

(BN) Li Pledges Graft-Smog Battle as Scrutiny of China Leaders G rows

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(For more on the NPC, see EXT8 <GO>.)

By Bloomberg News

March 18 (Bloomberg) -- China's new premier promised to crack down on corruption and clean up pollution, acknowledging the need to tackle two issues that have stoked public anger toward the country's leaders.

"Corruption is incompatible with the nature of the government like fire is to water," Premier Li Keqiang told a briefing after the nation's legislature ended two weeks of meetings yesterday. "A clean government should start with itself. Only when one is upright can he ask others to be upright."

Li's comments signaled that fighting pollution and corrupt cadres will be top priorities for the team that took power last week and will rule China for the next 10 years. Communist Party leaders have warned that graft threatens to undermine their legitimacy and promised action against pollution after record smog blanketed Beijing in January.

Fighting pollution may stunt China's economic growth by forcing production shutdowns at times when emissions are high, said Zhang Zhiwei, chief China economist at Nomura Holdings Inc. in Hong Kong, who previously headed China research at Hong Kong's central bank.

"The risk of pollution becoming a binding constraint on China's growth is under-appreciated by the market," Zhang said.
"The government will be forced to take very tough actions to control pollution."

Cut Employees

Li said that the government will cut its number of employees as revenue growth slows, and officials shouldn't use their positions to enrich themselves. He said the government also plans to cut red tape and won't use state money to build new government offices or guest houses.

"Since we have chosen government service we should give up all thought of making money," Li said. "We will readily accept the supervision of all society and the media."

Shortly before Li spoke, President Xi Jinping delivered a speech to the closing session of the National People's Congress saying the party must reject excessive bureaucracy and extravagance and fight corruption.

The leadership transition that concluded with the appointments of Xi, Li and other state leaders last week was roiled a year ago by the dismissal of Politburo member Bo Xilai, whose wife was convicted in August of plotting the murder of a British businessman. Bo, later expelled from the party, is awaiting charges for his alleged involvement in his wife's case, according to the official Xinhua News Agency.

Party Secretary

The party has also been embarrassed by a steady flow of stories about cadres behaving badly. A district party secretary was fired last year after a sex tape of him circulated online. Internet postings also led to the removal of an official nicknamed "Brother Watch," whose collection of luxury timepieces was revealed online.

Neither Xi nor Li offered specific proposals on tackling graft. The decision to focus on the issue is meant to resonate with regular Chinese, said Joseph Cheng, a political science professor at the City University of Hong Kong. A real test would be to force officials to disclose their assets, which won't happen soon, Cheng said.

"When Xi says he wants to combat corruption, I have no doubt about his sincerity but certainly you can also ask the question -- how do you make this effective?" Cheng said. "All cadres understand that you have to show respect for the campaign and you lie low for the moment."

Environment Protection

Corruption was a focus of this year's National People's Congress meetings. When the legislature voted in new ministers March 16, the chief of the environment protection agency received 171 no votes from among the 2,952 delegates, second only to the housing minister, who had 181.

"My interpretation is that the negative votes were not directed at the individuals, but were cast as expression of disapproval of the government's performance" on the environment and other issues, said Minxin Pei, a professor of political science at Claremont McKenna College in California.

In his briefing, Li said smog blanketing eastern China gave him a "heavy heart." He promised more vigorous efforts to reduce pollution.

"Green hills and clean water are not OK if people are poor and development lags," Li said yesterday. "At the same time, being rich and well-off isn't OK either if the environment deteriorates."

Outside the Great Hall of the People, where Li spoke, the level of PM2.5, the small particulates that pose the biggest risk to human health, was 364 as of 6 p.m. yesterday, according to Beijing city government readings. The World Health Organization recommends 24-hour exposure to PM2.5 of no higher than 25.

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