

# Guangxi & China's Gilded Age

A book review of "Red Roulette" by Desmond Shum

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In the first meeting of the Politburo of the Chinese Communist Party (CCP) after Xi Jinping took charge as General Secretary in November 2012, a new eight-point regulation was adopted. The regulation called on Party leaders to maintain close contact with the grassroots masses and practice thrift. This was later accompanied by the launch of a new anti-corruption campaign.

In the years that followed, Xi would warn officials and cadres against the dangers of the "four forms of undesirable work style" – formalities for formalities' sake, bureaucratism, hedonism, and extravagance. He would also lash out at "privilege-seeking" behaviours, and officials abusing power by doling out favours and benefiting through family connections. All of this would constitute grave violations of discipline, warranting a corruption investigation. In the decade since the 18th Party Congress in 2012, the Party's disciplinary watchdog took down around 4.7 million individuals, including 533 'tigers', senior officials at vice-ministerial rank and above.

This vicious anti-corruption effort has gone along with a sustained effort to structurally strengthen central control and re-emphasise the importance of returning to the Party's revolutionary ideological roots. For instance, immediately following the 18th Party Congress, Xi led the Politburo Standing Committee (PSC) to visit The Road Toward Rejuvenation exhibition at the National Museum of China in Beijing. Five years later, after the 19th Party Congress, the ritual was repeated. Xi led the PSC to the memorial site where the party held its first national congress in 1921, reiterating the importance of rekindling the Party's "original aspiration". And again in 2022, after the 20th Party Congress, the entire PSC would travel to the revolutionary sites of Yan'an, the place where Mao Zedong consolidated his grip over the Party and ousted rivals through the late 1930s and early 1940s. Xi would call on cadres to carry forward the revolutionary spirit, style of work, and correct political orientation that emerged from the experiences of Yan'an.

Desmond Shum's *Red Roulette: An Insider's Story of Wealth, Power, Corruption and Vengeance in Today's China* is an important book to understand the political imperatives of the Party leadership, which have shaped this mix of ideological reaffirmation and coercive discipline. Shum's is an autobiographical account of the political economy of China, where business success is closely linked

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to one's political connections and the effective management of a web of relations. While the players and the terms of discourse may evolve, the game is always the same.

Shum's is primarily an account of the boom years of China, ranging from the late-1990s till the rise of Xi Jinping as General Secretary. The book begins by providing a glimpse into the author's harsh early experiences in Maoist China. He had a difficult childhood, which featured a strained relationship with his parents. Shum summarises this period of his life as growing up "in an environment of degradation and punishment." The winds would change soon enough: the family would exit the mainland to live in Hong Kong, and Shum would eventually travel to the US for further education.

Eventually, Shum returned to a changed China, now moving firmly towards economic reform and opening. Early in the book, he describes the process of learning the ropes of doing business in this new China. "In China," he succinctly explains, "all rules were bendable as long as you had what we Chinese called *guangxi*, or a connection into the system." He defines *guangxi* as not a contractual relationship but a "[...] human-to-human connection, built painstakingly over time. You had to show genuine concern for the person."

Consequently, foreign businesses seeking to enter the Chinese market sought to cultivate the sons and daughters of senior officials. These individuals, Shum explains, "[...] functioned like an aristocracy; they intermarried, lived lives disconnected from those of average Chinese, and made fortunes selling access to their parents, inside information, and regulatory approvals that were keys to wealth." The secret to success in China, therefore, was ensuring a "marriage of know-how with political backing."

For Shum, this formula was personified in his partnership with and eventual marriage to Whitney Duan. While he brought the business know-how, she understood the political culture and process of cultivating *guangxi*. Duan, the author informs, had discovered that "[...] to unlock the door to success in China she needed two keys. One was political heft [...] the second requirement was the ability to execute once an opportunity arose."

The duo's political heft essentially came through Zhang Beili, the ambitious wife of former Chinese premier Wen Jiabao. Shum explains how Duan had been cultivating "Auntie Zhang", as they called her, for a while, as part of a broader goal to make it big in China. He recalls meeting Zhang as part of an approval process for his eventual marriage to Duan; as he would later come to understand, it was much more than just that.

