

**CHEN LIANGYU'S FALLOUT:  
THE DEMISE OF THE SHANGHAI GANG?**

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## Executive Summary

1. Chen Liangyu, former party secretary of Shanghai and Politburo member, was expelled from the Chinese Communist Party (CCP) and dismissed from public offices for his alleged involvement in corruption cases in Shanghai.
2. The Politburo of the CCP on 26 July 2007 reviewed a report on Chen's case submitted by the Central Disciplinary Inspection Commission (CDIC) and decided to transfer his case to the judicial system for criminal charges.
3. According to the report, Chen abused his power in the span of almost twenty years from 1987 to 2006 when he consecutively assumed positions of great importance such as head of Huangpu District, deputy secretary of Shanghai, vice mayor and mayor of Shanghai, party secretary of Shanghai, and Politburo member.
4. The CDIC, the party's watchdog, discovered Chen Liangyu's involvement in a social security fund scandal in Shanghai in July 2006. Based on CDIC's preliminary investigations, the Politburo decided to oust Chen from his position as Shanghai party chief and from the Politburo in September 2006.
5. Apparently, the central leadership under Hu Jintao carefully planned the detention of Chen Liangyu after his involvement in the social security fund scandal was exposed. The commander of the Shanghai Armed Police Corps was replaced nine days before Chen was detained.
6. Chen Liangyu was charged in July 2007 with a series of serious crimes such as supporting illegal lending of Shanghai social security funds to individuals and companies; taking bribes in exchange for favors for certain parties; using his position of power to assist his relatives to obtain enormous returns for their economic activities; providing assistance to illegal companies in their purchases of state-owned enterprises; and abusing his power for sex.

7. Evidently, the top leadership under Hu Jintao wants to show its determination against corruption. “Anti-corruption struggle,” as the Party leadership indicated in its announcement, “concerns winning or losing public support, the life or death of the Party, and the long-term peace and stability of the country.”
8. Chen Liangyu’s downfall has dealt a fatal blow to the Shanghai Gang, a political clique closely linked to Jiang Zemin, former general secretary of the CCP, and whose members mainly composed of those who have work experience in Shanghai as either party or government leaders.
9. With the death of Huang Ju, former party secretary of Shanghai and Politburo Standing Committee member, the possible departure of Zeng Qinghong, former deputy secretary of Shanghai and current Politburo Standing Committee member, and the absence of Jiang Mianheng and You Xigui as deputies to the upcoming 17<sup>th</sup> National Party Congress, the Shanghai Gang is on the verge of collapse.
10. Yet the long process of Chen Liangyu’s downfall implies the intricate politicking and horse-trading behind the scene and is an indication of Shanghai Gang’s residual power.
11. The net winner in Chen’s case clearly is General Secretary Hu Jintao. He will build his image as a serious fighter of corruption in China at the expense of corrupt Shanghai Gang members and consolidate his power in the Party.