

**A CHRONIC POLITICAL ILLNESS:
AN ANALYSIS OF CORRUPTION AND ANTI-CORRUPTION
IN CONTEMPORARY CHINA**

BY

YUNBO SUN

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Yunbo Sun 1997 (c)

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ABSTRACT

Official corruption has long been a universal social disease since the beginning of civilization. Even the red communist regime in China, which always strives to break and eliminate any feudal and bourgeois ideological remains, has also been plagued by rampant official corruption since its takeover of state power, particularly since the implementation of the modernization programs. Though considerable efforts have been made by the CCP leadership to curb its impetus, the level of corruption has been unprecedentedly escalated with the dynamics and the depth of economic reform being further intensified since 1992.

While adopting a multi-causal model, this study mainly highlights structural and cultural approaches. It is argued that corruption in modern times is partially derived from the long history of imperial China characterized by absolute bureaucratic powers and widespread power abuses. Traditional norms and value system, which may exert stable and lasting influence on human behaviour, are able to induce official corruption even in the socialist conditions, without regard to frequent replacements of different regimes or any institutional changes.

It is also shown that official corruption in communist China is rooted in the defects inherent in its political and economic structures. The potential incidence and the persistence of certain patterns of official corruption might have been predetermined by these institutional or systemic factors. While the public ownership of means of production and the central planning system have predestined the bureaucracy's overmanagement of the economy and society and vested Party officials with too much discretionary power, economic reform as well as a series of other unsophisticated reform policies, on the other hand, have further intensified this power overconcentration and stimulated the geneses and spread of certain malpractices. Moreover, the lack of a powerful and independent supervisory mechanism, both internal and external, is also conducive to corruption. There is no political opposition, nor is there independent legislation and media in a real sense in today's China. The judiciary and the internal supervisory systems are also problematic and short of the necessary authority and independence. Given these systems' vulnerability to power intervention and the institutional defects inherent in the political structure, it appears inevitable that public power without necessary systemic restraint and supervision would increase the incidence of corruption.

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Finally, I must also thank my family members for their wholehearted support, both spiritually and financially, throughout the whole writing process of this thesis. In particular, I would like to express my special gratitude to my aged parents.

LIST OF CHINESE NEWSPAPER AND JOURNAL ABBREVIATIONS

DBCK	Dubao Chankao (Qingdao)
DCGBDSB	Dachuan Guangbo Dianshi Bao (Sichuan)
FZRB	Fazhi Ribao (Beijing)
MP	Ming Pao Daily (Hong Kong)
SCRB	Sichuan Ribao (Chengdu)
TQSHWZB	Tequ Shenghuo Wenzaibao (Shenzhen)
ZGJJJCB	Zhongguo Jijian Jianchabao (Beijing)
ZJTV	Zhejiang TV (Hangzhou)

INTRODUCTION

Concomitant with the implementation of China's rapid and radical reform and the beginning of the modernization process in the early 1980s, large scale bureaucratic corruption began to spread over the Republic. Since then corruption has been plaguing the CCP leadership and remained one of the major concerns of the Chinese people. Compared with corruption in the previous periods (i.e. in Mao's era), corruption in the reform era is more bureaucratic in nature and widespread in scale. Several surveys conducted in the 1980s and 1990s reveal that the majority of the respondents regarded corruption as the most serious social problem of the Post-Mao era. Corruption, along with other social and economic problems such as inflation and unfair distribution of social wealth, was the primary reason for the political unrest in 1989, and eventually led to the well-known Tiananmen Incident. Another tide of corruption characterized by cases involving high-ranking officials, huge amounts of grafted public funds, and the moral degeneration of the general mood of the whole society, emerged in the aftermath of Deng Xiaoping's southern tour in early 1992. The purpose of the tour was to intensify the dynamics and the depth of the reform, and aroused once again widespread concerns among the people. Corruption in today's China is no longer confined to bureaucrats; it has extended

to other social spheres and is exerting considerable impact on various aspects of the social and economic life of the citizens.

Corruption in the reform era, in terms of both its scope and depth, is indeed unprecedented in the history of the PRC. Is the Chinese culture particularly prone to corruption? Does corruption in China, like corruption in other developing nations as Huntington predicts, correlate with the process of modernization? What are the root causes of corruption under the new regime? How can we effectively curb bureaucratic corruption under the circumstances of the intensified economic reform? Questions to be raised here may be endless; however, very limited efforts by both Western and Chinese scholars have been made to research the issue in China, the population of which accounts for one-fifth of the total of the world. It is surprising to find that in China there has been little systematic research ever conducted on this issue, although everybody is talking about and denouncing corruption. According to Jean-louis Rocca, "analyses so far often only reveal various cases of corruption and conclude by commenting on the retrograde aspect of the Chinese state." These articles seem to be "too static -- not considering the historical and cultural dimensions of politics -- and too superficial -- just concentrating on anecdotal aspects of corruption."¹ In spite of the fact that there might be some degree of political risks that go along with the research in the state if one digs too deeply into the subject, more importantly, the

Jean-Louis Rocca, "Corruption and its Shadow: An Anthropological View of Corruption in China", The China Quarterly, Iss. No. 130, 1992.

official diagnosis of the phenomenon, though misleading, might have predetermined the theoretical framework of the research and placed restriction on academic probes of the root causes of the issue.

As in any other society, corruption in China is also a very complex phenomenon, and a variety of factors can be attributed to its genesis. There exist various approaches to the study of corruption, each of which probes into a particular aspect of the issue and provides specific explanations of the phenomenon. The CCP leadership mainly takes the ideological approach to cope with corruption. According to this approach, corruption, first of all, is the moral degeneration of individual officials; and then ideological contamination in general and a bourgeois decadent ideology in particular account for another major cause. In their mind, capitalist thinking and life style are in fact the synonyms of corruption. Not surprisingly, therefore, "the corrosive capitalist ideologies and values" have often been blamed in both Mao's era and the reform period for corroding the Party members and cadres. This approach also relies one-sidedly on countermeasures that are ideologically-oriented in nature to combat corruption. The CCP leadership often requires leading cadres to "conscientiously enhance their personal moral and ideological standards" in order to effectively resist the corrosive influence of bourgeois ideology. Political movements and ideological education are therefore important means to accomplish this end. Due to its overemphasis on ideological and moral factors and negligence of the systemic defects inherent in the political system and the economic

structure, this approach has failed to reveal the deeper causes of corruption, and hence seems ineffective in and incapable of curbing bureaucratic corruption.

Some Chinese scholars and the Party leading figures trace the sources of corruption "in the persistence of something old." They hold that Chinese culture that had been formed throughout the long history of feudalism, which had lasted more than two thousand years, has a lasting influence and causes a series of social maladies including corruption. According to this culturalist approach, the traditional value system exerts lasting influence on human behavior throughout different social systems without regard to any institutional changes. They believe that even very strong socialist states "have not been able to transform traditional culture radically."² Chinese culture is therefore faulted for valuing officialdom too much and its tolerance of the ideology of official privileges and arbitrary abuses of powers. This approach argues that a wide range of corrupt practices in today's China such as nepotism, acceptance and extortion of bribes, graft, illicit dealing between power and money, etc. are rooted in the traditional political culture; replacing the feudal official standard in people's, and especially officials', minds with a new socialist value system and outlook of power can assist in curbing official corruption.

Barrett L. McCormick, Political Reform in Post-Mao China: Democracy and Bureaucracy in a Leninist State, Berkeley: University of California Press, 1990, p. 71.

Other scholars perceive corruption as unintended consequences of the CCP's intended policies. Ting Gong argues that corruption, instead of stemming from certain cultures or social structures, is in reality a "product in generative process." More particularly, in the process of restructuring the society and the economy in the immediate aftermath of the takeover of the state power, the CCP's purposive policies have resulted in various policy contradictions and dilemmas that in turn lead to official corruption. In the reform era, for instance, while the Party intended to revitalize the economy by granting local governments and enterprises more autonomy and decision-making power and replacing the central planning system with market mechanism, a wide range of power abuses and rampant official speculation have occurred as unintended outcomes of these reform policies. According to the policy outcomes perspective, "human knowledgeability is always bounded by unconscious or unintended consequences of action" in spite of mankind's ability to observe their behavior and actions, and structures of societies are "producible and reformable rather than being given." Corruption control, as argued by this approach, is in fact a question of unintended policy outcomes prevention and correction.³

The economic approach to corruption might have been the widely accepted methodology among Chinese scholars in recent years. This approach is based on a rational-actor model of politics, and

Ting Gong, The Politics of Corruption in Contemporary China: An Analysis of Policy Outcomes, Westport: Praeger Publishers, 1994, p.121-132; p.149-162.

perceives corruption as individuals' rational choice between alternatives based on their own calculation of their best interest in an economic market. The existence of modern bureaucracy creates a monopolistic condition wherein a black market in government services benefits corrupt bureaucrats by their profiteering activities. This black market comes into existence when demand for government services exceeds the supply. Under such circumstances, government officials who have been granted power of allotting permissions, licenses or other short supplies may have more opportunities to "sell" their services. In other words, "they are in fact conferring rents" when performing services.⁴ Some Chinese scholars apply this perspective to corruption in the reform era. They argue that corruption in this period is, in reality, an activity of "rent-seeking" -- individuals "rent" public power at lower cost in the hope of maximizing their personal gains. The key point of anti-corruption, therefore, lies in reduction of "rent-seeking" opportunities.

While admitting the relevance of other perspectives to corruption, this study will mainly apply the structural approach to the analysis of corruption in contemporary China. Structuralism is a broad concept which concerns "concepts of societies, institutions, and social groups of various kinds where these entities are viewed as sui generis wholes, irreducible to their parts", and is embodied in several different approaches to

Ibid., p.18.

corruption.⁵ Unlike the modernization approach which views corruption as a by-product of social and economic development of a society at certain stages and focuses on external, or social, structures, the approach adopted by this thesis explores the genesis of corruption through systemic and institutional factors, i.e., internal, or organizational, structures. It holds that certain political systems and bureaucratic structures are more prone to corruption due to some structural defects. In other words, the root causes of corruption lie in these systems and structures themselves, and the incidence and level of corruption might have been predetermined by characteristics of the organizational structures. Kenneth Jowitt views corruption in communist states as "innate in a state structure built along Leninist organizational lines." He further points out that three factors which contribute to corruption in communist regimes: 1) the existence of "a composite of heroic, status, and secular orientation"; 2) institutional emphasis on some components that associate with bureaucratic hierarchy such as privilege, power and status; and 3) lack of a sense of "public domain" that minimizes the state's "commitment to society".⁶ Jowitt's analysis is correct but lacks comprehensiveness. He has failed to answer the question of where and how these structural characteristics have generated and reveal more crucial systemic factors conducive to bureaucratic corruption

Ibid., p.27.

Stephen K. Ma, "Reform Corruption: A Discussion on China's Current Development", Pacific Affairs, Vol.62, No.1, Spring 1989, p.43-44.

in communist states. This thesis is based on a multi-causal model that endeavours to provide a comprehensive analysis of official corruption in contemporary China. It argues that, though a variety of factors contribute to the genesis and spread of corruption especially in the reform era, the root causes of the issue lie in China's social system and political and economic structures. The main argument of this thesis is threefold: 1) China's public ownership of the means of production under the communist regime and the traditional political culture have predetermined the potential scope of corruption and the persistence of certain corrupt practices; 2) the political system and the bureaucratic structure vest party officials with too much power on one hand, on the other hand, the economic reform and a series of the unsophisticated policies provided them abundant opportunities for power abuses for personal gains; and 3) the lack of an effective power-restraining mechanism and democratic supervisory system to match the increasingly decentralized economic power at local levels in the new situations made the bureaucracy more prone to corruption.

This thesis is divided into five chapters. Chapter One reviews several general theoretic issues of corruption including definitions, effects and causes of corruption. Legal, public-interest, public-opinion and public-office definitions will be examined and compared. Effects of corruption, both positive and negative, and factors contributing to corruption in developing countries will also be discussed and explored in this chapter. Chapter Two provides an overview of official corruption in imperial

China, and endeavors to dig up the components of corruption in traditional Chinese political culture which have been exerting noticeable and lasting influence on value system and behavior standards across time. Chapter Three examines corruption and anti-corruption in Mao's era. This Chapter is divided into two parts; the first one reviews the Three and Five Anti's campaign of 1951-1952, which occurred only two years after the CCP took power, and the second part discusses the Socialist Education Movement of 1962-1966, a political campaign aimed at curbing bureaucratic corruption at the basic levels. Corruption in the first period was characterized by widespread tax evasion and bribery which reflected capitalists' oppositional strategies towards the CCP's ambitious transformation intention and efforts. The Socialist Education Movement was first launched to fight the so-called three "evil" tendencies among basic-level cadres including capitalism, feudalism, and extravagance; however, the strategies and targets of the campaign changed a great deal two years later, and this anti-corruption campaign gradually evolved into an anti-political decay and anti-capitalist roaders movement with its focus shifting from the basic levels to higher ranks.

Chapter Four and Chapter Five are the main part of this thesis. The economic reform and openness of the country to the rest of the world since 1978 have injected vitality into the economy; however, rampant corruption, on the other hand, has been plaguing the CCP leadership since then. Chapter Four begins with an overview of the political and economic situations in which corruption emerged and

spread. Patterns and examples of corruption in this period will be identified and listed, and the effects be examined. In Chapter Five, efforts will be made to probe into the origins of corruption in Post-Mao era, and the corruption control attempts and countermeasures will also be discussed. The concluding Chapter summarizes the major findings of this study; in addition, recommendations regarding corruption control under the new circumstances will also be presented there.

CHAPTER ONE

SEVERAL GENERAL THEORETIC QUESTIONS OF CORRUPTION

Definitions

The term "corruption" means different things in different societies. Even in the same society, its implications vary with different historical periods. In general, the term means "something spoiled; something sound that has been made defective, debased and tainted; something that has been pushed off course into a worse or inferior form."⁷ The founding fathers of Western political thought such as Plato and Aristotle viewed corruption as "a general disease

Gerald E. Caiden, "Toward a General Theory of Official Corruption", Asian Journal of Public Administration, Vol.10, No.1, June 1988, p.7.

of the body politics." According to Plato, governments which indulge in their own sectional interests can be regarded as corrupt.⁸ Aristotle pointed out that

there are three kinds of constitution, or an equal number of deviations, or, as it were, corruption of these three kinds ... The deviation or corruption of kingship is tyranny. Both kingship and tyranny are forms of government by a single person, but ... the tyrant studies his own advantage ... the king looks to that of his subjects."⁹

Obviously, the concept of corruption in Aristotle's time was somewhat different from that of today. The classical perception of corruption focuses on constitution or body politic whereas the modern notion is more concerned with behavior. In other words, the ancient Western scholars viewed bad polity or "institutional decay" as the main component of corruption whereas the scholars of modern times focus more on abuse of public office for personal gains.

Like many other terms of social sciences, the term "corruption" enjoys no universally accepted definitions. As K. Gibbons points out, "definitions of political corruption have become so numerous as to permit their classification into types."¹⁰ The major difficulties of defining corruption lie in the fact that the concept is so elusive and subject to so many different explanations across cultures and time periods that "a definition incorporating

Gong, p.3.

Arnold J. Heidenheimer, "Terms, Concepts and Definitions: An Introduction", In Arnold J. Heidenheimer, Michael Johnston and Victor T. Levine (eds), Political Corruption: A Handbook, New Brunswick (U.S.A.): Transaction publishers, 1989, p.3.

Kenneth M. Gibbons, "Toward an Attitudinal Definition of Corruption", in Heidenheimer et al., p.165.

all of the perceptual and normative subtleties is probably unattainable."¹¹ Some writers even explore the subject in detail without defining it. Robert J. Williams is right when he points out that "the search for the true definition of corruption is, like the pursuit of the Holy Grail, endless, exhausting and ultimately futile."¹² In spite of the troublesomeness of defining corruption, it still might be necessary and worthwhile pursuing a serviceable definition that is supposed to provide a theoretical framework in which the analysis of the Chinese issues can be conducted. Before reaching the working definition, it is necessary to have an overview of the public-office-centered, market-centered, public-interest-centered, and public-opinion-centered definitions of corruption.

Carl J. Friedrich defines corruption in terms of public interest:

... the pattern of corruption can be said to exist whenever a power-holder who is charged with doing certain things, i.e. who is a responsible functionary or office-holder, is by monetary or other rewards not legally provided for induced to take actions which favor whoever provides the reward and thereby does damage to the public and its interests.¹³

Rogow and Lasswell also define the term in a similar way: "a system of public or civic order exalts common interest over special

Michael Johnston, "The Political Consequences of Corruption", Comparative Politics, July 1986, p.460.

Graeme C. Moodie, "On Political Scandals and Corruption", Government and Opposition, Vol.15, No.2, 1980, p.209.