“ Whitney was always playing three-dimensional chess. And, so far, Auntie Zhang was the most powerful piece on her board. Bringing me to an audience with Auntie Zhang wasn't simply a way to determine whether I'd cut it as a partner. It also signalled to Auntie Zhang how much Whitney valued their relationship...In introducing me before we'd gotten engaged, Whitney was giving Auntie Zhang veto power over the most intimate decision of her life. If I was going to be Whitney's husband, I needed Auntie Zhang's blessing. In China, at that level, trust is first and foremost. If Auntie

Zhang felt that she couldn't trust me, my relationship with Whitney would have ended then and there.”

From there, Shum details the personal and business relationship that evolved between them and Auntie Zhang. The duo served as partners and “white gloves”, providing a cover for Zhang’s business activities. In return, she brought political access and support to their partnership. Together, they would all rake in millions of dollars, through legally and morally questionable deals. This, however, was par for the course in China at that time – or so Shum argues. For instance, he describes the Chinese business and political culture of the early 2000s as one of unbridled ambition, hedonism, cut-throat competition, and political intrigue. “Two-thirds of the people on China’s one hundred wealthiest list would be replaced every year due to poor business decisions, criminality, and/or politically motivated prosecutions...,” he writes.

One mega deal that Shum details in his account entailed the duo getting access to shares of Ping An, one of China’s biggest insurance firms, before the company’s listing. Years later, this deal would be the undoing of his and Duan’s businesses in China, and cast a shadow over the Wen family’s legacy and political security. In telling this tale, however, Shum is extremely careful to distance Wen Jiabao from his wife and other relatives’ dealings. Wen, Shum claims, was “too trusting of his family” and “interested in nothing but work.”

Throughout the book, the author delves into his and Duan’s dealings with officials, at different levels of China’s political and bureaucratic hierarchy, to grease the wheels and get projects off the ground. This process would entail developing deep personal relationships and connections with higher-ups in the Party, in order to enjoy access to information, opportunities, and assets.

One such relationship is Duan’s courting of Sun Zhengcai in 2001. Sun was then the Party secretary of Shunyi District in Beijing. Shum explains how Sun allotted land parcels as favours to people, who in turn facilitated his political rise. He entered the Politburo in 2012, and was seen as a potential successor to Xi Jinping. (Sun would eventually fall as part of Xi’s anti-corruption campaign before the 19th Party Congress in 2017.)

The connection with Sun was crucial to provide Shum and Duan an entry into the Shunyi real estate market. This was the duo’s biggest opportunity: with Auntie Zhang’s political backing, they established a joint venture with state-owned entities to build a logistics hub next to Beijing’s main airport.

Reading through Shum’s account also offers a unique insight into what scholars and academics have termed as a system of ‘fragmented authoritarianism’. This framework argues that in China, power below the very peak of the political system is fragmented horizontally, between ministries, and vertically, between central and local authorities. This results in a disjointed structure that nurtures competing interests, creating space for turf wars, bargaining, and the establishment of bureaucratic fiefdoms. Shum captures this vividly as he talks about his dealings to seek approvals from the *Chuzhang Bang*, or ‘Bureau Chief Gang’, who too needed to be courted, along with the ‘Gang of Wives’ and the ‘Assistants Gang’.

In addition to providing a practical account of how fragmented authoritarianism operates, the book also touches on how business dealings, information leakage, corruption investigations, and prosecution in China are elements of factional contestation. In essence, the application of the law in the Party-state system is not a product of precedent and adherence to the letter and spirit of the law. Rather, it is a political tool wielded for political ends.

Another key takeaway from the book is the importance of state-owned enterprises for the Party's political control. Privatisation is not simply an economic decision regarding efficient utilisation of resources; rather, it is about political power and regime sustenance. This is a feature of the Leninist system. Shum captures this succinctly, stating that the Party "[...] has an almost animal instinct toward repression and control."

It is within this context, that he casts the shift in policies under Xi and the detention in 2017 of Duan, whose business dealings were part of a 2012 investigative report by *The New York Times* into the wealth of Wen Jiabao's family. Since her reported detention, Duan has been seen in public on just two occasions, the most recent of which was in May 2023 (for a visit to a nursing home in Nanjing). In that sense, *Red Roulette* is also a cautionary tale about the perils of riding the tiger to power and success.

**"Red Roulette: An Insider's Story of Wealth, Power, Corruption and Vengeance in Today's China" by Desmond Shum, Simon & Schuster Ltd, 2022, Pages 336. ₹2,167 (Hardcover), ₹397 (Paperback), ₹372 (Kindle); ISBN: 978-1398510388.**