might be expected to resign from the Politburo Standing Committee and fade into the background. Instead, there is a growing whispering campaign that he will be given an expanded economic policy role — perhaps, even, as premier, in place of Li Keqiang.

For many observers of the Chinese economy, such a promotion could help unlock Mr Xi's stalled economic reforms, with Mr Wang the sort of tough enforcer and political infighter needed to take on the vested interests that have stifled previous efforts.

"It would send a huge shock through the system if the guy who has all the information on everyone were suddenly put in charge of the economy," says one person who has met Mr Wang.



Wang Qishan with President Barack Obama in 2009. Mr Wang is known for his sense of humour and wide reading © Pete Sousa/White House

Mr Wang's career appears to be coming full circle as his anti-corruption inspectors have focused their attention this year on China's financial sector. As a result, Mr Wang's agency is having a profound impact on macroeconomic policy, helping the party contain financial risk while redirecting capital flows away from speculative activities and back into the real economy.

In a closed-door session in the spring, one international delegation was surprised to see Mr Wang flanked by a large number of senior financial officials, according to three people briefed on the meeting. "I have previously focused only on [the anti-corruption campaign]," Mr Wang told his visitors, leaving the strong impression that he would be

leading many more discussions about Chinese economic and financial issues in coming years.

A historian by training, after the chaos of the Cultural Revolution Mr Wang worked in an antiquities museum in Shaanxi province. He is famous for his wit — an attribute lacking in many of his senior party colleagues — and for being one of the best-read people at the top of the Chinese government hierarchy. In public and private conversations, according to friends and colleagues, it is not unusual for him to flit between subjects as diverse as Alexis de Tocqueville's famous study of the French Revolution and the latest theories in astronomy.

Mr Wang first emerged as an up-and-coming technocrat in the mid-1990s when he helped launch China's premier investment bank, China International Capital Corp, a joint venture between China Construction Bank and Morgan Stanley that the latter exited in 2004.



The prime minister, Li Keqiang, has had his authority in economic matters eroded by Xi Jinping © AFP

In 1999 Mr Wang oversaw China's biggest-ever bankruptcy after Guangdong International Trust and Investment Corp, a state-owned investment group, collapsed with debts of \$5bn. In the first decade of this century, he was deeply involved in the restructuring of China's state-owned banking sector.

It was Mr Wang's work on the Gitic bankruptcy that sealed his reputation as China's best *jiuhuo duizhang*, or "fire brigade chief". And when the Sars virus broke out in Beijing in 2003, Mr Wang was installed as mayor, where he defused the public health crisis and oversaw preparations for the 2008 Summer Olympics. As one senior government official puts it: "Everything Wang Qishan touches turns to gold."

This widely regarded Midas touch is one of the reasons why a "Wang-for-premier" campaign has been brewing in Beijing over the past year. Past procedure would suggest that Mr Li will be confirmed in the autumn for another five-year term as premier, while Mr Wang retires.

However, in October an official publicly dismissed the supposed retirement age limit as "pure folklore" while a party journal quoted Mr Xi as saying that it "can't simply draw the line based on age" when appointing officials.

Such comments have heightened speculation that Mr Li, whose authority over economic matters has been eroded by Mr Xi, could be sidelined to head China's rubber-stamp parliament. That would open the way for Mr Wang to ascend to the premiership.



Wang Qishan was put in charge of Beijing as it tackled the Sars epidemic in 2003. He later oversaw preparations for the Olympics, picking up the flag at the Athens closing ceremony in 2004 © Reuters

Another option would be for Mr Li to remain as premier while keeping Mr Wang on the PSC, possibly with an economic and financial portfolio. “Xi and Li have buried the hatchet,” says one well-connected Asian diplomat who believes that Mr Li will keep his job.

Neither potential outcome, however, is preordained. Such pre-congress machinations are subject to change until the last moment. Mr Wang’s fate will not be confirmed until Mr Xi and his second-term leadership team walk out on stage at the conclusion of the party congress. As one former member of the Communist party’s Central Committee recently told a group of friends, according to two people familiar with the exchange, “we don’t know who the next premier is going to be”.

Mr Wang has also made many enemies, especially in his five years as the head of the anti-corruption campaign, increasing the risk he could fall foul of the party’s fierce internal politicking. Earlier this year Guo Wengui, a previously obscure Chinese billionaire living in New York, issued spectacular accusations against Mr Wang and members of his family on Twitter and YouTube. Many of them centre on alleged connections between the Wang family and the HNA Group, whose opaque ownership structure has attracted scrutiny

from overseas regulators. HNA has vigorously denied Mr Guo's accusations, none of which has been substantiated. But some China watchers started to count the number of days that Mr Wang failed to appear in state media as a potential sign of a falling out with Mr Xi.