Carl J. Friedrich, "Political Pathology", Political Quarterly, Vol.37, 1966, p.71.

interest; violations of the common interest for special advantage are corrupt."¹⁴

According to this approach, corruption is behavior which subverts the public interest for personal gains. The major problem with this definition lies in the broadness and vagueness of terms like "public" or "common" interest. What is "public" or "common" interest? The question is subject to various explanations. This is particularly true in modern societies that are getting more pluralistic and complex. Different social groups have their own interests while each of them is perceived as part of the public. Under this circumstance, it would be very difficult to reach an unambiguous definition of the public interest through which behavior can be objectively measured as corrupt or not. Just as J. Scott points out, "any proposed definition of the public interest would find little acceptance simply because it would represent an attempt to resolve an essentially normative or ideological question by definition."¹⁵ This is especially the case in communist countries where the ruling class usually views itself as the representative of the public interest. Acts or policies that are supposed to be in the public interest may in reality harm the interest of the masses, or the basic human rights of the citizens. The "public interest" approach might be taken advantage of by

Kenneth M. Gibbons, "The Study of Political Corruption", in K. Gibbons and Donald C. Rowat (eds), Political Corruption in Canada: Cases, Causes, and Cures, Toronto: McClelland and Stewart Limited, 1976, p.3.

J. Scott, Comparative Political Corruption, Englewood Cliffs, N.J.: Prentice-Hall, 1972, p.3.

politically dominant groups to repress people's just rights and interests in order to protect and consolidate their privileges, status and dominance. Moreover, as Gerald E. Caiden and Naomi J. Caiden argue, this definition "pre-judges the result of corruption, is imprecise (as the meaning of public interest is open to different interpretations), and may preclude recognition of corruption until after the event only when the public interest can be clarified and judged."¹⁶

Another problem with the public-interest-centered definition is the contradiction between what the definition is for and what it is against because some social scientists argue that certain forms of corruption can maintain political stability and stimulate economic growth. In this view, "corruption can be in the public interest which, if true, creates difficulties for a definition which demands that it cannot."¹⁷

Some social scientists use the criterion of public opinion to define corruption. The main advantage of this approach is the avoidance of the confusion and troublesomeness brought about by the western based public-office-centered concept.¹⁸ Corruption, therefore, is simply defined by the public opinion in a given society. Wraith and Simpkins state that "an act is presumably only corrupt if society condemns it as such and if the doer is afflicted

Gerald E. Caiden and Naomi J. Caiden, "Administrative Corruption", Public Administration Review, May/June 1977, p.302.

Robin Theobald, Corruption, Development and Underdevelopment, Durham: Duke University Press, 1990, p.6.

Ibid., p.7.

in a sense of guilt when he does it."¹⁹ Whenever there exist contradictions between the legal definitions of corruption and what the public deems to be corrupt, it is likely that local culture will dominate the statute's definitions.²⁰ In his comparative study of corruption, Arnold Heidenheimer identifies, on the basis of agreement between elite and mass opinion, three basic categories of corruption -- "black", "grey", and "white" corruption. "Black corruption" is the act or behavior that is condemned by "a majority consensus of both elite and mass opinion" and wanted to be punished. "Grey corruption" refers to actions condemned by only one of the groups, usually elites, whereas "the majority may well be ambivalent". "White corruption" indicates a situation where "the majority of both elite and mass opinion probably would not vigorously support an attempt to punish a form of corruption that they regard as tolerable."²¹ Kenneth M. Gibbons points out that "black corruption" can be regarded as the "congruence of mass opinion and the law", if legal codes are conceived as an indicator of elite opinion. In this case, "grey corruption" is "the lack of congruence" of mass opinion and the law in that the public does not deem certain acts as corrupt and the law lacks necessary support, and vice versa. "White corruption" is "unlikely to become law" because neither elite nor mass opinion perceives certain behavior

Gong, p.6.

John A. Gardiner, "Defining Corruption", Corruption and Reform, 7: 1993, p.117-118.

Ibid., p.118.

as corrupt.²² Public opinion, however, is also a shifting, ambiguous and even conflicting concept, and involves arbitrary judgement. What is public opinion? Is it the official opinion, the majority's opinion, the "best" opinion, or something else? The real problem posed by this approach is that there exists the same danger, as with the definition of public interest, of "fixing upon the opinions of vociferous, dominant or politically powerful groups". Moreover, it is by no means easy to identify the demarcation between elite opinion and mass opinion; under such circumstances, therefore, Heidenheimer's classification of three basic categories of corruption still does not clarify the application of this approach.²³ Market-centered definitions perceive corruption as an alternative means of resource allocation or of access to process of decision-making. This approach is rather an explanation of the phenomenon than a definition.²⁴ Van Klaveren states that

A corrupt civil servant regards his public office as a business, the income of which he will ... seek to maximize. The office then becomes a "maximizing unit". The size of his income depends ... upon the market situation and talents for finding the point of maximal gain on the public's demand curve.²⁵

Kenneth M. Gibbons, "Toward an Attitudinal Definition of Corruption", p.168.

Robin Theobald, p.7.

Kenneth M. Gibbons, "Toward an Attitudinal Definition of Corruption", p.166.

Heidenheimer, p.9.

Unlike other approaches, this definition emphasizes the motivation of the corrupt for "profit maximization", and reveals the rationality which underlies corruption.

Among the modern definitions of corruption, the public office-centered definition appears to be the widely used one among social scientists. J.S. Nye defines corruption as

... behavior which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of reward to pervert the judgement of person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses).²⁶

Apparently, this definition focuses on the formal duties and rules of a public role. Michael Johnston favors this approach because "... a single ultimate standard ... is an advantage, not a problem: contrasts or changes in laws allow us to compare the political processes and value conflicts involved in setting rules of behavior".²⁷ James Scott also regards this approach as "the most satisfactory alternative".²⁸ The merit of this definition is that it can cover a broad range of corrupt behavior in public life, and is more clearly-defined and stable than other definitions. According to Gerald E. Caiden, the definition "covers most market-centered definitions that concentrate on maximizing pecuniary gains, and it can be stretched to include public interest

Ibid., p.9.

Johnston, p.460.

Scott, p.4.

definitions which identify corrupt acts as those which favor private interests over public concerns".²⁹

Public-office-centered definitions have been criticized for being culturally biased. It is essentially a "Western concept", and may not be able to be applied to some developing countries where there lack well-established and elaborate formal-legal norms that regulate public officials. Moreover, unlike Western countries, nepotism and other minor forms of corruption in these societies are "often socially approved".³⁰

Another major defect with this definition is its favorableness to politically dominate groups in that ruling class is more likely influencing legislation, and hence initiating legal norms that free themselves from charges of corruption. Acceptance of the standards of bureaucracy may force us to "implicitly condone a regime which is extremely repressive and which regularly abuses the most basic of human liberties."³¹ Finally, some acts may not be covered by this perspective, even though these acts are generally deemed corrupt, due to the lack of relevant legal precedent. In other words, "not all acts that break rules are corruption and corrupt acts are not all necessarily illegal."³²

As discussed earlier, there does not exist an all-inclusive definition of corruption although scholars have spent decades

Gerald E. Caiden, p.8.

Theobald, p.3.

Ibid.

Gong, p.7.

endeavouring to search for it. "In a very real sense corruption, as beauty, is in the eyes of the beholder."³³ However, to facilitate the study of the phenomenon in Chinese context, it still appears necessary to devote some space for the exploration of a workable definition. It should be noted that there has been little systematic study on corruption in contemporary China; therefore, there lacks a precise definition of corruption both officially and academically. Western definitions of corruption might not suit the Chinese context due to the apparent differences in the political systems and cultures. As mentioned before, for example, the public-interest-centered definitions may not be applied to the Chinese issue in that identification of public interests "appears to be more subtle in China than in other places". Everything the government does is always in the public interest. In fact, "party officials naturally assume the responsibility of expressing public interests, as they present themselves as the intermediaries between the government and the masses".³⁴

A ruling class bloc in a communist state has the full control over the press and government institutions, therefore, it can pursue its own interest in the name of public interest through manipulation of the mass media. A similar situation applies to the public opinion approach. The distinction between public opinion and official opinion in a communist regime is ambiguous due to the fact

Robert O. Tilman, "Emergence of Black-Market Bureaucracy: Administration, Development, and Corruption in the New States", Public Administration Review, Vol.28, 1968, p.437.

that the mass media are always supposed to discharge the function of "throat and tongue" of the public opinion. In other words, the politically dominant group has the capacity to influence or even manipulate public opinion in censure of corruption. There are also a few shortcomings with the definitions of public office when applied to the Chinese setting. First, there is a lack of sound and clear-cut rules and codes regarding the duties and responsibilities of public office holders in communist China. The scope of authority and responsibilities of an office holder are usually stipulated by his (or her) "immediate superiors" rather than by legal norms. In this case, it would be vague as to judge what is wrong. Moreover, the political system of China is characterized by one-party dominance and lack of political opposition. The Party bureaucracy is superior to the legislation (the People's Congress); laws and rules are thus often initiated and subject to change on the basis of political considerations. It is not rare that "'power' outweighs 'laws' and public officials can even openly defy laws".³⁵ Finally, one cannot neglect such a fact that censure of corruption is also a political strategy for the ruling class to maintain its dominance. In a political culture like China, T.Wing Lo reminds us that "corruption, on one hand, can be a moral censure which the Party uses to punish truly corrupt people. On the other, it can also be a handy censure which those in power selectively apply to

Ibid., p.8.

eliminate their political opponents for the purpose of maintaining the existing system of political and economic domination."³⁶

This study deals mainly with bureaucratic corruption, and the emphasis will be naturally upon the behavior of public officials of government agencies and the state-owned enterprises. It excludes corruption in business and other trades although the phenomenon is also widespread in these fields. The working definition stresses "accepted norms" instead of "formal duties of public role" in order to avoid the vagueness of the definitions of duties for office holders in China. "Accepted norms" here include both formal and informal norms (i.e. norms accepted by the masses). Although the term is subject to debate, it is still necessary and useful to adopt it due to the fact that in China, while some acts arouse widespread resentment among the masses, they appear to be non-corrupt in terms of official standards. Patronage and nepotism might be the apparent examples in this sense. Besides, "public opinion" will give way to "mass opinion" so as to avoid the unnecessary confusion in this specific context. Thus, this study perceives corruption as bureaucratic behavior which deviates from accepted norms of a given society, measured in terms of official standards and mass opinion, for personal or cliquish advantage.

Effects of Corruption

The mid- to late- 1960s saw a powerful academic challenge to the

T.Wing Lo, Corruption and Politics in Hong Kong and China, Philadelphia: Open University Press, 1993, p.155.

wide spread condemnation of corruption based on the "moralistic" approach among Western social scientists. Rather than condemning corruption as moral deterioration and focusing mainly upon its negative consequences, scholars of the so-called revisionist school like Samuel Huntington, Nathaniel H. Leff, Colin Leys, David Bayley and J.S. Nye, etc., began to study corruption in terms of a new instrumental approach which stresses the relationship between corruption and the stages of socioeconomic development of underdeveloped societies. Samuel Huntington, for example, sees the scale of corruption as the product of the rapid social and economic modernization. He lists three factors that modernization contributes to corruption. First, the modernization process leads to a dramatic change in the basic values of a traditional society. Moreover, the emergence of new sources of wealth and power in the modernization process also creates corruption. Modernization, finally, expands both the power and the involvement of the bureaucracy in the socioeconomic spheres of a society, and hence opens more opportunities to corruption. He further argues that corruption can often promote economic development.³⁷ Nathaniel H. Leff challenged the conventional view of corruption by claiming that the positive effects of corruption had long been neglected. According to Leff, corruption can promote economic development by raising the rate of investment, increasing efficiency and curbing "bad economic policy" of bureaucracy. People condemn corruption on

Samuel P. Huntington, Political Order in Changing Societies, New Haven, Conn.: Yale University Press, 1968, p.59.

the assumption that what the government of a developing nation endeavors to fulfill is promotion of economic development whereas corruption hinders its efforts. However, it is totally possible that the government that consists of a "traditional elite" is "indifferent" to economic development, whereas non-bureaucrats may have stronger incentive for economic innovation and investment than the government. In this case, the beneficial effects of corruption outweigh its negative effects.³⁸ Bayley also argues that "corruption serves in part at least a beneficial function in developing societies".³⁹

The main functions of corruption, as identified by the revisionists, are promotion of economic growth and political development. Besides, corruption is believed to humanize officialdom, reduce red-tape, aid national unification and stimulate masses' participation in public affairs. The effects of corruption summarized below, both positive and negative, are mainly based on the articles by David Bayley and J.S.Nye, with the supplement of ideas and arguments drawn from other scholars of corruption.

Beneficial Effects of Corruption Corruption, according to Nye and Bayley, helps promote economic development in the following ways:

Nathaniel H. Leff, "Economic Development Through Bureaucratic Corruption", The American Behavioral Scientist, Nov.1964, p.8-12.

David H. Bayley, "The Effects of Corruption in a Developing Nation", in Heidenheimer et al., p.936.

it facilitates capital formation; it helps reduce red tape; it fosters entrepreneurialism. In an economy where capital is scarce, corruption may serve as an alternative source of capital accumulation. This is especially the case when capital, in the form of kickbacks, is diverted from consumption or inefficient projects into efficient and productive enterprises. Secondly, entrepreneurship, another crucial factor for economic development, to some extent can be promoted through corruption. Entrepreneurship of minority groups or those who have been excluded from the political system, by making use of graft, can overcome the discrimination against them and buy themselves the equal opportunities for the exhibition of their entrepreneurial talents. Thirdly, bureaucracies in developing nations, in general, are characterized by red tape and move at a "snail pace". Under such circumstances, bribery and other forms of corruption can speed up the decision-making process, and exert beneficial impact on economic development. The amount of the bribes, which is also a sort of cost, serves as an indicator of the effectiveness of the production and the management; those who are able to pay the biggest bribes are more likely to be the most efficient enterprises.⁴⁰ The allocation mechanism of public resources based on bribes rather than conventional red tape may, in a sense assist

Bribes also represent a certain sort of cost of operation. Ability to pay massive bribes might be a reflection of entrepreneurial efficiency because payment of these additional huge costs may largely depend upon efficiency in production in the long run. See Leff, p.396-397 and Bayley, p.944-945.

economic development.⁴¹ Corruption can also enhance political development in a developing state. However, what are the implications of "political development" in developing societies? In fact, according to Robin Theobald, "political development" has two basic aspects: enhancement of administrative capacity and an increase of mass participation in the political process. In other words, enhancement of participation leads to an increase in political parties. In general, political development is usually evaluated in terms of administrative capacity, mass participation, the status of political parties and national integration.⁴²

The bureaucratic systems of most developing nations are characterized by "over-centralization" with vague lines of authority and low-quality personnel. These factors, to some extent, have inevitably reduced the capacity of the governments. Corruption, however, in forms of nepotism and bribery, may provide an alternative to enhance administrative capacity through informal connections and procedures. A government may achieve some of its goals through these nepotism-oriented procedures rather than the formal ones. Moreover, the potential opportunities for corruption may serve as an effective means of attracting (or keeping) talented people in governments of developing states where salary levels for public servants are significantly low. In this sense, corruption

Bayley, p.944-946; J.S.Nye, "Corruption and Political Development: A Cost-Benefit Analysis", in Heidenheimer et al., p.967-968.

Theobald, p.121.

objectively enhances the quality of public servants, and hence increases the capacity of government.⁴³

Corruption also makes a positive contribution to political development through the strengthening of political parties. The prospect of spoils and the tangible rewards for the career attract able men into politics, and stimulate the formation and development of opposition parties. It should be stated that although corruption helps promote political parties, in the long run, vigilant and sound political parties tend to reduce opportunities for corruption and even "undermine the conditions of its own existence".⁴⁴

The third basic ingredient of political development is mass participation. The development of political parties, to a large extent, also promotes mass participation in the political process. Large-scale mass participation makes governments more responsive to and responsible for people's needs, and hence significantly strengthens their accountability for people's interests. Furthermore, corruption may humanize an impersonal bureaucratic system, and create possibilities for transitional people to influence the bureaucracy "through personal action". "The human contacts provided in a corrupt act may be a necessary transitional device to insure loyalty to the new of a tradition-bound people."⁴⁵

Bayley, p.121.

Huntington, p.69-71.

Bayley, p.947.

Finally, corruption may assimilate new immigrants, and provide them more access to political activities.⁴⁶

The last factor by which corruption contributes to political development is national integration. It is argued that corruption may aid national integration and political stability by incorporating otherwise alienated groups, and functioning in one respect as an alternative to violence.⁴⁷ Furthermore, according to Nye, the practice of corruption is viewed to help "bridge the gap" between the politically powerful and the rich, and thus be beneficial for both elite and non-elite integration.⁴⁸

Negative Effects of Corruption If we say that the possible benefits of corruption seem to be relatively ambiguous, its adverse aspect appears to be more obvious. Whatever forms and characters a corrupt act may have, it is harmful to the society in that it aims to achieve private gains at the expense of the common good or the public interest. It represents degeneration of moral standards, corrupts social values, exhausts government legitimacy, and sets the wrong direction for the future generations. The following is a summary of its main harmful impacts:

First of all, corruption is believed to hinder, as argued by some scholars, rather than assist economic development. Capital accumulated through corruption may not be invested into

Theobald, p.124.

