

PART I**A CHINA SPECIAL REPORT****THE NEW TELEVISION SETS OF CHINA**

*This is the first of a 3-part series about the Government of the People's Republic of China and some of the most pressing problems that the country is facing, today.
The second and third parts will be published on the next 2 Fridays.*

If one hands a new television set to a child, the chances are high that the child will play with the knobs and buttons on the television set in his/her attempts to investigate how it works – and, by so doing, he/she will break the television set in due course.

This analogy is similar to that which the Government of the People's Republic of China (PRC) is, now, experiencing with regard to its many incidences of white-collar crime, many of which are the result of frustration on the part of would-be, aspiring entrepreneurs of the country.

Since the founding of the People's Republic of China in 1949, in truth, only in the past decade has this new breed of Chinese entrepreneur been born out of the smouldering ashes of capitalism, which have lain dormant since the coming into being of this modern state, following the civil war that lasted from 1946 until 1949, led by the late Chairman Mao Tse Tung (Mao Zedong).

Of course, in the PRC, a person, who is found guilty of a white-collar crime, could well find himself, facing the penalty of death by the PRC's Court System – which is far from perfect, by any Western standard, with, often, the defendant's Chinese counsel, agreeing with a Court's determination, even to the extent of the Court, ordering the execution of his client the very next day.

In the PRC, today, public executions are held on a regular basis, with the accused, being shot to death and the felon's family sent the bill for the cost of one bullet.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, many of the laws are just a tad shy of being criminalised – such as insider trading, to select just one example.

The reason for this is the fear of the former British Colonial Government of the Territory that, if the HKSAR should ever be overrun by PRC troops, which would take control of the Government, for whatever reason, in accordance with the mandate that has been given to Beijing, outlined in The Basic Law of the HKSAR of 1997, then, Beijing may well want to introduce the same legal sanctions in the HKSAR as it imposes on felons in the PRC, proper.

Recently, Mr Zhu Rong Ji, the Premier of the PRC, was said to have been outraged at what he saw as the flight of capital from the PRC via illegal transfers of money, money laundering, and underground banks.

To thwart the plans of prospective and actual felons, the Government of the PRC intends to stop its officials from spiriting off with State funds by widening the Government's arsenal of criminal and civil offences.

It has been noted by Beijing that most of the largest corruption cases of the PRC of late have been in respect of PRC Government officials and/or senior executives of PRC, State-owned enterprises, and/or high-ranking officials of PRC banks.

It has been recently estimated that about 4,000, senior PRC cadre are under investigation in the PRC, all suspected of stealing PRC State funds, and using their august positions of power to solicit bribes.

The amount of money, being mooted as having been stolen, is said to be about 5 billion renminbi (about \$HK4.72 billion) – at least.

The PRC Government, it seems, has, only recently, realised that the *modus operandi*, in many cases of theft of PRC, Government funds, is for the malfeasant to transfer funds into accounts that have been opened outside the PRC, those accounts, having been opened by the miscreant's relatives abroad, or, alternatively, openly to transfer substantial sums of money into accounts in branches of the company(ies) under their control, and/or business associates.

The familiar pattern, being followed, is for family members of a would-be felon to be, first, safely established overseas, followed by the miscreant, at the appropriate time, joining them so as not to alarm, unduly, senior PRC cadre, who are not in on the felon's *'kill'*.

Official figures, compiled by Beijing University, put the amount of money, illegally taken out of the country, since 1997, as:

1997	\$US36.40 billion
1998	\$US38.60 billion
1999	\$HK23.80 billion

The 2000 figures and the figures for 2001 are still being compiled by Beijing University, according to TARGET's sources in the PRC's Capital City.

What is known, even at this early time, is that the figures for the past 2 years are considerably higher than those of the previous 3 years.

Many former, PRC Government officials have sent their children to schools abroad, have them open bank accounts in the country of their schools, followed by transfers of tens of millions of dollars into those accounts.

With PRC Government officials, earning between \$US80 per month and \$US200 per month, they can ill afford the expense of a costly education for their children in the US, the United Kingdom, and/or Australia, but they seem to be able to find the money in any event – and with considerable ease.