Guo Wengui has used YouTube and Twitter to attack the anti-corruption head and his family © Reuters

Both men are so-called “princelings” related to Chinese Communist party revolutionaries. Mr Xi was born to one while Mr Wang married the daughter of another. According to Chinese media reports, they have known each other at least since the Cultural Revolution when both men were “sent-down youth” in Shaanxi province and Mr Wang loaned his future boss an economics textbook. But so far every rumour of Mr Wang's political demise, often attributed to Mr Xi's potential wariness of him as a rival, has been shown to be exaggerated.

Mr Wang's frequent absences from public view are usually signs that someone else — and not him — is in jeopardy. It was shortly after Mr Wang reappeared from his most recent absence earlier this month that the party's anti-corruption body detained a sitting member of Mr Xi's politburo for the first time, according to two people familiar with the matter. Under investigation for a “serious violation of discipline”, Sun Zhengcai, the party

secretary of Chongqing, one of China's largest cities, had been considered a successor to Mr Xi.

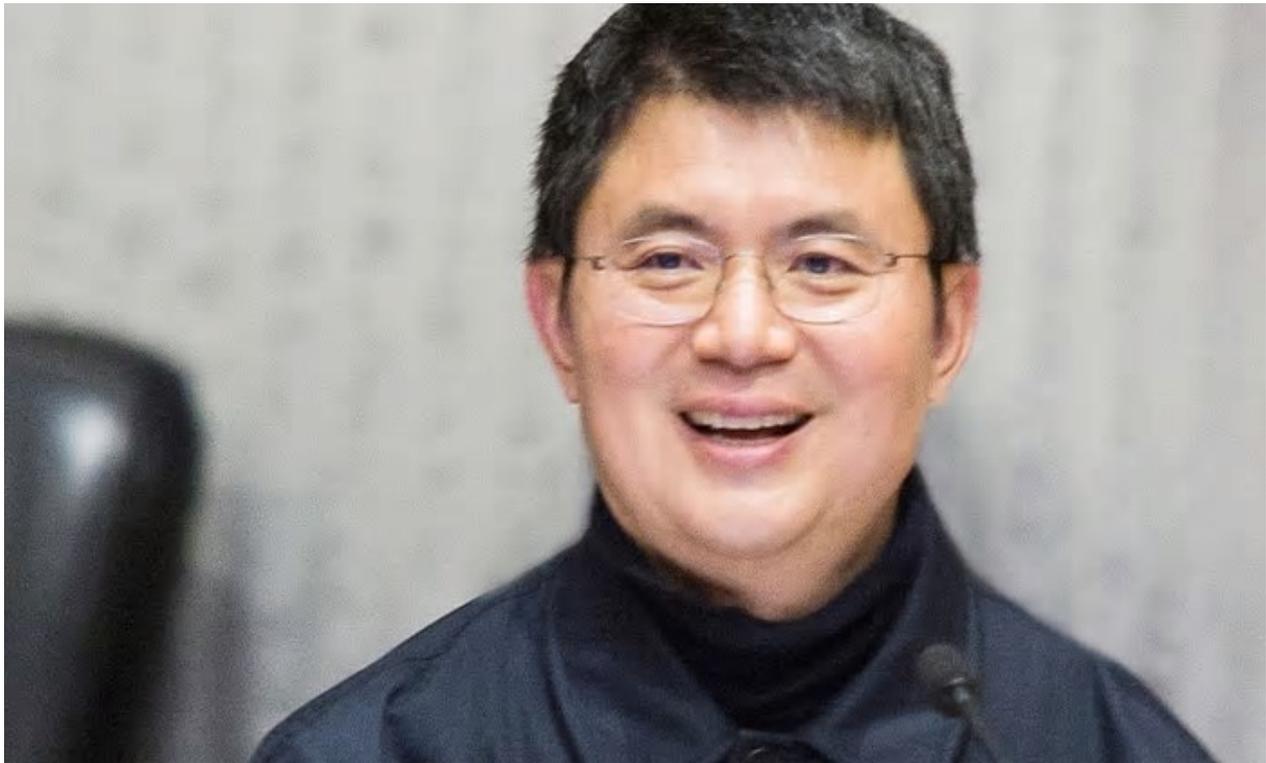


Sun Zhengcai, the youngest member of the politburo and a rising star until his disappearance earlier this month, was once seen as a natural successor to Xi Jinping © Getty

Meanwhile Mr Wang's sweep through Chinese financial circles shows no sign of slowing. It began earlier this year with the detention of financiers and private sector tycoons such as [Xiao Jianhua](#), one of the country's richest men with a fortune estimated at Rmb40bn (\$5.9bn). Chinese investigators wanted to question Mr Xiao about allegations of using banks and other listed companies under his control to drive up the share prices of various financial assets.