Huntington, p.62-64.

Nye, p.968.

economically desirable activities; rather, it may "wind up in Swiss banks" or diverted, as some existing evidences suggest, into less desirable or even wasteful pursuits such as consumption of luxurious goods. Besides, corruption represents misuse and waste of public resources, and prevents governments from achieving their worthy objectives, e.g. increasing government efficiency and capacity by hiring real talented people and allocating scarce resources to real worthwhile projects.⁴⁹ Lastly, corruption inhibits economic growth by "stifling entrepreneurialism". The vastly profitable prospect of indulging in bureaucratic corruption may discourage entrepreneurial-minded people to seek a career in business.⁵⁰

Secondly, corruption may reduce governmental capacity and jeopardize its legitimacy. The competition within government for lucrative opportunities for additional income through corruption may lead to contradictions, disunion and factionalism while the practice of nepotism and patronage damages the fairness in recruitment and promotion, and either keeps able people out of public service or causes public servants to reduce their work efforts. In addition, inertia and irrationality caused by corruption directly hinder the process of decision-making and the normal operation of bureaucratic machine. In extreme situations, public servants at all levels may not be willing to "take responsibility for decisions, forcing decisions to be made by a

Ibid., p.970-971.

Theobald, p.126.

slow and cumbersome process of reference and conference in which everybody finally shares dimly in the making of every decision."⁵¹ Finally, widespread corruption undercuts the public confidence in the evenhandedness of the government, and, as a result of this, endangers the legitimacy of the government.⁵²

Thirdly, instead of promoting political development, it is argued that corruption hinders political development by restraining the growth of political parties and discouraging mass participation. According to Robin Theobald, the vast benefits stemming from misuse of public power lead to intense power struggles among political parties. To maintain its power, the ruling class usually cracks down relentlessly on its political opponents. Mass participation in a real sense may not exist in developing countries; masses are manipulated and repressed rather than participating in the political process in a corrupt regime. Only "the wealthy and the well-connected", rather than the poor, can exert influence through corruption in the political decision-making process.⁵³

Fourthly, just contrary to the argument that corruption strengthens national unification, corruption may lead to political instability and even national disintegration. As discussed above, corruption causes intense struggles for public power, ruins popular

Gunnar Myrdal, "Corruption: Its Causes and Effects", in Heidenheimer et al., p.953-955.

Nye, p.972-973; Theobald, p.127-128.

Theobald, p.128-130.

faith in government and creates a general mood of distrust. The pursuit of self-interest by the whole society, both elites and non-elites, inevitably leads to social fragmentation, gives rise to endless political and social conflicts, and hence weakens national integration. Under certain circumstances, widespread corruption may even cause the downfall of a regime by means of military takeover.⁵⁴ Furthermore, rampant corruption in a society may force the ruling group to sustain the political order by more repressive means; it can also deteriorate a nation, make it more vulnerable to foreign invasion.⁵⁵

Needless to say, the effects of corruption are subject to debate. A similar condition, as we have detected from the above, often leads to different or even contradictory conclusions. Corruption either promotes or hinders economic growth; either increases or undercuts administrative capacity; either strengthens or ruins national unification and so on. It seems extremely difficult to determine the overall consequences of corruption due to the existence of a variety of complex and nonquantifiable factors. J.S. Nye suggests that the probabilities of benefits outweighing costs can be measured in terms of three conditions: the degree of tolerance for corruption; the sense of security of the corrupt officials; and the supervisory mechanism. According to Nye, traditional cultures and sub-cultures are more tolerant of corruption. In countries where the corrupt elites lack sense of

Nye, p.971-972.

Caiden, p.20.

security, costs may outweigh benefits in that capital accumulated through corruption may flow out of these countries rather than being invested domestically. Nye concludes that costs of corruption may outweigh its benefits in developing societies even though there exist several special situations that might favor corruption.⁵⁶ The results of a variety of case studies on corruption also suggest that there is a lack of sufficient evidence to justify both the existence of most of the supposed beneficial effects of corruption and the contribution made by corrupt elites.⁵⁷ Margret Goodman concludes, on the basis of her detailed research on the effects of corruption in the context of the state Yucatan, Mexico, that "it is a mistake to view corruption as a temporary stage along the road to development, or as a social service agency or as benefiting the most efficient...". Corruption in reality benefits the powerful, the wealthy, the incompetent and the inefficient, hinders optimal government planning, and breeds cynicism.⁵⁸

Factors Contributing to Corruption

Where does corruption come from? Or, in other words, how should we explain the phenomenon? Unfortunately, like the endless varieties of corrupt behavior, factors contributing to corruption

Nye, p.973-981.

Caiden, p.21.

Margaret Goodman, "Does Political Corruption Really Help Economic Development?: Yucatan, Mexico", Polity, Vol.VII, No.2, Winter 1974.

also prove to be numerous. "Any form of human interaction in the public arenas can be distorted for personal gain."⁵⁹ Various approaches to corruption have resulted in different explanations as to its genesis and existence although some ideas share common points with others. Anyone can probe into the sources of corruption from any point of view he likes. The main research area of this thesis is corruption in the context of PRC; therefore, this section devotes mainly to the contributory factors of corruption in developing nations.

Why is corruption more rampant and widespread in underdeveloped states when compared with Western democratic ones? Are politicians and public officials in developing nations more prone to corruption due to inherent human moral problems and degeneration as claimed by moralists? Does corruption go side by side with the modernization process experienced by these countries as described by revisionists? Are the culture and value systems of a traditional society playing more important roles in the prevalence of corruption in the society? Or do institutional factors such as political, economic or organizational structures contribute more to corruption in these countries? Answers to these questions, however, represent various approaches to this issue, and each explains one aspect of its complex genesis. Several major contributory factors to corruption in developing nations have been identified and listed below.

Gerald E. Caiden, p.13.

There appears to be an apparent relationship between corruption and modernization. The so-called revisionists "first transfer corruption from the realm of morality to that of legality, and then identify it as 'functionally' determined by a society's modernization process".⁶⁰ According to Huntington, corruption seems to be more rampant "during the most intense phases of modernization" in most societies. Three factors contribute to corruption in this process. First, modernization alters the traditional value system and norms. Citizens become more democratic-minded, and the distinction between public role and private interest has been clarified and widely accepted by citizens. Behavior that was legitimate according to traditional norms is perceived as corrupt in the new situation. Modernization of a society brings about modernization of the ideology and behavior standards. Moreover, modernization opens up new sources of wealth and power; corruption provides new groups alternative channels for political participation when they cannot enter the political system through the traditional and regular routes. Those who are rich but politically disadvantageous can trade money for political power. Finally, modernization multiplies government intervention in socioeconomic activities and hence expands government power. The multiplication of new laws and regulations menaces the interests of certain social groups, and thus increases the possibilities for corruption.⁶¹

Gong, p.15.

Huntington, p.59-62.

Overconcentration of government power and the lack of corresponding countervailing power outside government account for another source of corruption in developing nations. The political structures of these nations usually take the form of either single party system, military dictatorship, or monarchy. Rulers or political leaders of these regimes, unlike politicians in Western democratic nations, usually seize public power through either revolution or military coup. The acquirement of power in these regimes is therefore irrelevant to citizens, and hence it multiplies possibilities of political corruption. These political structures are often characterized by the lack of countervailing force outside the network of the ruling parties. There do not exist "freely operating opposition political parties or independent judiciary system". Legislatures are dependencies or ornaments of the ruling blocs, and the judiciary system lacks necessary independence. Laws and regulations have less influence on the political leadership; rulers may ignore or even revise laws according to their own will. Moreover, limited press freedom and lack of effective supervisory mechanism within bureaucracy under these regimes are also conducive to political corruption. "Under such circumstances the bureaucracy is free to act at will in its own economic interest rather than in the interest of the nation."⁶² Overconcentration of power, on the other hand, may provide junior officials opportunities for corruption in that codes and

Kempe Ronald Hope, "Administrative Corruption and Administrative Reform in Developing States", Corruption and Reform, Vol.2. No.2, 1987, p.132.

regulations may be too broadly defined to be appropriate to specific situations. In this case, middle and lower level officials may have more flexibilities in dealing with concrete conditions, and hence more opportunities for abuses of public duties. Overconcentration of power also wakens the supervisory mechanism of the bureaucracy because top leaders and senior officials may busy themselves at making decisions or even handling routine work so as to lack necessary time and energy to supervise the work and behavior of the subordinates.⁶³

Thirdly, the existence of strong patron-client networks and the lack of modern civil-service systems in many developing states encourage corruption. The over-supply of human resources and the limited job opportunities created by private economy force government to become the major employer in the economy. However, the lack of the modern civil-service system in these societies provides no rational and impartial personnel selection mechanism. Thus, it is not surprising to find that nepotism becomes so widespread and institutionalized that it has even been accepted by the whole society. A Strong patron-client system also stimulates corruption. Scott defines the patron-client relationship as

a special case of dyadic (two persons) ties involving a largely instrumental friendship in which an individual of higher socio-economic status (patron) uses his own influence and resources to provide protection and/or benefits for a person of a lower status (client), who, for his part, reciprocates by offering general support and assistance including personal services to

Zengke He, The Political Cancer: the Issue of Corruption in Developing States (in Chinese), Beijing: The Central Publishing House of Translation and Editing, 1995, p.29-30.

the patron.⁶⁴

In a patron-client network, private loyalty and personal interest are usually imposed upon public interest; illegitimate deals and transactions that are banned by law are perceived as normal within the system and processed in the bureaucracy. In Lebanon, for example, corruption was so widespread in the 1950s and 1960s that "acts of nonfeasance, malfeasance and misfeasance, favored by powerful patron-client relationships, abound in all areas of the administrative systems".⁶⁵ Besides, the patron-client network also protects corrupt officials from being exposed or punished. The advantages derived from the network, however, may induce outsiders to squeeze into it by all means in order to get their own due, and hence further worsen the general mood of the society.

Inequality also leads to corruption. Dobel argues that "the corruption of a state results from the consequences of individual human nature interacting with systematic and enduring inequality in wealth, power and status".⁶⁶ Scarcity of resources is commonplace in many developing states. This has inevitably led to inequality of income distribution and created the "haves" and "have-nots" among various social groups. In general, the income level of public

James C. Scott, "Patron-Client Politics and Political Change", quoted in Joseph G. Jabbara, "Bureaucratic Corruption in the Third World: Cases and Remedy", The Indian Journal of Public Administration, Vol.XXII, 1976, p.678.

Ibid., p.679.

J.Patrick Dobel, "The Corruption of a State", American Political Science Review, Vol.72, 1978, p.961.

officials in most developing nations is apparently lower than that of private entrepreneur due to the lack of public resources. To maintain a higher living standard that corresponds to their social status, civil servants in many developing societies have to resort to corruption in order to open up additional income sources. This is particularly true for middle and lower level officials because all sorts of privileges possessed by senior officials can ensure them of a better life even after their retirement. A survey conducted in Indonesia in the 1970s showed that there existed significant differences between the monthly income of the middle and lower level officials and their average monthly consumption; their monthly salaries, claimed by these officials, accounted for only less than one-third of their normal monthly family expenditures.⁶⁷ Not only does inequality in wealth promote corruption, so does inequality in distribution of power. Junior officials often indulge in corruption just as a compensation for their deficiencies in power and social status.

The unsound economic structure of many developing states is a key source of corruption. The expanding role of government in these economies often results in more government intervention in the socioeconomic spheres, which in turn expands the scope of government regulation over many microeconomic activities. Increasing bureaucratic control over the economy also provides bureaucrats fertile ground for corruption. In developing states, the demand for goods and services often outpaces the supply. There

Zengke He, p.48-49.

exist expansionary demand for raw materials in short supply (as in the case of the planned economic system), licenses, import-export permits, duty-free privileges, tax-reduction quotas, franchises, public employment, and public finance. Under such circumstances the expansionary discretionary public power can serve as a "bargaining mechanism to induce the payments of bribes". This mechanism can even be exploited to the extent that "public officials would do nothing without bribes and payoffs".⁶⁸

Several maladies inherent in the economic system of many developing states that have caused corruption should be noted. First of all, the irrational resource distributive system worsens the imbalance of limited supply of and increasing demand for scarce resources. What characterized the resource distributive system is the exclusion or restraint of the market mechanism. Resources are either planned or rationed by government to enterprises without any charge (as in the case of some communist states) or with general subsidies (as in the case of many developing nations). This inevitably leads to the occurrence of a dual-pricing system (the planned prices and market prices). To compete for the subsidized cheap resources, individuals and enterprises vie with one another in bribing government officials who have the distributive powers. Governments in many underdeveloped societies also control and regulate the behavior of enterprises through various aspects including prices of products, raw materials, scale of the production, equipment, salaries, recruitment and retirement of

Hope, p.131.

workers, etc. As a result, this increases enterprises' economic dependence on government, and thus stimulates "rent-seeking" in economic fields. In addition, the lack of the mechanism of fair competition in many developing countries restrains the individual entrepreneur from achieving their economic goals.

In general, public enterprises in developing states monopolize many important trades such as banking, energy, railway transportation, aviation, steel, cement, chemical industry, etc., and manipulate the market prices of these goods and services. Besides, state-owned enterprises are usually under the protection of the state regulations and policies. On the contrary, government imposes various restrictions upon the behavior and economic activities of private enterprises. In India, for instance, a private firm is not allowed to enter certain trades unless its projects have been technically approved by the government. Government in India also restricts and controls private enterprises when they apply for loans and import permits for raw materials and equipment. To reduce the negative effects of this intervention, entrepreneurs often buy off powerful government officials. The actual income of public officials in India, therefore, is higher than that of other occupations; public office has become an ideal avenue for accumulation of fortunes.⁶⁹

The general absence of "work ethic" in government can also be counted as a contributory factor to corruption. Public servants in many underdeveloped states lack a sense of purpose and commitment

Zengke He, p.36-43.

to their responsibilities. Their public duties, in their mind, are not obligations under which they need to provide citizens public services, but rather, instruments that can be exploited for personal advantages. So it is not surprising to find that in these societies there exists an attitude of disrespect of formal rules and regulations of civil service among public officials. As a result, corrupt acts such as acceptance or extortion of bribes, nepotism, embezzlement, etc., become widespread within bureaucracy. As Hope points out, "corruption is aided by the administrative laxity that results from the lack of a work ethic primarily derived from societal norms and poor training and education".⁷⁰

Traditional culture and norms, as suggested earlier, also generate corruption. Corruption is "shaped and conditioned by cultural attitudes and behavioral patterns that are defective".⁷¹ In many traditional societies, "obligations to kin, tribe, religious sect, or local community significantly influence the behavior of public servants, leading them to corrupt practices in order to satisfy their client's demands."⁷² The behavior of taking advantage of public office for personal or sectional gains is at least acceptable in these societies if not praisable. In such an environment, it is not surprising that public interest is often sacrificed by public servants for satisfaction of their family or parochial demands. In societies where such traditional norms

Hope, p.130.

Ibid., p.132.

Jabbara, p.675.

prevail, "non-corrupt standards of public bureaucratic behavior have not been widely internalized, and administrative conduct continues to be determined by traditional, family and other parochial pressures".⁷³

Ibid., p.676.

CHAPTER TWO

AN OVERVIEW OF OFFICIAL CORRUPTION IN IMPERIAL CHINA

Before dealing with the issue of corruption in contemporary China, it seems necessary and helpful to have a brief overview of the phenomenon in the context of ancient China. It is suspected that some corrupt behavior in today's China, such as nepotism, patron-client relationship, graft, etc., is rooted in the traditional political culture of the state. However, I do not suggest here that corruption, as any other Chinese cultural heritage, has been handed down generation by generation, or that this political culture is more prone to corruption than any other culture in the world. What this chapter endeavors to indicate is the universality and gravity of official corruption in ancient China and the major contributing factors. In this particular context one may have a better understanding of the special implications of "power" in Chinese society and the historical factors attributable to the prevalence of corruption over time. Analysis of corruption, like any other social behavior of human

beings, cannot be processed as an isolated phenomenon; rather, its formation and continuity is the result of the interaction of a variety of factors including cultural norms and traditional conception. There exists, in some sense, inevitable connection among corruption in different time periods, because traditional norms may tolerate or even encourage some behavior that is perceived as illicit in terms of modern standards. We should not underestimate the influence of traditional norms on the formation of certain social behavior. This is particularly true when we conduct social studies in traditional societies.