And they, also, seem to be able to find sufficient amounts of money to purchase luxurious houses in places such as Melbourne, Australia, Toronto and Vancouver, Canada, and London, England, just to mention 4, popular *'education'* destinations.

The Government of Beijing has had arrest warrants issued for 3 former, PRC nationals whom, it is alleged, swindled a branch of Bank of China in Guangdong out of about \$US483 million.

TARGET, also, recalls the episode of Mr Xu Jia Tun, the former head of the PRC Government's Xin Hua News Agency (New China News Agency), stationed at the HKSAR, who fled to California in 1990 with what was thought to be about \$US5 million.

His defection followed his outward support of the Tiananmen Square democratic student 'revolution' of May 1989, a revolt that was put down by force by the People's Liberation Army, which crushed hundreds of the students – all of whom were peacefully demonstrating at Tiananmen Square – by having tanks roll through the area at the stroke of midnight of June 3, 1989, following all the electric power to the Square, having been turned off.

As the first move in his defection, Mr Xu secreted his family members and his mistress in California, with the help of the US Government, with which he cooperated, fully, according to reports.

It is thought that certain HKSAR moguls, sympathetic to Mr Xu's political leanings, continue to support his lifestyle in Los Angeles, even today.

Prior to his 'defection' from his very high position in the Xin Hua News Agency – which, in fact, was/is a propaganda organ of the PRC Government – one of Mr Xu's sons had been arrested in Guangzhou on corruption charges.

(No information has ever been released about the matter of his son's arrest and detention, or any other information about Mr Xu's family)

Also, perhaps Mr Zhu Rong Ji may have forgotten that the late paramount leader of the PRC, Mr Deng Xiao Ping, had his entire family educated in the US at the expense of the PRC State, because Mr Deng, often, boasted that his take-home pay was \$HK600 per month (about \$US77).

Mr Deng was proud of being a PRC citizen beyond reproach, as he put it – and he wanted his successor, Mr Zhao Zi Yang, to take note of his frugal lifestyle, his traditional Mao jacket, and all.

At the same time, his sons and daughters were giving exhibitions and offering their services, at a suitable honorarium, to give talks on the greatness of this and that, and doing charity work in the HKSAR and in many parts of the world, including, but not limited to, New York, where many of them had taken up residence.

None of Mr Deng's family, with the exception of one of his daughters, who obtained a position in The Express Newspaper of London, England, as a journalist, ever, really, worked for a living.

But they, all, seemed to have ample funds to support their luxurious lifestyle and to fly round the world in the first-class cabin of commercial airlines.

The latest publicised incidence of alleged corruption in the PRC is the case of Mr Zhu Xiao Hua, the former Chairman of China Everbright Group Company.

Mr Zhu was dismissed from all of his posts *'for seriously violating the law and the discipline of the Communist Party of China'*.

According to the official version of events, leading up to this drastic action against Mr Zhu, this gentleman took advantage of his power as Chairman of China Everbright and solicited and accepted bribes of several million dollars (Hongkong).

He, also, authorised millions of dollars' worth of loans to third parties, causing China Everbright to suffer losses on account of these non-performing loans.

The falling from power of Mr Zhu of China Everbright followed a most colourful career, and his known close association with, among others, Mr Wang Guang Ying, the Vice Chairman of The Standing Committee of The Chinese National People's Congress (NPC), the NPC, being the highest, law-making body of the PRC Government.

Mr Zhu was chosen, officially, to assume control of the former China Investment Bank on March 18, 1999.

At that time, China Investment Bank was one of the largest and strongest banks in the PRC, with 137 banking offices in all of the major cities of the country.

China Everbright Bank was the chosen bank to take over China Investment Bank, which, at the time of the takeover, had assets of 80 billion yuan (about \$HK75.47 billion).

With such power, only the strongest motivated Communist could resist, dipping into the very deep '*pockets*' of the banks that he controlled.

And Mr Zhu, of China Everbright, it appears, clearly, was not the best Communist of the Chinese Communist Party.

Going back to the opening paragraph of this report, Mr Zhu of China Everbright could be likened to that child, having been given a brand new television set – and he was twiddling the knobs to see how it worked.

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