"Xiao Jianhua was a cancer," says one Chinese official familiar with the financial sector investigations. "He did nothing for the real economy. He made a lot of people and himself very wealthy but was doing a disservice to the country."

The larger economic policy goal behind Mr Wang's investigations, the official explains, is to "stop using the financial system as an economic growth lever". "If we do that," he adds, "a lot of other problems will disappear, such as speculative asset bubbles".



Xiao Jianhua, one of the tycoons accused of corruption, who was detained earlier this year © AFP

The strongest support for Mr Wang comes from Chinese economic reformers, international executives and foreign diplomats who believe the world's second-largest economy desperately needs an activist premier in the mould of Mr Wang's mentor, Zhu Rongji, who served as premier from 1998 to 2003.

Though he served only one term, Mr Zhu retired secure in the knowledge that he would be remembered as one of China's most influential premiers. On his watch China joined the World Trade Organisation and overhauled its state-owned industrial and financial sectors — precisely the type of complicated and painful reforms that Mr Xi's administration has been unable or unwilling to tackle during its first term.

Two people close to Mr Zhu, who reformist officials often refer to as “the great premier”, say that he badly wanted a second term. When he didn't get one, they add, he hoped that the job would eventually go to Mr Wang.

According to other people familiar with the selection of China's leadership team, it was Mr Zhu who lobbied for Mr Wang to get a seat on the standing committee.

But the decision to appoint him head of the anti-corruption unit was a surprise — even to Mr Wang. In a leaked video of an internal CCDI meeting, Mr Wang joked about a colleague who protested that he was not ready to take on a challenging new assignment: “I said, ‘I’m sorry but I was not ready to be CCDI head [in 2012]. Who would have thought I would end up as CCDI head? It was beyond everyone’s expectation. I’m not exaggerating when I say this, am I?’”

“Wang has an international Rolodex and stays in touch with people,” adds a friend. “He says it’s a shame that most of his colleagues don’t do the same.”

In his 2015 memoir, *Dealing with China*, Hank Paulson, former US Treasury secretary and Goldman Sachs chief executive, recalls an admonishment he received from Mr Wang during a meeting in the midst of the global financial crisis: “You were my teacher but look at your system, Hank, we aren’t sure we should be learning from you any more.”

In contrast, Mr Wang’s confidence in China’s unique model of state-led capitalism only seems to have increased and there is no indication that he has any qualms with the more [authoritarian approach](#) Mr Xi has taken in almost every sphere of governance. “There is no such thing as separation between the party and government,” Mr Wang said at a public meeting in February.

He also appears to believe that the political whirlwind he and Mr Xi unleashed five years ago will continue, no matter whether he remains on the political stage or retires.

“The anti-corruption campaign is not like a gust of wind or something that passes in a few days,” Mr Wang said in the leaked video. “There is a beginning but no end to this.”

Additional reporting by Emily Feng

Graft investigation: Anbang feels the heat in Beijing’s war on corruption

Shortly before he was detained in June by Wang Qishan’s graft investigators, [Wu Xiaohui](#) frequently complained to friends about

critical coverage of his Anbang insurance group in Caixin, an influential financial magazine founded by Hu Shuli.

Ms Hu is China's foremost business journalist and has known many senior officials, including Mr Wang, since the early 1990s. "Caixin's biggest backer is my biggest enemy," Mr Wu would say, according to two people familiar with the conversations. He was referring, they added, to Mr Wang.

Ms Hu says that Mr Wu's assertion "is not true" and noted that Caixin's investigations into Anbang began in 2014, long before the authorities began to turn their attention to his group. In previous interviews, Ms Hu has said any relationships she has with senior officials are professional in nature and do not provide political cover for Caixin's trailblazing journalism.



Wu Xiaohui, the Anbang chief executive, and Hu Shuli, the editor-in-chief of Caixin © Bloomberg; Getty Images

Caixin nevertheless has a well-demonstrated knack for writing about people and companies who later fall foul of the Chinese Communist party's Central Commission for Discipline Inspection, headed by Mr Wang. Well before the CCDI detained its highest-profile victim to date,

former internal security chief Zhou Yongkang in 2014, Caixin raised questions about his son's [business dealings](#).

Caixin was similarly prescient about the troubles brewing for Mr Wu at Anbang. In one lengthy investigative article published in April, Caixin alleged that Anbang had “faked” a \$9bn capital injection in 2014. According to Caixin, Anbang used a maze of shell companies and complex financial engineering to make its equity fundraising appear much larger than it actually was.

[Anbang](#) denied the allegations. Mr Wu's detention has not been officially confirmed and he has not been charged with any wrongdoing. But within a week of Mr Wu's disappearance, China's insurance regulator said it was investigating the issue of “fake capital injections” in the sector — without mentioning Anbang by name.

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