The ancient Chinese bureaucracy may be one of the most perfect bureaucracies in the ancient world. Beside the three characteristics that are common to any other bureaucracy: absolute authority, hierarchial structures and rigid operation, the traditional Chinese bureaucracy had evolved over a long period several different features: power integration, insecurity, and trade of power for wealth.⁷⁴ In ancient China, bureaucrats were granted the powers of legislation, administration and judicature; however, there lacked an effective supervisory mechanism both within and outside the bureaucracy. Management of government mainly depended upon the moral characters of the emperors and bureaucrats and the prevailing Confucian norms. Unlike their later modern counterparts, bureaucrats in imperial China lacked job security and necessary welfare guarantee. As the top ruler of the state, an emperor was able to dismiss, jail, exile or even execute any

Gong, p.37-38.

official at any time. In some dynasties, the imperial government even did not pay bureaucrats regular salaries.⁷⁵ Finally, just contrary to Western democratic system, public office in imperial China was "more used to achieve wealth than wealth was used to achieve political office". Power had special implications in the social life of ancient China because it could enrich an individual through "ways much faster than other avenues". A couple of popular Chinese sayings reveal the special function of power in Chinese society: "sheng guan fa chai" (get promoted and then become rich) and "sannian qinzhifu, shiwan baihuayin" (a three-year term of office could earn an extra income of 100,000 taels of silver even for a "clean" magistrate).⁷⁶

Bureaucratic corruption in imperial China was so widespread that a famous Chinese scholar concluded that "the Twenty-Four Histories of China is in reality a history of graft".⁷⁷ As a Chinese proverb goes -- "wu guan by tan" (no official who is not involved in graft), the universality and gravity of official corruption in the feudal times are indeed surprising. According to historical records, officials at every level were "so greedy that honesty was rarely seen". In Yuan Dynasty (1271-1368), official corruption had

Jing Fang, "On the Relationship Between Official Corruption in Ancient China and the Institution" (in Chinese), Journal of Peoples University of China, No.5, 1993, p.90.

Gong, p.37-38.

The Twenty-Four Histories refers to the dynastic histories from remote antiquity till the Ming Dynasty. See Minglan Huang and Jing Fang, "On the Causes of Official Corruption in Ancient China" (in Chinese), Journal of Northwest University, No.4, 1990, p.40.

been institutionalized to the extent that the society took it as a fact of life. While those who controlled public finance directly embezzled public money, other officials indirectly achieved wealth by accepting and extorting bribes, pocketing part of the soldiers' pay, or even selling public offices.⁷⁸ Fortunes amassed through corruption were amazing; there occurred several notorious corrupt senior officials in ancient China whose properties were almost equal to the national revenue.⁷⁹ In Qing Dynasty(1644-1911), the confiscated fortune of a corrupt minister named He Sher. amounted to more than 800 million taels of silver, which equaled to the total amount of 20 years' national revenue, 25 years' financial expenditures and 60 years' financial surpluses of the dynasty.

The extent of graft among local officials was also amazing. Tax revenues of the state were the main source of their illicit income. In Song Dynasty(960-1279), the taxes imposed by local officials for their own purposes even exceeded those of the central government. In Qing Dynasty, most of the tax revenues were embezzled by corrupt officials. It is estimated that in both Ming(1368-1644) and Qing Dynasties, officials' illicit income from graft and taxes was dozens of times more than their salaries.⁸⁰ Officials in Song Dynasty strived to live a luxury life that could not be afforded by their salaries; they even competed for consumptions of luxurious residences, exquisite clothing, expensive dishes cooked with rare

Ibid.

Jing Fang, p.93.

Ibid., p.94.

wild animals and seafood, and luxury goods.⁸¹ Bribery was the major form of corruption in imperial periods and widespread in bureaucracy. In Tang Dynasty(618-907), a senior official named Han Hong fawned on the influential figures; it is disclosed that all civil and military officials of the royal court except one had accepted his bribes.⁸² Large-scale graft of public funds and extortions of private properties in many dynasties and periods even damaged the national economy and threw ordinary people into dire poverty. As a consequence, peasant uprisings and military mutinies occurred one after another throughout the ancient history. It is estimated that there had been altogether more than three hundred uprisings in imperial China.⁸³ Corruption is therefore often regarded as the key factor that contributes to the decline and downfall of almost all dynasties.

Varieties of corrupt behavior existed in ancient China among which misappropriating public funds, extortion, bribery, nepotism, engagement in trade, gift-giving and banqueting were the common malpractices. In ancient China, the state often invested huge funds in agriculture, handicraft industry, salt and iron industry, irrigation, etc. Besides, emperors also went into large-scale palace and tomb constructions. Many officials, by using illegal means, benefitted themselves from these projects. They embezzled

Xueshu Tan, "On Anti-corruption in Song Dynasty", The Social Sciences (in Chinese). No.4, 1996, p.60.

Huang and Fang, p.40.

Ibid., p.41.

public land and grain, misappropriated public funds, or transferred farming soldiers to cultivate their own land. Some senior officials even embezzled public money directly from the state treasury.⁸⁴ Another major source of misappropriation was administrative and military funds. Items embezzled include soldiers' salaries, funds for disaster relief, tax revenues, public properties, even royal gifts for foreign emperors.⁸⁵ Furthermore, public powers were often abused for extortion in feudal times. The major form of extortion was the imposition of exorbitant taxes and levies. As mentioned earlier, civilians were often forced to pay royal taxes as well as other taxes imposed by local officials, which were usually much heavier than the royal ones. In Song Dynasty, these taxes were seven or eight times more than the royal ones.⁸⁶ The local tax revenues, in some dynasties, were carved up between local and central officials. Officials even directly extorted the rich and businessmen for money and goods. According to historical records, local officials and eunuchs tortured or even killed the rich for extortion of money.⁸⁷ Forcibly purchasing residences and lands of civilians was another type of extortion. In the Eastern

Minglan Huang, "On the Relationship Between Official Corruption in Ancient China and Political Power" (in Chinese), Beijing Social Sciences, No.2, 1995, p.72.

Huang and Fang, p.42.

Jing Fang, p.92.

Huang, p.72.

Han Dynasty(25-220 A.D.), Hou Lan, an eunuch, forcibly occupied 381 residences and 118 qing of land.⁸⁸

Bribery, gift-giving and banqueting were common practices in feudal societies, which aimed at strengthening the connections among officials (for example, connection between superiors and subordinates, connection among fellow officials and different government departments), facilitating dealings between powers, between power and wealth, between power and services. In Eastern Han Dynasty, for instance, when Liang Ji wielded the power of the royal court, there emerged "a continuous stream of bureaucrats" who wanted to buy off Liang either for official positions or for apologies.⁸⁹ In Ming Dynasty, half of the frontier guards' annual salaries, which amounted to millions of taels of silver, were taken by Yan Song as bribes. In return, Yan provided the frontier officials political protection. In the Northern Wei period(386-534), Xiu Yi, a senior official who controlled the civil service, offered bribers official posts of different ranks according to the values of their bribes.⁹⁰ The six most corrupt senior officials in Northern Song Dynasty(960-1127), the so-called "six thieves", engaged in the same practice as Xiu Yi did.⁹¹ Gift-giving and banqueting, as another form of bribery, were also widespread, and had even been institutionalized in ancient China. In Song and Qing

Qing, a unit of area (=6.667 hectares); *ibid.*

Huang and Fang, p.42.

Huang, p.73.

Tan, p.61.

dynasties, local officials had to submit gifts when they went to the departments of the central government for delivery of official documents or for public affairs. Whenever officials assumed or left their offices, gifts and even soldiers were usually offered and feasts held. Local officials usually spent huge amounts of public money on feasts and gifts when officials of the royal court went to prefectures or counties either on business or for sightseeing.⁹² In the late Northern Song Dynasty, consumption of luxurious feasts paid by public money was so popular among officials that the royal court had to issue royal edicts to restrain the scale and the extent of luxury of these banquets.⁹³

All sorts of interpersonal connections have special implications in the traditional political culture of China. To extract desirable resources and political protection, it was necessary for feudal bureaucrats to cultivate their networks of social connection. That was the source of nepotism in imperial period, and "usually done by bringing more relatives, friends, and townspeople into the officialdom".⁹⁴ Outsiders of these patron-client networks usually squeezed into them by fawning and bribery or other means. Both patrons and clients benefitted significantly from this social network because the mutual protection among its members facilitated corrupt practices and greatly reduced the danger of being exposed.

Fang, p.92-93.

Wenhua Le and Xiafei Yang, "On the Causes of Official Corruption in the Late Northern Song Dynasty" (in Chinese), Jiangxi Social Science, No.8, 1995, p.56.

Gong, p.40.

There was no lack of examples of nepotism in the feudal history of China. In the Han and Tang Dynasty, powerful royal relatives and eunuchs practised nepotism without scruples. They "promoted their trusted followers in secret", and most of the important positions were assumed by their own people.⁹⁵ In Ming Dynasty, a powerful bureaucrat did not believe, even when in jail, that he would be sentenced, for "all the senior officials of the royal court are my friends and relatives".⁹⁶

Another character of official corruption in ancient times was the engagement in trade. This practice was more widespread and serious in the Northern Song Dynasty due to the rapid growth of market economy in that period. "All officials were involved in business", and many officials went to and fro between the royal court and market. Even the Prime Minister was not immune from the temptation of staggering profits. Due to the fact that the average income of officials in that period was much lower than that of businessmen, many officials, by taking advantage of their public power, misappropriated public funds as business capital. Besides, public conveyance and soldiers were often abused for private business activities. To acquire huge profits, officials often engaged in overseas smuggling, tax evasion, speculation, etc. without regard to laws and regulations of the state.⁹⁷ The scale

Huang and Fang, p.45.

Ibid.

Keliang Tang, "On Officials' Engagement in Business in the Northern Song Dynasty" (in Chinese), Probe, No.6, 1993, p.120-121.

of these official commercial affairs was so large that sometimes "thousands of soldiers" were sent out for trade.⁹⁸ Some generals even sent out junior officials and soldiers for business with a loan of 5,000 copper coins each; upon their return, a sum of 15,000 coins must be paid back.⁹⁹

The Causes of Official Corruption

The fundamental reason for official corruption in ancient China lies in the political structure of the feudal dynasties. As in other cultures of the world, an emperor was the paramount of the state and possessed absolute power. Moreover, there was no clear-cut demarcation between royal and public properties in feudal societies. The relatively developed mechanism of personnel, supervision, finance and judicature, on one hand, reflect the advancement and perfection of the bureaucratic system in these specific historical periods. On the other hand, this does not mark the establishment of a political system that resembles the modern one characterized by division of power and mechanisms of power restraint. Rather, powers of legislation, administration and judicature were all in the hands of emperors and ruling groups. Confucianism had been prevailing in Chinese society since the early period of the feudal history; when as early as in Western Han Dynasty (206 B.C.- 24 A.D.), Confucian norms had become the

Ibid., p.121.

Tan, p.61.

orthodox ideology of the imperial dynasties, which emphasized "virtue" rather than law.¹⁰⁰ Due to its evolution from the clan system in the early times, the feudal society inherited the apparent characters of a patriarchal system. Emperors viewed the state as a huge family; they themselves and bureaucrats were the so-called "parent officials" while civilians were naturally the "children citizens". The relationship between them is simply the dominating and the dominated. This power structure, therefore, would inevitably lead to widespread power abuses in feudal dynasties. Due to the lack of systemic and institutional guarantees for the right use of public power, the honesty of government and prosperity of a society often relied on the moral integrity and talents of emperors. There was no lack of enlightened and able emperors in the feudal times, but there were more fatuous, incompetent and corrupt ones, which in turn, caused extensive official corruption. This does not imply that emperors did not punish corrupt bureaucrats or that they lacked a supervisory system in bureaucracy. Rather, whenever there arose intense popular indignation towards corruption, which might in turn endanger the feudal dominance, emperors took measures to fight corruption and severely punish the corrupt. In Ming Dynasty, for instance, Zhu Yuanzhang, the first emperor of the dynasty, took rare and cruel

Confucianism advocates the "rule of virtue" and emphasizes the vertical interpersonal relations in both bureaucracy and family. It overstresses the importance and necessity of feudal rulers' personal virtue and morality but neglects institutional factors such as law, power division and power-restraining mechanism.

tortures to punish corrupt bureaucrats. According to his rule, officials who embezzled public funds up to sixty taels would be executed. Officials executed in his regime amounted to thousands of persons.¹⁰¹ It should be noted, however, that corruption could also be utilized to maintain or even strengthen the royal dominance because, with the connivance of emperors and powerful officials, some talented subordinates may indulge in corruption and no longer be the potential threat to the ruling group. In this sense, corruption was often encouraged because ruling groups were more concerned with their dominant status and the political stability. Another contributory factor for corruption in ancient China is the lack of an independent supervisory mechanism. Those internal supervisory agencies that did exist were totally under the control of top rulers and powerful bureaucrats even though these agencies were organizationally developed. It is ironic that in some dynasties, the most corrupt officials were simultaneously the senior officials of supervision.¹⁰² In feudal times, power initiated laws and regulations, but could also disregard or even revise them. While the society was not able to restrain the behavior of the bureaucrats, the lack of an independent supervisory system further promoted the spread of official corruption.

Gengwen Qian and Mingbo Liu, "A Brief Analysis of the Anti-Corruption System in Ancient China" (in Chinese), Academic Monthly, No.4, 1994, p.72.

The third reason for corruption is the existence of feudal privileges and the patron-client system. In ancient China, relatives of emperors and meritorious officials could legally be exempt from punishment. Besides, official posts could be used as compensations for crimes.¹⁰³ The higher the ranks were, the longer were the imprisonment terms that could be compensated for. As discussed earlier, the patron-client network also provided officials necessary political protection, and hence stimulated the spread of official corruption. In some dynasties in which treacherous eunuchs and officials controlled the power of the royal court, officials without meritorious services could be cited, and, with crimes, be exempt from punishment.¹⁰⁴

Low salaries and the royal convention of selling public offices also contribute to official corruption.¹⁰⁵ On one hand, rich but incompetent, or even morally defective persons could legally achieve official posts by money; on the other hand, these officials, as soon as they assumed the offices, would inevitably engage in corrupt practices to compensate for the investment in these posts and to gain more profits. Low salaries or even no regular pay for bureaucrats in some dynasties, as mentioned earlier, was also conducive to bureaucratic corruption. In general, payments to bureaucrats in most feudal dynasties were relatively

Ibid., p.44.

Ibid., p.43.

Fang, p.95.

low.¹⁰⁶ In the Northern Song Dynasty, only senior bureaucrats had access to higher pay; the junior officials, due to their lower salaries and high inflation, could not even maintain a normal living standard.¹⁰⁷ In the middle and late Ming Dynasty, salaries for bureaucrats even reached the lowest level in the feudal history.¹⁰⁸ In some dynasties and periods such as Wang Mang(9-22 A.D.), Liu Song(420-479 A.D.), Northern Qi(550-577 A.D.) and the early Yuan Dynasty, government did not even pay bureaucrats regular wages; their income mainly came from the locally imposed taxes and extortions.¹⁰⁹ Bureaucrats, on one hand, needed sufficient income to maintain a better life and enough funds for gift-giving in the contacts with their superiors, fellow bureaucrats and relatives; on the other hand, the lower salaries could not guarantee them even a basic life. This, in turn, forced them to seek illicit money through embezzlement, plunder, extortion and graft.

Restrictions on Official Corruption

In many feudal societies, corruption control had been the major concern of the emperors and ruling groups. This is particularly the case for those who came to power through large-scale peasant

Qian and Liu, p.72-73.

Le and Yang, p.57.

Dongxing Lan, "On the Issue of Graft in the Middle and Late Ming Dynasty" (in Chinese), The Journal of South-Western Normal University, No.4, 1995, p.83.

Fang, p.90.

uprisings. It was rampant official corruption that had resulted in widespread popular indignation, weakened the financial capacity of the state, and reduced the combat effectiveness of the army, which in turn, inevitably led to the downfall of the previous dynasty. The issue of corruption, therefore, was also directly related to the survival and the development of the present regime. Needless to say, for all feudal emperors, the key purpose of anti-corruption was to maintain the royal dominance, and ensure the state power being handed down generation by generation within their royal families.

The long history of Chinese feudal dynasties had generated detailed anti-corruption measures which covered a variety of aspects of bureaucratic behavior. Behavior norms and corresponding penalties that dealt with the conduct of bureaucrats included neglect of duty, cheating on rewards, monopolizing power and disobeying orders, divulging state secrets, forming cliques for both political and economic purposes, bureaucrats' engagement in trade, graft, embezzlement, extortion, the way of luxurious life, gambling, going to prostitutes, etc.¹¹⁰ However, it should be noted that some of these behaviors, according to modern definitions of corruption, may not be true corrupt acts because of their irrelevance to abuse of public office. They may be regarded, more actually, as misconduct or scandals. Penalties for official corruption were usually tough. Corrupt officials guilty of the crime of embezzlement and acceptance or extortion of bribes usually

Qian and Liu, P.67-70.

received very harsh punishments because "tanzhang wangfa" (taking bribes and bending the law) had always been the focal point of corruption control in almost every feudal dynasty. In Tang Dynasty, officials who broke the law and grafted only 15 bolts of cloth were subject to strangulation. In Han Dynasty(206 B.C.- 220 A.D.), the crime of illicit gaining even implicated the offspring of the venal officials who, according to the law, were debarred from holding public offices.¹¹¹ In Qing Dynasty, "the embezzlement of less than 1 tael would invoke a penalty of 80 bamboo strokes, while the sum for strangulation was 40 taels."¹¹² In Ming Dynasty officials with graft were subject to not only death penalty but also the punishment of skinning.¹¹³ Except the penalties mentioned above, imperial governments also adopted positive means to curb corruption. As the paramount of the state, the behavior of an emperor had special and very important impact on the general mood both within bureaucracy and in society. Some enlightened emperors drew lessons from the collapse of the previous corrupt dynasties, and took the lead in promoting thrift and hardwork. To set examples for bureaucrats and citizens, they and their families usually lived a thrifty and simple life. These dynasties were often characterized by clean bureaucracy, economic prosperity and social stability.

Ibid., p.68.

Gong, p.41.

Dongling Zhao and Wuyue Zhang, "Thinking About the Construction of a Honest Administration in Ancient China" (in Chinese), Journal of Xinyang Teachers College (Philos. & Soc. Sci. Edit.), Vol.14, No.2, June 1994.

Another measure is the promotion of supervisory officials' status and enhancement of supervisory mechanisms. In Jin Dynasty (1115-1234), for instance, Emperor Jin Shizong strictly selected supervisory officials on the basis of their education, honesty and uprightness. He also promoted senior supervisory officials to the same ranks respectively as those of the administrators in order to facilitate the function of supervisory organs.¹¹⁴ The imperial government of Han and Ming Dynasties established a special mutual supervisory mechanism, i.e. mutual supervision between the Prime Minister and senior officials;¹¹⁵ or encouraged powerless junior officials to supervise powerful senior officials.¹¹⁶ It is said that the feudal supervisory system was organizationally sound, and its personnel accounted for one-third to one-fifth of the total of the imperial government.¹¹⁷

Rulers of many dynasties had noticed the connection between low salaries and official corruption; raising salaries of bureaucrats, as another countermeasure against corruption, was widely used in many dynasties. In Han and Song Dynasties, imperial edicts were issued one after another to increase the salary level of the bureaucrats. Government officials of Song Dynasty enjoyed liberal salaries and benefits. In the Yongzheng period (1723-1735) of Qing

Kechang Dong and Jingjie Guan, "On Jin Shizong's Anti-Corruption Measures and the Effects" (in Chinese), Northern Forum, No.5, 1995, p.93-94.

Qian and Liu, p.72.

Lan, p.82.

Qian and Liu, p.72.

Dynasty bureaucrats were offered a special bonus aiming at maintaining the cleanness of the bureaucracy.¹¹⁸

The famous civil service examination system in feudal China, under which state officials were recruited through a series of competitive examinations, was not only helpful in impartially selecting candidates for bureaucracy on the basis of their talents and moral quality but also effective in curbing nepotism. Another measure for control of nepotism was the rule of avoidance. According to this rule, officials were prohibited from holding public office at their native places and in the same governmental organs where their relatives held posts.¹¹⁹

Corruption, as stated before, is the key factor that contributed to the collapse of almost every feudal dynasty. To avoid the tragic destiny of the previous dynasty, many founding emperors of the new regimes often devoted themselves to the construction of a clean and effective bureaucracy and socioeconomic development. Social stability, economic prosperity and relatively clean politics were hence the common characteristics of these regimes. However, the situation could not last long; in the middle period, these dynasties would begin to decline due to the fact that either the fatuous and incompetent royal offspring succeeded the state power or treacherous court bureaucrats controlled the royal court. As a result, official corruption began to spread, and social unrest occurred which in turn led to either peasant uprisings, rebellions

Ibid., p.72-73.

Gong, p.41.

or royal court coups that, in the end, brought about the downfall of these dynasties. Thereafter, new dynasties arose, developed, flourished, and then were corrupted and declined; in the end, giving way to the next regime. This is the vicious cycle followed by all Chinese feudal dynasties. As discussed earlier, the feudal political structure in ancient China, as the key source of official corruption, had predetermined the continuity of the phenomenon. Traditional China lacked a sound legal system; the sense of law, in the public mind, was also very weak. Although there existed some mechanisms to confine the behavior of bureaucrats, it lacked the most important one -- the institutional and systemic power-restraining mechanism. Under this circumstance, the destiny of the state would inevitably rely on the sagaciousness and honesty of top rulers. However, these characters usually varied with individual persons. While corruption practised by a portion of bureaucrats seemed controllable and may have exerted limited negative impacts on the politics and economy, widespread bureaucratic corruption brought about by emperors and their ruling groups would be uncontrollable, and in the end, lead to the downfall of the dynasty.

CHAPTER THREE

CORRUPTION AND RECTIFICATION IN MAO'S ERA

The end of the third civil war in 1949, which started shortly after the victory of the Anti-Japanese war, marked the downfall of the Kuomintang's regime and the CCP's dominance over China. Although the founding of the People's Republic of China (PRC) had opened a new era, numerous difficult tasks were still awaiting the communist constructors of the new regime. Apart from a variety of unfamiliar work such as economic construction, science and technology, education, literature and art, etc., more importantly, these experienced soldiers and guerrillas were required first of all to establish a huge and competent administrative system as soon as possible. To stabilize the new red regime, several political movements were either launched or pushed forward shortly after the formation of the Republic. One was the land reform in rural China aiming at confiscating the landlords' land and properties and then redistributing them to poor peasants. Another large-scale one was the Regulation on Suppression of Counter-Revolutionaries movement starting in February 1951, the purpose of which was to "remove

those people who had opposed the communists before their takeover and those who had not 'gained merit' by denouncing their anti-communist friends, colleagues and relatives after the liberation".¹²⁰ The third was the Three-Anti and Five-Anti campaign that will be discussed in detail in this chapter. Before starting our discussion it seems necessary to have a brief overview of the political and economic context in which these campaigns were initiated.

Meisner rightly describes the context as a huge country where traditional forms of political authority had long ago disintegrated, where modern forms of government had existed only incompletely and superficially even in the best of times, where during most of modern times and in most places the Chinese people had been "governed" by marauding warlord armies, by foreign invaders and occupiers, and by corrupt and inefficient KMT bureaucrats and militarists.¹²¹ The war-torn economy upon takeover was characterized by significant decrease in production, hyperinflation and widespread speculation, high unemployment, and half-paralyzed transportation. The society was "rife with opium addiction, gambling, prostitution" and crimes. The situation faced by the Chinese communists was indeed serious. Not only had they to embark upon large-scale economic reconstruction but also to bring about social stability. To fulfill the tough task of socialist

Lo, p.21.

Maurice Meisner, Mao's China, a History of the People's Republic, cited from Gong, p.49-50.

transformation in the early years of the Republic, according to Gullermaz, the CCP had to transform " 1) organization, socioeconomic structures, social relations, and production relations; 2) moral values, mental and intellectual habits; and 3) customs, and the content and forms of cultural expression, starting with the writing system, and moving on to art and social studies".¹²²

The task of economic recovery proved to proceed faster than expected. In a period of two years, agricultural and industrial production had increased 31 percent and 68 percent respectively, and GNP increased 39 percent.¹²³ Several effective measures were taken to bring the inflation under control; as a result, the inflation rate decreased at the speed of 15% a year. Meanwhile, both railway and water transport improved noticeably. The work of building a good social order also proceeded at a significant pace. Prostitutes and beggars were quickly cleaned up, and criminal offenses were under control.¹²⁴ Public enterprises of the KMT government and the so-called bureaucratic capital were confiscated, and land and belongings of the landlords in rural areas were redistributed to poor peasants. The political movement of suppression of counter-revolutionaries ended up with 710,000 "reactionaries" being executed, 1270,000 imprisoned and 230,000

Gong, p.50-51.

Harry Harding, Organizing China: the Problem of Bureaucracy, 1949-76, Stanford University Press, 1981, p.49.

John Fairbank, The Great Chinese Revolution: 1800-1985, New York: Harper & Row, 1986, p.277-279.

"under public surveillance".¹²⁵ All of these marked the initial success of the CCP's efforts in the socialist transformation.

Large-scale reconstruction of the state called for a comprehensive and skillful bureaucracy. There existed the sharp contradiction between the overwhelming task of governing and the CCP's limited personnel resources. It was estimated that the maximum number of the CCP's cadres available was around "three-quarter of a million".¹²⁶ Under this circumstance, it was therefore necessary for the CCP "to throw together hastily a heterogeneous elite to perform these tasks".¹²⁷ The new governing elite consisted of three types of personnel: old cadres, new cadres and retained personnel. Old cadres referred to those who joined the revolution in years (the third civil war and earlier) when "victory was by no means guaranteed". New cadres joined the revolution, in general, in periods when "victory was in sight or after the establishment of the PRC". There were many students and intellectuals among this group. The third group was the retained personnel from the KMT regime whose administrative experience and skills were badly needed by the new regime. The latter two groups accounted for the majority of the administrative personnel in the early years of the PRC. In some newly liberated areas, the ratio of the new cadres and retained personnel to the old cadres even

Gong, p.51.

Fairbank, p.278.

F.C. Teiwes, Politics and Purges in China, New York: M. E. Sharpe, Inc., 1979, p. 98.

amounted to 9:1.¹²⁸ Retained personnel, however, due to their former services for the KMT government, were regarded as politically untrustworthy by the authorities, and hence destined to be replaced as soon as new cadres trained under the new regime become available. According to Teiwes, "a main function of the Three Anti Campaign was to remove former GMD (i.e. KMT) officials who were regarded as unsuited to the tasks of socialist transformation".¹²⁹

The Three-Anti Campaign

The takeover of the state power presented the communists two tests: the first one involved the examination of their ability to manage the state, and the second concerned their attitude toward the temptation of power. Mao worried, as early as at the Second Plenum in 1949, that "with victory, certain moods may grow within the Party -- arrogance, the airs of the self-styled hero, inertia and unwillingness to make progress, love of pleasure and distaste for continued hard living".¹³⁰ It proved later that Mao's anxieties were not unreasonable. The bustling urban life exerted tremendous temptations to those communists who were from countryside. In their mind, hardship had ended up with the success of the war; as a result, they could "eat well, sleep well, the job

Ibid., p.98-99.

Ibid., p.100.

Mao Zedong, quoted from Harry Harding, p.48.

is finished". The "unhealthy tendency" among veterans was soon detected by the leadership. An Ziwen, de facto head of the central organization department, warned in a Party's conference that " a considerable number of Party members ... have come under the influence of the bourgeois class and thereby given themselves to corruption, waste and bureaucratism ..." They had adopted "bourgeois attitudes of individualism, liberalism, seeking fame, seeking position, doing everything out of motives of self-interest", and had developed a "bureaucratic work style and divorced from the masses".¹³¹ In March 1950, the Party leader of the Northwest region, Peng Dehuai, also warned his subordinates of these phenomena, and, for the first time, called for opposition to graft, waste and selfish departmentalism among cadres. It was Gao Gang, the Party boss in the Northeast region, who first launched the political campaign to combat corruption, waste and bureaucracy (the Three-Anti) in August 1951.¹³² In November, the central government and Mao decided to expand the campaign to the whole country, as part of the More-Production-and-Thrift Campaign. Mao pointed out:

The struggle against corruption and waste is a major issue.... We need to have a good clean-up in the whole Party, which will thoroughly uncover all cases of corruption, whether major, medium or minor, and aim the main blows at the most corrupt, while following the policy of educating and remolding the medium

J.P. Harrison, The Long March to Power: A History of the Chinese Communist Party, 1921-1972, New York: Praeger Publishers, 1972, p.467.

Wenbin Chen, The Anti-Corruption History of the CCP (in Chinese), Beijing: Publishing House of the CCP's History, 1995, p.86-87.

and minor embezzlers so that they will not relapse. Only thus can we check the grave danger of many Party members being corroded by the bourgeoisie ...¹³³

The main targets of the campaign were cadres and Party members in the Party apparatus, government, army and public enterprises. In December 1951, the leading organ of the campaign, the Central Government Economy Inspection Committee, was formed, the head of which was the finance minister Bo Yibo. The process of the campaign, according to Gong's classification, consisted of four phases. The first phase was mobilization of the masses. During this period, a series of the Party and government directives about the campaign were issued, and then cadres and the masses were put together to study these documents. Next was the phase of confession and accusation in which self-accusations and accusations were encouraged to reveal cadres involved with corruption, waste, and bureaucratism. Cadres and the masses were urged to be involved in this process by all means -- "publicly or secretly, orally or in writing, and anonymously or with their names". The third one saw an expansion of the campaign towards the private sectors. As more and more cases exposed, it became clear that there existed an inevitable connection between the corrupt officials and private industrialists and merchants. As a result, the Three-Anti gave place to the Five-Anti Campaign, which will be discussed later in detail in this chapter. The last phase concerned the disposition of the corrupt cases.¹³⁴

Mao Zedong, cited from Lo, p.22.

Gong, p.66-71.

As the campaign went on, the "three evils" (corruption, waste and bureaucratism) were found out to be more serious than expected. While corruption by retained personnel, the major suspects of the campaign, accounted for a relatively large portion, the extent of corruption among old cadres, however, was unexpectedly serious. Statistics from East China in the early stage of the campaign showed that, of 615 cases of corruption in that region, 226 (37%) were committed by old cadres, which almost equaled to the number of cases involving retained personnel (256 or 42%).¹³⁵ In Beijing, Bo reported, shortly after the start of the campaign, that 1,670 people at higher levels had been found guilty of corruption. The head of the administrative office for public security, for instance, had embezzled a large sum of public funds. Another case revealed that a deputy department head in the railway ministry, by taking advantage of his public office, had illegally transported opium and morphine. Some retained personnel and new cadres in the ministry of security had accepted bribes, helped businessmen evade taxes and engaged in clandestine business.¹³⁶ It was reported that, in Wuhan city, five old cadres of the urban-rural liaison division, including the Party branch secretary and Youth League secretary, had grafted public funds, recruited their relatives and fellow townsmen with politically unreliable backgrounds, extorted sexual favors from female workers, and suppressed democracy among

Harding, p.53.

L. Ladany, The Communist Party of China and Marxism 1921-1985, London: C. Hurst, 1988, p.186.

their subordinates. A senior police official was accused of allowing a female KMT spy to travel back and forth to Taiwan in return for her sexual favors.¹³⁷ The case of Liu Qinshan and Zhang Zishan might be the most publicized one in the early 1950s. Zhang and Liu were both the Party bosses of Tianjing prefecture, and had joined the revolution in early 1930s. In the middle of 1951 they misappropriated about 20 billion yuan (old yuan; a new yuan is equivalent to 10,000 old yuan) destined for flood control, disaster relief programs, etc., and invested the money via local businessmen in speculation for huge profits.¹³⁸ Moreover, they, by the aid of some corrupt cadres and businessmen, transported timber from the North east and tinsplate from Wuhan and resold them in Tianjin at higher prices. They lived lavishly, squandering more than 400 million yuan (old yuan), and spent 130 million yuan (old yuan) on gift-giving. They were publicly sentenced to death and executed.¹³⁹ Statistics revealed that corruption committed by retained personnel and new cadres was more serious. According to several reports, cases of corruption involving new cadres especially retained personnel in some areas accounted for as high as 98 percent of the total.¹⁴⁰ A publicized case regarding a corrupt new cadre can be used to illustrate the vulnerability of

Teiwes, p.108.

According to the current foreign exchange rate, 20 billion old yuan were equal to about 250,000 US dollars. In early 1950s in China, it was a huge amount of money.

Wenbin Chen, p.93-94.

Teiwes, p.107.

this group. Chen Juhong, a newly recruited cadre in 1949, embezzled tens of thousands yuan when purchasing supplies for the Industrial Ministry of the Southwest Region. He squandered the money in speculation, sightseeing and buying sexual favors from women. The ratio of corruption practised by retained personnel might be the highest among these three groups. It was reported that, of 650 cases of embezzlement uncovered by two inspections conducted in Beijing, 514 involved retained personnel. A typical case showed that this group, due to some historical reasons, was more prone to corruption. Wang Chanwen, a retained former KMT official, by taking advantage of the convenience of his public office, had stolen and resold electric machines and goods for profits. It was found out later that the total value of the misappropriated public funds and state properties amounted to 200,000 yuan, including 20 valuable machines, 3,150 grams of gold, 50 U.S. dollars, 20,000 yuan in cash and other items.¹⁴¹ It was believed that Wang's behavior was rooted in his previous experience in KMT government. Cases of waste and inefficiency were also brought to light. According to Bo Yibo's report in January 1952, the army and the railway system wasted 7000 tons of gasoline in 1951 due to negligence.¹⁴² An official ordered 300 tons of anti-foot-and -mouth disease drugs from the Soviet Union while the right amount was only 3 tons.¹⁴³

Gong, p.63.

Hongying Tang, "The Anti-Corruption Struggle and its Characteristics in the History of the CCP"(in Chinese), Research of Social Sciences, No.4, 1991, p.22.

Ladany, p.168.

Apart from the malpractices mentioned above, there were other corrupt acts, the great bulk of which concentrated in economic organs such as state financial institutions, public enterprises and trading companies, etc. These corrupt acts included bribery, speculation, selling state economic information, forging accounts for misappropriation of public funds, tax evasion, smuggling, "colluding with businessmen in the use of inferior materials", and "acting as agents of capitalists when handling labor disputes".¹⁴⁴ Besides, the phenomenon also existed in judicial institutions where corrupt officials traded judicial power with law-breaking industrialists and merchants for bribes.

The Three-Anti Campaign ended in October 1952. According to An Ziwen, the deputy head of the organization department of the central committee and the personnel minister, 3.8 million Party members at county level and above had been investigated, among which 150,000 were found to be involved in corruption.¹⁴⁵ Another source indicated that, of 3,836,000 cadres, "2.7 percent were prosecuted as criminals, and another 1.8 percent were subjected to administrative discipline".¹⁴⁶ There were about 340,000 Party members who were purged from the Party in the campaign.¹⁴⁷ Apart from the political achievements, the campaign also brought about significant economic benefits. In the Northeast, the government

Teiwe, p.107.

Ladany, p.189.

Harding, p.54.

Hongying Tang, P.22.

expenditures decreased 33 percent. Mao claimed that funds saved through the campaign could "see us through another eighteen months of war".¹⁴⁸

As more and more cases of corruption emerged, the role of briber played by many unscrupulous capitalists in the process, as will be discussed later, also came to light. In early January 1952, as stated earlier, the leadership began to consider expanding the campaign to the private sector because they believed that the high level of corruption in public sector was induced directly by the lawless industrialists and merchants. The Five-Anti campaign, with its targets expanded to cover the bourgeois, thus was launched in the same month, and continued into October. Although the Three-Anti gave way to the Five-Anti campaign, it did not end in January; rather, it continued into the summer.

The Five-Anti Campaign

Upon takeover of the state power in 1949, the CCP left the bourgeoisie untouched in the acute struggle against landlords in rural China. Two reasons could justify this strategic decision. First, the lack of the CCP's personnel, skill and experience in managing the complex urban economy made it necessary to allow industrialists and businessmen to continue to exist. Moreover, their economic activities and investment were beneficial to the war-torn economy. As early as in March 1949, Mao had designed the

Harding, p.54.

political and economic roles the national bourgeoisie would play after the liberation:

... because China's economy is still backward, there will be a need for a fairly long period after the victory of the revolution, to make full use of the positive qualities of urban ... capitalism as far as possible, in the interest of developing the national economy. In this period, all capitalist elements in cities ... which are not harmful but beneficial to the national economy should be allowed to exist and expand. This is not only unavoidable but also economically necessary.¹⁴⁹

Meanwhile, according to the CCP's plan, restrictions were to be placed on the behavior of the bourgeois under the new regime. Mao realized that "the policy of restricting private capitalism is bound to meet resistance in varying degrees and forms from the bourgeoisie, especially from the big owners of private enterprises", and thus "restriction versus opposition to restriction will be the main form of class struggle in the new-democratic state".¹⁵⁰ The resistance of the bourgeois to the CCP's control, as Mao anticipated, became stronger when the communists began to confiscate the monopolistic enterprises run by bureaucratic capital, regulate the economic activities of private sector, and control short supplies and important resources. To acquire large profits and make bureaucrats act in their own interest, industrialists and businessmen began to resort to a variety of means to buy off public powers. Under such

Mao Zedong, "Report to the Second Plenary Session of the Seventh Central Committee of the Chinese Communist Party" (March 1949), quoted in John Gardner, "The Wu-fan Campaign in Shanghai: A Study in the Consolidation of Urban Control", in A.D. Barntt (eds) Chinese Communist Politics in Action, Seattle: University of Washington Press, 1969, p.486.

Ibid., p.488.

circumstances, therefore, as the collusion between the corrupt cadres and unscrupulous capitalists became more apparent with the Three-Anti campaign going further, it would not be surprising to see that the campaign finally extended to the private sector.

While the Three-Anti aimed at cadres in the bureaucracy and state-owned enterprises, the Five-Anti campaign was directed against the industrial and commercial bourgeoisie who were asserted to be responsible for the rapid spread of corruption in government. The campaign was designed to combat the so-called "five poisons": bribery, tax evasion, theft of state property, cheating on government contracts, and stealing state economic information.¹⁵¹ The most frequent form of corruption in the private sector might be tax evasion. Statistics indicated that cases of tax evasion in the East China Region had increased almost three times within two years. The result of an investigation conducted in Shanghai in 1951 revealed that "about 99 percent of the city's taxable businesses evaded taxes in one way or another".¹⁵² Another means to acquire excessive profits was cheating in materials and labor. Industrialists either exaggerated costs or used cheaper and low-quality materials when producing goods or even military supplies for government. A publicized major case of this type involved a sale of bad beef to armies. It was reported that nineteen food processing firms in Shenyang even mixed chaff and sand into the

Jacques Guillermaz, The Chinese Communist Party in Power, 1949-1976, Boulder: Westview Press, 1976, P.23.

Gong, p.64.

rice ordered by armies.¹⁵³ By stealing state economic secrets, industrialists and businessmen could easily profiteer for themselves. A capitalist in Shanghai had stolen the state secrets about the governmental orders for machine tools, and caused an increase in the prices of metal products across the city.¹⁵⁴ In the city of Wuhan, a businessman enriched himself by theft of a special grease processing technology. He set up a grease processing factory and profiteered a lot by making use of the technology.¹⁵⁵

As analyzed in Chapter 1, excessive governmental intervention in economy usually results in more political corruption. In the early years of the PRC, with regulations and control over private economy being strengthened, it became more necessary and profitable than ever before for capitalists to buy public power for profiteering. Two tactics were often used by businessmen to find their partners or agents in bureaucracy. The first one, "pulling over", referred to corrupting government officials through bribes, dinner parties, commissions and women while the second one, "sending in", concerned introducing their own people into public enterprises and government apparatus. In Dalian General Goods Company, for example, 1,200 of 1,300 employees had been "sent in" by businessmen.¹⁵⁶ Another example vividly illustrates the use of the first method. The boss of Dakang Pharmacy claimed that he had "pulled out" 65 government

Ibid., p.64-65.

Gardner, p.507.

Teiwes, p.106.

Teiwes, p.106.

officials. He boasted that Dakang had become a "thought reform place for cadres, and all cadres who came to Dakang for business would be reformed".¹⁵⁷

Like all other political movements and rectifications in the CCP's history, the Three and Five-Anti campaign, especially the Five-Anti, was characterized by large-scale mobilization of the masses and frequent use of the CCP's traditional campaign tactics. The initial phase of the campaign saw the establishment of a variety of organizations such as committees, teams, brigades, etc. at various levels. Committees at higher levels were often granted the power of supervising the work of inspection committees, offices, and branch committees at lower levels, controlling the process of propaganda, inspection, and the handling of cases.¹⁵⁸ Moreover, to effectively mobilize the masses and exert huge psychological pressures on targets, various propagandist means were employed. Measures adopted in the campaign included door-to-door and shop-to-shop propaganda for mobilization of workers to denounce their employers, newspaper reading teams and broadcasting stations (i.e. loud speaker systems) for direct and oral communication with poorly-educated and illiterate masses, blackboards and posters to issue denouncing letters and campaign news.¹⁵⁹

In general, the process of the campaign roughly consisted of

Gong, p.66.

Barnett, p.510.

Ibid., p.502-513.

three stages. The initial stage was "democratic inspection" in which general problems of the campaign were discussed and self-examinations were carried out. Most capitalists usually admitted less important sins at this stage. Some even resorted to "all sorts of tricks" to cover up their illicit acts and resist the campaign. There came the second stage characterized by mobilization of the masses and intensification of the struggle. Numerous "tiger hunting teams" were organized and dispatched in search of "big tigers" -- the major corrupt elements. Employees were often mobilized by methods mentioned above to denounce the corrupt acts of their employers. Measures such as newspaper reading teams were taken to force the families of the corrupt to exert psychonogical pressures on the targets. It was not rare in the campaign that wives had denounced husbands, children denounced parents, and siblings denounced siblings.¹⁶⁰ Apart from exposing the corrupt acts of the capitalists, another function of "tiger hunting" concerned demoralizing capitalists thoroughly and arousing mass hatred of the bourgeois class." Thus emphasis was placed on links between acts of corruption and more general bourgeois exploitation of the working class past and present".¹⁶¹ Another character of the "tiger hunting" stage was the use of intense struggle meetings. In these meetings, "verbal abuse" plus "physical blows" were often viewed as

Lo, p.29.

Teiwes, p.112.

something humiliating by targets, and hence, together with other factors, sometimes caused suicides.¹⁶²

The final stage was disposition of cases of corruption. A series of official documents were issued, and general criteria and detailed guidelines regarding how to dispose these cases were set up. Severity of punishment normally depended on the amount of money:" 1) under 100 yuan (new yuan): no penalty; 2) 100-1,000 yuan: disciplinary sanction; 3) 1,000-5,000 yuan: 1-5 years' imprisonment; 4) 5,000-10,000 yuan: 5-10 years' imprisonment; and 5) above 10,000 yuan: from 10 years' imprisonment up to the death penalty."¹⁶³ One fundamental criterion guided disposition of the cases: leniency for those who frankly confessed their illicit acts, returned the grafted funds or actively exposed others; harsh penalties for those who refused to admit guilt. Although the Three and Five-Anti campaigns were severe in nature, the disposition of the corrupt in the concluding stage reflected another tendency of "leniency". By October 1952, for example, 75.7 percent of the corrupt cadres had been exempt from penalties, and 20.7 percent received disciplinary punishment; among them, 38,402 cadres were prosecuted as criminal, accounting for 3.6 percent of the total. No comprehensive statistical data are available here for an overview of the disposition of the capitalists throughout the country. Data concerning Shanghai and Beijing, the first two biggest cities and the industrial and commercial centers in China may be illustrative.

Ibid.

Gong, p.69.

There were altogether five categories of capitalists based on the official classification: law-abiding, basically law-abiding, semi-unlawful, very unlawful, and totally unlawful. The "basically law-abiding", "semi-unlawful" and "very unlawful" industrialists and businessmen accounted for 87 percent of the total (193,220 of 221,400 persons), who received no penalties but were "requested to return all illegally gained money or goods". Capitalists of the last category accounted for 3.9 percent, who faced punishment of confiscation of properties, criminal prosecution or labor reform, and even death penalties.¹⁶⁴

The campaign proved to be a fiscal success. Savings attributable to the Three-Anti, and fines including the badly needed foreign currencies levied through the Five-Anti, led to a budget surplus for the year 1952, and thus made significant financial contributions to the Korean War. Moreover, the correction of the defects of the tax-collection system further improved the financial capability of the state.¹⁶⁵

Nonetheless, the campaign also created a series of problems. Routine work gave way to the priority of the campaign; this inevitably resulted in a decrease in quantity and quality of production, an increase in accidents, and even the halt of production activities in some urban and rural areas. In government apparatus, large-scale dismissals of cadres brought about so many vacancies that replacements had to be dispatched from higher levels

Fang, p.69-70.

Lo, p.30; Harding, p.54.

to resume the routine work. Besides, the use of a variety of radical strategies such as "tiger hunting" quotas, overpursuit of big cases, etc. led to the occurrence of extortion for confession, or inducement for confession, which in turn gave rise to a number of wrong and false cases.¹⁶⁶

The anti-corruption campaign "dealt a crushing blow" to the bourgeoisie both politically and economically. The Five-Anti considerably weakened the financial capability and the economic status of the capitalists. As a result of the campaign, private economy give way to state economy. A significant number of private enterprises were thus transformed into the "joint public-private ventures", but in reality became the "appendages of the state". The share of the state in the national industry increased significantly, from 34 percent to 53 percent. The campaign, as pointed out by a Shanghai newspaper, was in reality a "necessary preparatory measure for carrying out full-scale economic construction projects in which private interests, as a component of the social economy of the new China, will play their part". In some sense and to some extent, it also "prepared the way for the nationalization of all industry and almost all commerce, and consequently for the disappearance of the industrial and commercial bourgeoisie".¹⁶⁷ Moreover, the campaign also served as a social reform movement, aiming at demolishing the dominant social value and ideology. The traditional image of the capitalists as the

Wenbin Chen, p.99; Teiwes, p.114; Harding, p.54.

Guillermaz, p.23.

ruling group in industries, in the eyes of the proletariat, totally collapsed in numerous denunciations and struggle meetings against them. What the capitalists had lost in that campaign was not only wealth, but more importantly, social status and ideological ruling power. Brady revealed this implication by saying that "it was the last great movement of class conflict and it established the party, peasants and urban workers as the undisputed ruling forces in socialist republic".¹⁶⁸

The Socialist Education Movement

The year 1953 marked the end of the period of the transformation and the beginning of the new period of consolidation. There was an important shift of the CCP's emphasis from the revolutionary destruction of everything concerning the old society, including political, economic, cultural and ideological elements, to large-scale reconstruction of new utopian society. In rural China, private farming gradually gave way to collectivization through "mutual-aid teams", "lower-level agricultural production cooperatives" and "higher-level agricultural production cooperatives" (three stages of the agricultural collectivization movement). By December 1956, 96.3 percent of the Chinese peasants had been collectivized. Meanwhile, in cities, nationalization of private industrial and handcraft enterprises as well as private trade companies was under the same way. By 1956, private ownership

Barnnett, p.534-535; Lo, p.31.

of these enterprises and trade firms only accounted for less than 7 percent, the rest of which had been nationalized or collectivized through the form of state-private joint ventures. Thus, China's socioeconomic relations were ready for socialism.¹⁶⁹

Following the political campaigns in the early 1950s, the movement of the Hundred Flowers was launched in 1956, the primary purpose of which was to encourage intellectuals and other nonparty people to evaluate and criticize the performance of the Party and government in order to help the authorities to "reform its working style". The movement changed its nature soon and evolved into the anti-rightist campaign, in which more than half million people who had responded to "express contending views" toward the Party were purged as "rightists", and many of them were sent for labor reform. From 1958 onwards, more radical policies were initiated to speed up the process of translating the society directly into communism. People's communes began to replace the agricultural collectives in rural areas, and the Party leadership appeared quite optimistic about the imminence of communism in China. To make things worse, the disastrous Great Leap Forward campaign was carried out in both agriculture and industry in the same year, unrealistically aiming at accomplishing modernization within a short time period. Naturally, the GLF campaign ended up with serious economic chaos and widespread famine, and brought the economy to the edge of

Gong, p.77-80.

collapse. It is estimated that deaths caused by the GLF amounted to "somewhere between 16.4 and 29.5 million".¹⁷⁰

The economic hardship caused by the GLF inevitably gave rise to a series of problems: discontent among citizens, suspicion of the policies, lack of confidence in the Party, demoralization and ideological laxity of the cadre crops especially cadres at basic levels, restoration of bureaucratism, etc. Meanwhile, with the Sino-Soviet debate being more intense, the ideological contours of the Sino-Soviet conflict thus became more distinct. While sharply criticizing the "revisionism" of the post-Stalin Soviet leadership, Mao also realized the necessity of attacking the "revisionism in the Party". It should be pointed out that the increasing severity of the Sino-Soviet conflict also intensified the internal conflict within the Party leadership. The disagreement between the two camps within the leadership focused on how to assess the Great Leap Forward and what route should be followed to construct socialist China afterwards.

Liu Shaoqi and Deng Xiaoping, then the chairman of the state and the secretary-general of the Party, seemed to have deviated from the basic line of the Party, and committed themselves to economic recovery through implementation of certain pragmatic policies. Deng even declared: "As long as we increase production, we can even revert to individual enterprise; it hardly matters whether a good cat is black or white -- as long as it catches mice, it is a good

Lo, p.32; Gong, p.90-91.

cat."¹⁷¹ Liu advocated promotion of private economy and encouraged "production and cooperation with the bourgeoisie." He favored a sound legal system for socialist construction rather than the traditional role of mass scale political campaign.¹⁷² All of these, however, though effective in bringing the state out of its economic difficulties, were perceived by Mao as the "rightist" mistakes. In Mao's opinion then, the situation of class struggle had been so serious that measures had to be taken to fight the tendency of capitalism.

In rural areas, there emerged the so-called three "unhealthy tendencies" among basic level cadres: capitalism, feudalism, and extravagance. Rural cadres were found to misappropriate collective funds for private pursuit, extort money or grain from peasants, steal collective properties, etc. Apart from these malpractices, rural cadres were also believed to be involved in speculation, abandonment of farming for peddling, high-interest loan, gambling, superstitious practices, marriages by sale, banqueting, gift-giving, etc.¹⁷³ In spite of the fact that some of these acts in reality have nothing to do with corruption, they were still identified as "evil tendencies" because they were the products of the "rightist". In August 1962, at the Beidaihe conference, Mao

Jean Cheaneaux, China: the People's Republic, 1949-1976, New York: Pantheon Books, 1979, p.115.

Lo, p.32-33.

C.S. Chen, Rural People's Communes in Lien-Chiang: Documents Concerning Communes in Lien-Chiang County, Fukien Province, 1962-1963, Stanford: Stanford University Press, 1969, p.44-45.

"vetoed proposals for any further departures from a policy of collectivized agriculture and ordered that the use of private plots and rural markets be held to existing levels".¹⁷⁴ More importantly, Mao, at the Tenth Plenum of the Central Committee the following month, made his appeal of "Never forget class struggle!", and suggested the plenum make the resolutions for the launching of the Socialist Education Movement in rural China.¹⁷⁵

The purpose of the campaign was threefold: halting the expansion of private farming, probing into the theoretical and ideological reasons of why the agricultural collective system should be retained, and punishing corrupt cadres and strengthening "rural Party organizations that had decayed in the years following the Great Leap Forward".¹⁷⁶ Nevertheless, even from the very beginning, the campaign had appeared changeable and puzzling in nature. It has been, as pointed out by Baum and Teiwes, "for the outside observer, one of the most poorly documented and least understood of political developments on the Chinese mainland during the years since the Great Leap Forward".¹⁷⁷ Although it focused on rural areas, the campaign had influenced virtually the majority of the spheres of the society, even including minority areas and labor camps.

Harding, P.201.

Harrison, p.486.

Harding, p.202.

Richard Baum and Frederick C. Teiwes, Ssu-Ch'ing: The Socialist Education Movement of 1962-1966, Berkeley: Centre for Chinese Studies, 1968, p.9.

Due to its limited scope at various stages, by mid-1965 only about one third of China's villages had experienced socialist education.¹⁷⁸ In late 1962, following the fall plenum, socialist education was underway on a limited experimental basis in selected rural areas in Heibei, Henan, Hunan, Zejiang provinces. Investigations conducted in 90 counties revealed that problems at basic levels in countryside should not be ignored. In Hunan province, 1,300 cases of counterrevolutionary group activities, 8,000 cases of secret societies, and 2,600 cases of landlord retaliation were uncovered. The results of an investigation carried out in Lianjiang county Fujian province, one of the "testing spots" of the movement, suggested that the serious negative consequences of the GLF and other political campaigns, together with the impact of natural disasters in previous years, had led to widespread "unhealthy tendencies" among local cadres. They were alleged to indulge in capitalistic practices such as speculation, household contract production, abandoning farming for peddling, lending at high interest, etc., feudalism including superstitious activities, religious practices and marriage by sale, and extravagance such as the giving of extravagant parties to celebrate weddings, beamraising, christening, birthdays, etc.¹⁷⁹ Moreover, some rural cadres were also found to frequently contact with former landlords and rich peasants.

More importantly, however, among these "evil" tendencies were

Teiwe, p.395-396.

C.S. Chen, p.44-45.

"the use of official positions to obtain special privileges" and corruption. Local cadres, as claimed by peasants, "controlled everything", and hence were able to practise corruption more frequently. Their common malpractices included misappropriation of public funds, extortion of bribes from peasants, abuses of collective materials and labor to build private houses, pursuit of preferential treatment such as state loans, etc.

Another serious problem among local cadres concerned "their unwillingness to continue serving in leadership roles". A couple of factors were attributable to this phenomenon. Disciplines associated with official posts prevented rural cadres from enriching themselves through private economic activities. Moreover, tensions between rural cadres and the masses also contributed to low morale among cadres.¹⁸⁰ Reports from these testing spots were relayed to the CCP leadership, and were discussed at two central committee work conferences in February and May 1963. The first major policy directive regarding the implementation of the movement, the "Draft Resolution of the Central Committee on Some Problems in Current Rural Work", also known as the Early Ten Points, as the product of these two conferences, thus came into existence.

The issuance of the Early Ten Points marked the formal beginning of the Socialist Education Movement. The directive began with a warning that "there still exist class, class contradiction, and class struggle; and that also existent is the struggle between

Teiwes, p.397-398.

socialism and capitalism and the danger of comeback of capitalism".¹⁸¹ It listed nine specific manifestations of class struggle in rural areas, including the attempt of class revenge, usurpation of power by landlords and rich peasants, secret society activities, sabotage of public properties, speculation and profiteering, exploiting hired hands, lending high-interest money, buying and selling of land, etc. While cadre corruption, as suggested by the directive, was the primary target of socialist education, combating major corrupt elements was thus "very serious class struggle". The document called for cleaning up economic accounting, public granaries, collective properties, and work point assessment, that is, the so-called "Four Clean-Ups", and made a couple of major recommendations for corruption control. The first one concerned cadre participation in physical labor. To keep close contact with the masses and curb the decadent tendency among the cadre corps, cadres at the county level and below were required to participate in regular collective productive labor. Another "essential" measure was the establishment of "poor and lower-middle peasant association". Mao intended to establish a mechanism to supervise the work performance of the cadres at basic levels through mobilization of politically reliable peasants. These peasant organizations were entitled to investigate commune

CCP Central Committee (1963) "The First Ten Points: Draft Resolution on Some Problems in Current Rural Work", in R. Baum and F.C. Teiwes, Ssu-ching: The Socialist Education Movement of 1962-1966, Berkeley: Center for Chinese Studies, 1968, p.61.

accounts, identify and punish corrupt cadres, and participate in deliberations with rural cadres on all important matters.

The campaign was apparently anti-corruption orientated in nature. While the document persistently stressed the gravity of the class struggle and viewed corruption as a reflection of the class conflict, it, on the other hand, reminded people that in most cases corruption was a non-antagonistic "contradiction among the people". The offenders, therefore, should only be subject to mild treatment, i.e. education rather than punishment. The document further pointed out that official discipline was subject to no more than 1 percent of the cadres. This mild approach, however, also reflected the leadership's attempt to reassure basic level cadres and bolster their morale for the revolutionary cause. In the leadership's opinion, 95 percent of the rural cadres were honest. While recognizing the existence of class struggle, the document also signaled the danger of indiscriminately subjecting cadre errors to it. The document stipulated three steps for the implementation of the movement, and stressed the use of "spot testing" in the process. According to the leadership's anticipation, the basic task of socialist education could be accomplished within three years.

The summer of 1963 saw extensive spot testing in rural China for elaboration of campaign methods. In September, there came a new directive -- again in the form of ten points, the so-called Later Ten Points -- based on the experience and lessons of spot testing, intending to provide the campaign more detailed policy guidelines. There existed basic continuity in the main aspects of the two

directives. Compared with its predecessor, the Later Ten Points seemed more optimistic about the honesty of rural cadres and the prospects of the movement. It inherited the gentle disciplinary approach of the First Ten Points, advocating persuasion rather than penalties, and emphasizing the principle of "curing the illness to save the patient". The most frequent forms of corruption among rural cadres, according to the document, were "excessive eating, excessive possessions, and petty theft"; therefore, only a limited number of cadres were subject to punishment.¹⁸²

The Later Ten Points differed from the former directive on its attitude toward the poor and lower-middle peasant organizations. It raised the question of the "impurity of class ranks" among the poor and lower-middle peasants, and implied that only those who had undergone socialist education and the screening process might be qualified to be the members of these associations. Instead of relying on these relatively unreliable and inefficient peasant organizations to conduct rectification of rural cadres, the directive required the task to be accomplished by "work teams" from higher levels. It called for dispatch of work teams to a limited number of communes and production brigades for a three-month tour of duty so as to keep the campaign in "correct direction". The main reason behind the policy change, according to Harding, might be that, on one hand, peasants were unwilling to accuse cadres of corruption for fear of cadre retaliation, while on the other hand,

CCP Central Committee (1963) "The Later Ten Points: Some Concrete Policy Formulations in the Rural Socialist Education Movement", cited from Baum and Teiwes, p.72-94.

local cadres might deprive these associations of their supervisory power and even put them under their control.¹⁸³

Following the issuance of the Later Ten Points, the Socialist Education Movement seemed to be proceeding smoothly and on course. Anti-corruption still remained the main target of the movement at this stage. The Party leadership was more optimistic about its prospects for success, and the anticipated time for nationwide completion of the movement was further reduced to two or three years.

In November 1963, Wang Guangmei, President Liu Shaoqi's wife, conducted an investigation at Tao Yuan production brigade near Tianjin. The investigation lasted for five months, and ended up with a detailed report of seventy thousand characters, in which Wang concluded that 85 percent of the brigade's cadres were corrupt, and the Party branch of the brigade had changed its color. She further pointed out that the poor and lower-middle peasants were not reliable enough to be entrusted with the cause of socialist education; due to the decay of the basic-level Party structure, work teams dispatched from higher levels should serve as the leading forces of the movement. Information from other local sources suggested similar conclusions.

In September 1964, the Later Ten Points were revised on the basis of these reports particularly the "Taoyuan Experience", and issued once again as a new campaign directive. Unlike the Later Ten Points, the Revised Later Ten Points were quite pessimistic about

Harding, p.203-204.

the situation of rural areas. Liu Shaoqi even asserted that one-third of basic-level cadres had become corrupt or lax, and even suspected that "political power is not in the hands of the Communist Party". The revision absorbed Liu's views, and warned of the seriousness of cadre corruption and class struggle in rural areas. While the Later Ten Points perceived the common cadre mistakes as petty corruption, the revision viewed the issue in a more serious light:

The basic-level cadres ... have not only committed the "four uncleanes" economically, but have also failed to draw the line between friend and enemy, lost their own stand, discriminated against poor and lower-middle peasants, hid their backgrounds and fabricated history, and so forth, thus committing "four uncleanes" politically and organizationally ... Some have even degenerated into agents and protectors of class enemies ... The problem, as we can see, is indeed serious.¹⁸⁴

The following month after the issuance of the Revised Later Ten Points saw extensive mobilization of peasantry for denunciation of rural cadres. The poor and lower-middle peasants were encouraged to "dare to supervise the cadres, dare to attack the enemy, and dare to oppose all bad people and bad deeds". The corrupt practices of basic-level cadres, as revealed by the masses, included misappropriation of public funds and work points, acceptance of bribes, extortion, theft of collective properties, personal extravagance, etc., among which the most frequent form was

CCP Central Committee (1964), "Revised Later Ten Points: Some Concrete Policy Formulations in the Rural Socialist Education Movement", cited from Baum and Teiwes, p.112.

misappropriating work points.¹⁸⁵ While the Later Ten Points recommended lenient handling of cadre mistakes , the revised version warned of the danger of being not stern enough in the education and criticism of cadres with wrongdoings. The definition of the nature of some cadre mistakes was also confusing. Petty corruption, for example, misappropriation of work points, had been classified into non-antagonistic contradiction in the earlier document whereas the revised one denounced it as "anti-socialist". It should be noted that the use of coercive means at this stage was no longer an uncommon practice, which even resulted in cadre suicide in some areas.¹⁸⁶ Numerous rural cadres and Party members were purged, demoted in rank, and administratively punished. Michael Oksenberg's estimate, though sounding exaggerated, to some extent has reflected the multitude of these cadres. According to his estimate, "as many as 70 to 80 percent of subvillage leaders ... may have been removed from office in some provinces".¹⁸⁷ Baum also points out that the aftermath of the Revised Later Ten Points was "in all probability the most intensive purge of rural Party members and cadres in the history of the Chinese People's Republic". It is estimated that between 1.25 million and 2.5

Richard Baum, Prelude to Revolution: Mao, the Party, and the Peasant Question, New York: Columbia University Press, 1975, p.104-106. The system of "work points" served as both the records of collective farm work and the basis of remuneration in the era of People's Commune.

Ibid., p.111.

Ibid., p.103.

million rural basic-cadres were dismissed from office at this stage.¹⁸⁸

Due to the severity of problems among the existing basic-level cadres and the impurity of the poor and lower-middle peasant groups, work teams dispatched from higher levels were heavily relied on to perform some functions of local cadres and peasants, and most importantly, to lead the movement. In Hebei province, for example, the number of work team members increased from 120,000 to 180,000. Work teams in some areas seized powers from local Party branches, and even took over their routine work.¹⁸⁹ The document's anticipation about the completion of the movement appeared more pessimistic; it estimated that socialist education would be accomplished in "five or six years, or even longer".

The intensity of the campaign under the guidance of the Revised Later Ten Points aroused Mao's attention and criticism. In December 1964, Premier Zhou Enlai, in his "Report on Government Work", redefined the "four clean-ups" as clean-up in politics, economy, organization and ideology.¹⁹⁰ Compared with the more specific former definition of cleaning up accounts, public granaries, collective properties, and work-point assessment, the new one appeared broader and illusive. Most importantly, it marked a fundamental shift of the primary target of the campaign from an anti-corruption oriented one towards a more political orientation.

Harding, p.211.

Ibid.

Chesneaux, p.130.

Soon afterwards, a work conference of the Politburo, under the personal guidance of Mao, promulgated a new directive, commonly known as the "Twenty-Three Points". The document, in many aspects, was similar to the "Early Ten Points" and usually regarded as the reflection of Mao's viewpoints. The intention of redefining the nature of the movement and reassessing some tendencies in the previous period is reflected in the preface of the document: "If the present document should contradict previous Central Committee documents concerning the Socialist Education Movement, then this document should uniformly be regarded as the standard".¹⁹¹ The Twenty Three Points and the Revised Later Ten Points differ mainly in the assesment of the nature of the movement, the role of work teams and the attitude toward basic-level cadres.

In sharp contrast to the corruption-orientation nature of the struggle in rural areas, as stipulated by the Revised Later Ten Points, the new document redefined the major contradiction in Chinese society as contradiction between socialism and capitalism. It criticized the strategies of placing the focal point of the movement on the contradiction between the four cleans and the four uncleans, i.e. the cadre corruption, and asserted that the true objective of the movement was to rectify the revisionist tendencies among basic-level cadres and peasants. The primary targets of the movement, therefore, should not be confined to corrupt basic-level

CCP Central Committee (1965) "The Twenty-Three Articles: Some Problems Currently Arising in the Course of the Rural Socialist Education Movement", cited from Baum and Teiwes, 1968, p.102.

Party members and cadres; rather, the key point of the movement was the rectification of "those power-holders within the Party who take the capitalist road". As the document points out:

The key point of this movement is to rectify those people in positions of authority within the Party who take the capitalist road. ... Among those powerholders within the Party who take the capitalist road, some are out in the open and some remain concealed. Of the people who support them, some are at lower levels and some at higher levels Among those at higher levels, there are some people in the communes, districts, counties, special districts, and even in the work of Provincial and Central Committee departments, who oppose socialism.¹⁹²

While the Revised Later Ten Points judged the political status of basic-level cadres in a more negative way, the assessment of these cadres in the Twenty-Three Points seemed sanguine. The document, in a similar tone of the Early Ten Points, stressed that the absolute majority of the basic-level cadres were good or relatively good. While in line with the earlier document to subject cadres of a serious nature to harsh punishment, the new one emphasized once again the criteria of education and persuasion. Local leadership should not be "kicked off" by work teams, but rather, be relied upon in implementation of the movement. Moreover, the document called for a review of the cases of corruption; those whose corrupt mistakes were not so serious ought to be liberated.

The absolute power enjoyed by work teams at the previous stage also came in for criticism in the Twenty-Three Points. Methods such as "human wave" tactics and secret investigations employed by work teams earlier aroused attacks too. Work teams were instructed to conscientiously carry out the Party's mass line work style. While

Ibid.

deliberately reducing the power and size of work teams, the document stressed once again the necessity and importance of "supervision from below", i.e. from poor and lower-middle peasants.

In short, the Socialist Education Movement was characterized by complexity and ambiguity. The unclear definition of the nature of the movement and the expansion of the scope of the struggle generated a series of negative consequences: some policies and agricultural and commercial activities that were beneficial for economic recovery were defined as corruption, and were criticized and prohibited; a significant number of rural cadres were unfairly purged and punished, which inevitably resulted in the reduction of the administrative capacities and social instability at basic levels. Its harmful effects apparently outweighed the benefits. Most importantly, however, the promulgation of the Twenty-Three Points marked the beginning of what was really the eve of the battle before the Cultural Revolution, which began in mid-1966 and lasted for 10 years. Contradictions in politics, economy and ideology within the Party leadership, which emerged in the aftermath of the Great Leap Forward and became more intensive in the Socialist Education Movement, together with other factors, had eventually led to the nationwide political chaos and disaster. Due to its irrelevance to this study, it therefore will not be touched upon here.

Chapter Four

CORRUPTION AND REFORM

Background

The Cultural Revolution ended up with Mao's death in September 1976 and the downfall of the "Gang of Four" headed by Mao's wife Jiang Qing in October the same year. The disastrous effects of the Revolution, by 1976, had touched upon almost every field of the society. The political disorder and social turmoil resulting from the Revolution had paralyzed the legal system, distorted culture and education, harmed administrative efficiency, held back the development of science and technology, etc. More importantly, however, the Cultural Revolution had brought the economy to the verge of collapse. The GNP of 1976 dropped by 2.7 percent as compared to that of the previous year; the average annual income of city workers decreased by 3 percent, and the annual income of peasants averaged only 62.8 yuan (an equivalent of about 8 US dollars).

Apart from the economic hardships and damages to the superstructures, a considerable number of people had suffered a

great deal both physically and psychologically from this political calamity. According to statistics, 2.9 million people were charged for politically oriented "crimes" during the period, among which many were imprisoned, killed or sent into internal exile. Numerous people were tortured and humiliated at struggle meetings, some of which even committed suicide to free themselves from these psychological insults.¹⁹³ Complaints and anger spread all over the state at the later stage of the Revolution:

the intellectuals were angered at the persecution they have suffered at the hands of the radicals; young people resented Mao's betrayal of the Red Guard movement; workers were tired of stagnant levels of consumption and crowded living conditions. All were weary of continuous mass movements and ideological indoctrination, and dismayed by the intense factionalism that still plagued the leadership of the Party after ten years of Cultural Revolution.¹⁹⁴

A variety of factors attribute to the reform in the aftermath of Mao's era. The fundamental reason for reform was the internal political and economic situation mentioned above. The new Party leadership had to take measures to get rid of the crises, promote economic growth and restore political and social order so as to consolidate its legitimacy. The international situation also exerted considerable pressures on the authorities. Noticeable economic achievements of some East Asian countries, especially the so-called "Four Asian Little Dragons" --South Korea, Singapore, Hong Kong and Taiwan -- set off by contrast the backwardness of

Gong, p.109.

H.Harding, China's Second Revolution: Reform after Mao, Washington, D.C.: The Brookings Institution, 1987, p.37.

Chinese society and economy, and hence aroused China's incentive for change. On the other hand, China's relatively independent status in the socialist camp, as in contrast to the Eastern European Communist countries, allowed her to undertake reform without worries about the reaction of other socialist nations. Under these circumstances, Harding suggests that the reforms later undertaken by Deng Xiaoping were inevitable "given both the internal difficulties and external conditions".¹⁹⁵

In December 1978, the Third Plenum of the Eleventh Central Committee formally declared the shift of the focus of the Party's work from class struggle towards the goal of building socialism through the Four Modernization. Economic reform programs regarding agriculture and industry were initiated one after another, and reform experiments began to be conducted in both the countryside and enterprises. Meanwhile, China opened herself to the rest of the world, aiming at promoting her economic and social development through comprehensive contacts, especially economic and technological exchanges, with other nations.

The reform began in 1978 with the introduction of the Production Responsibility System (PRS) in agriculture, the purpose of which was to replace collective farming (communes) with household farming (the household responsibility system). Under this system, land was contracted out to individual households; after fulfilling the contracts, peasants had the right to dispose their excess grain and

Ibid., p.39.

to engage in nonagricultural pursuits.¹⁹⁶ This program was completed in 1983 with a successful transition in agricultural production relations.

Then, the period between October 1984 and September 1988 witnessed a series of programs to reform the urban economic structure, such as enterprise profit retention, granting enterprises more decision-making power with regard to their production, marketing, wages, employment, and investment, relaxing price controls over a significant number of goods and materials, "tax for profit" aiming at allowing enterprises to keep surplus profits after tax, considerably reducing mandatory planning for production, creating capital and labor markets, separating ownership of enterprises from management by subcontracting out smaller state enterprises to individuals or groups, and establishing a shareholding system for large state enterprises.¹⁹⁷ Statistics show that the number of materials and commodities controlled and distributed by the state dropped sharply in this period, from 256 in 1978 to only 20 in 1985; profits retained by enterprises have increased three times since 1979; as a result of price relaxing, items with state-set prices accounted for only 20 percent of the total in 1986, as in contrast to 98 percent eight

Thomas B. Gold, "Under Private Business and China's Reforms", in Richard Baum(eds) Reform and Reaction in Post-Mao China: The Road to Tiananmen, New York: Routledge, Chapman and Hall, Inc., 1991, p.85-86.

Nina P. Halpern, "Economic Reform, Social Mobilization, and Democratization in Post-Mao China", in R. Baum (eds), Reform and Reaction in Post-Mao China: the Road to Tiananmen, p.41-42; Gold, p.86.

years earlier.¹⁹⁸ In short, what all these reform attempts have strived to achieve is to promote enterprise autonomy, expand private economy, reduce mandatory planning for production and distribution of resources, and enhance market mechanism. The Fourteenth Party Congress of October 1992 formally adopted the concept of "China's socialist market economy", with its emphasis placed upon the functions of market in resource allocation and production as in contrast to the command economic system. China's economic reform proves to be a success, as evaluated in terms of a multitude of aspects. The following World Bank's report on China's economic and social development in the 1980s may be more illustrative:

Over the last decade, China's GDP growth rate has averaged 9.5% per annum. Investment was high throughout (averaging 31% of GDP during the early 1980s and 38% of GDP since 1985) and was matched by a strong savings performance, which contained the need for external borrowing. Industrial modernization increased the competitiveness of China's manufactures in the international market and merchandise exports grew from \$18.3 billion in 1980 to \$52.5 billion in 1989. China's share of international trade rose from 0.97% to 1.7% during the same period. The average incomes for the 800 million rural population more than doubled and absolute poverty receded nationwide. In 1988, some 13% of rural households fell below the poverty line, compared with 17% in 1981. Infant and child mortality declined, the rate of population growth was slowed and universal education of five years was achieved.¹⁹⁹

To facilitate and speed up the process of economic reform, other reform measures regarding organizational innovations were also

Dorothy J. Solinger, "Urban Reform and Relational Contracting in Post-Mao China: An Interpretation of the Transition from Plan to Market", Studies in Comparative Communism, Vol.XXII, No.2/3, 1989, p.177.

World Bank, China: Between Plan and Market, Washington D.C.: The World Bank, 1990; cited from Ting Gong, p.111.

initiated and carried out. The most far-reaching step towards organizational reform was the separation of the Party and government administration as well as separation of government and enterprises.²⁰⁰ In general, government in socialist countries is usually subordinate to the Party committee. The Party Committee usually sets up a variety of departments to supervise the work of their counterparts in government. Considering the negative impact of this dual-bureaucracies upon economic reform, the CCP leadership, first of all, abolished those functionally duplicated departments in the Party committee system. Moreover, stipulations were introduced to prohibit leading Party officials from concurrently holding top government posts. In enterprises, Party committees were no longer engaged in the routine work of the management; instead, their major work was confined to political tasks and ideological education.

The separation of Party committee and government also induced the separation of government and enterprises. To reduce government's control over and intervention in enterprises' production and operation, the "Manager Responsibility System" (Director Responsibility System) began to be introduced into enterprises in 1986. The system granted enterprise managers all-round responsibility for production, sales, operation, employment,

Oiva Laaksonen, Management in China During and After Mao in Enterprises, Government, and Party, Berlin: Walter de Gruyter & Co., 1988, p.238.

wage, and benefits.²⁰¹ Another important organizational reform attempt was the decentralization of resource allocation, investment and managerial powers. The central government handed down these powers to local authorities, and hence significantly enhanced local governments's capacities to manage and adjust the local economy. By 1988, enterprises run by local authorities had amounted to the vast majority of the total whereas the number of the center-owned industrial enterprises dropped dramatically, and accounted for only 190, as compared to the total of more than 400,000 in the pre-reform era.²⁰²

Patterns and Examples of Corruption

With China's nationwide economic reform proceeding quickly and successfully, large-scale bureaucratic corruption began to spread across the country. Faced with the unexpected consequences of the reform, Deng Xiaoping seriously pointed out in 1982 that a considerable number of cadres had been corrupted within only one or two years since the economic reform; many cadres had been even involved in economic crimes, and the gravity of the situation was unprecedented.²⁰³ Not only is the extent of corruption in the reform era much larger than that of the Three and Five Anti

Jan Prybyla, "Adjustment and Reform of the Chinese Economy", in Franz Michael China and the Crisis of Marxism-Leninism, Boulder: Westview Press, 1990, p.81.

Gong, p.115.

Hongying Tang, p.23.

campaign, the patterns are also more diversified, and its harmfulness more serious.

Alan Liu based on his research on 275 Chinese media reports from 1977 to 1980 and identified sixteen types of corrupt acts. These malpractices included embezzlement, bribes or extortion, appropriation of public goods, illegitimate feasting, housing irregularity, illegal trade of public goods, hiring irregularity, sexual abuse of women, illegal imprisonment and torture, obstruction of justice, reprisal against informers, cheating on school examinations, false models, feudal rites, irregularity in residence permits, and irregularity in Party membership. Apart from some common forms such as graft and embezzlement, according to Liu, others such as misuse of public equipment, illegal trade and housing irregularity were frequent among socialist states; still others such as banqueting at public expense, feudal rites, illegal imprisonment and torture, however, bore typical characteristics of Chinese political culture under the socialist conditions.²⁰⁴

As the reform was being pushed forward and more reform programs initiated, new patterns of corruption emerged. In the late 1980s, for example, as the government relaxed its price control over a variety of raw materials and short supplies, official profiteering came into existence together with occurrence of the dual-pricing system. When the economic reform had been escalated both on scale and in depth since 1992, another tide of nationwide business-

Alan P.L. Liu, "The Politics of Corruption in the People's Republic of China", The American Political Science Review, Vol.77, March 1983, p.603.

engagement spread back and resulted in more new patterns of corruption. The establishment of the stock market, for instance, resulted in a series of stock-related corrupt acts such as stock bribes and "power stocks".²⁰⁵ The implementation of the refund policy for export increment tax tempted local enterprises and local governments in collusion to defraud the state for large sums of increment tax return.²⁰⁶ Moreover, public funds are not only illegitimately spent on feasts, entertainment, etc., but also on gambling and visiting prostitutes.

Another characteristic of the 1990s corruption is group corruption and high-ranking officials' involvement in corrupt practices. Still another is the increase of cases of corruption in law enforcement apparatus such as the courts, public security organs, jails, etc. Similar to the circumstances in the 1980s, while graft, embezzlement and misappropriation of public funds remain the main patterns of corruption in the 1990s, the amount of money involved, as compared to that in last decade, was surprisingly huge; some cases even involved hundreds of millions of yuan. In addition, another noticeable tendency of corruption at the present stage is a rise in the cases of "public bribery", i.e. bribery practised by government agencies and state-owned enterprises for gains or advantages of locality or enterprises.

"Power stocks" here mainly refer to the scarce profitable original stocks in great demand that can be obtained by powerful figures through either illicit or improper means.

Unlike the common corrupt acts, this behavior is often identified by many people as noncorrupt because it does not concern personal gains. Similar situations include local governments' involvement in cigarette and automobile smuggling for the purpose of enhancing local economy.

Patterns of corruption are diversified and examples are abound. During the process of the reform that has lasted for almost two decades, some corrupt practices have become less popular and even rare. Considering the limited space of this thesis and the purpose of illustration, only major patterns of corruption and typical cases are to be singled out in this section.

Embezzlement and Misappropriation of Public Funds Embezzlement and misappropriation of public funds, together with acceptance and extortion of bribes, are the most frequent forms of corruption in China, the cases of which account for almost 50 percent of the total. When public money embezzled or misappropriated reaches a certain amount, the acts are classified as "economic crimes" and the corrupt are usually subject to criminal charges. Those who have been involved with huge amounts of grafted money are even subject to the death penalty. The period since 1992, as mentioned above, has seen a significant increase of economic cases and a dramatic rise in the amount of public money involved. A publicized big case in the early 1980s concerned a female manager and Party secretary of an energy company in Heilongjiang province, who had grafted 500,000 yuan within eight years, and spent part of the money on

buying off the local influential figures to facilitate her illegal acts. The case ended up with the manager being executed.²⁰⁷ One decade later, the amount skyrocketed. According to a 1993 report, a chief accountant of a bank branch in Haikou, Hainan province, took advantage of his office and embezzled more than 33 million yuan by stealing and signing rubber bank drafts.²⁰⁸ With the stock market being established in recent years, stock speculation becomes profitable. Cases regarding misappropriation of public funds for stock speculation were thus exposed one after another. The manager of the bond department of Jiaxing Trust and Investment Company, Li Weiming, in collusion with four other people, misappropriated 189 million yuan for stock speculation, and caused the state considerable economic loss.²⁰⁹ In the 1990s, more and more high-ranking officials have been found to be involved in money-related crimes. One typical 1995 case concerning the first vice-mayor of Beijing, Wang Baosen, revealed that Wang had not only grafted hundreds of thousands yuan for himself, but also misappropriated more than 100 million yuan and 25 million U.S. dollar public money for his brothers, paramours and close friends as business capital

Leslie Holmes, The End of Communist Power: Anti-Corruption Campaigns and Legitimation Crisis, New York: Oxford University Press, 1993, p.112-113.

The Publishing House of Economic Management, Brandishing the Sword: Reports on Anti-Corruption and Purging Graft in China (in Chinese), Beijing, 1993, p.118-127.

Mingbo, Liu, "The Hunting of Several Big Tigers in the 1995 Anti-Corruption Campaign" (in Chinese), China Youth, No.12, 1995, p.6.

for profiteering. Wang committed suicide in April 1995 when he was under investigation.²¹⁰

Acceptance and Extortion of Bribes The public powers of rationing key materials and short supplies, issuing low-interest loans and import and export permits, subcontracting construction projects, housing rationing, etc., have long been the profitable objectives of the fierce competition among various social groups. Not surprisingly, bribery has long been the most frequent practice of corruption in China and even permeated every sphere of the society. Let alone numerous minor forms such as gift-giving and feasting, the number of large bribes involving hundreds of thousands yuan continue to rise in recent years. Zhao Puan, the Party boss of Sichuan Provincial Petroleum Corporation and the former Party leader of the city of Fuling, Sichuan Province, had grafted more than 600,000 yuan by either subcontracting construction projects or extorting enterprises and private businessmen. It is reported that Zhao once promised a private construction contractor a construction project of 15 million yuan; in return, he extorted 450,000 yuan "reference fee" from the contractor. During his tenure in Fuling, Zhao had been kept close contact with private construction contractors, and "half of his telephone book recorded their

Xiping Tang, "An Overview of 1995 Anti-Corruption and Purging graft in China (in Chinese), The Kaifang Monthly, No.3, 1996, p.7-10.

telephone numbers". Zhao was later sentenced to death with a two-year reprieve.²¹¹

Apart from benefiting from internal illicit transactions, corrupt officials also extort gains from foreign merchants. An unprecedented huge bribe case concerned a female manager of a state-owned project consulting company who, within two years, had accepted and extorted from Hong Kong and Taiwan businessmen huge bribes amounting to 5.46 million yuan, 1.88 million Hong Kong dollars and 32,000 US dollars when cooperating with them in subcontracting projects and developing real estate.²¹² Moreover, cases regarding senior officials' collective involvement in graft have also increased noticeably in recent years and exerted considerable negative impact on the public confidence in the Party and government. A case of this sort revealed in Shandong province in 1995 shocked the whole country by its nature and extent. The Party leader of the city of Taian, the deputy secretary of the Party committee, three deputy mayors, the secretary-general, the director of the propaganda department, the director and the deputy director of the public security bureau, and the general manager of the Taian Petrochemical company were sentenced to either death with a two year reprieve or life imprisonment due to their collective involvement in acceptance or extortion of huge bribes. The director of the municipal public security bureau, Li Huiming, was executed in July 1996. This case involved 24 Party and government officials

ZGJJJCB, February 15, 1996.

The Publishing House of Economic Management, p.25-35.

at or above the county level, and their downfall even reportedly paralyzed the routine work of the municipal government. The Party leader (the first secretary) Hu Jianxue had grafted 610,000 yuan, the deputy secretary 120,000 yuan, the secretary-general of the municipal Party committee 1.4 million yuan, the deputy mayor 370,000 yuan, the director of the public security bureau 850,000 yuan, etc. Services and favours offered back as a return for the bribes included assisting the bribers to get promoted or transferred, buying stocks in short supplies, subcontracting construction projects, city household registrations, vehicle plate registrations, etc.²¹³ Another case concerns the director and deputy director of the grain bureau of Changtu county in Liaoning province. They ganged up with other corrupt elements and forced the grain depots under their jurisdiction to purchase inferior equipment; in return, they received huge bribes from the sellers. The case was uncovered with 25 officials arrested and more than 320 million yuan illegal income confiscated.²¹⁴ It should be noted that "selling official posts" (maiguan) has no longer been a rare malpractice in today's China. The power of cadre promotion is being abused by more and more corrupt officials as an avenue of amassing fortune. The Party leader of the city of Gongyi, for instance, promoted two officials in exchange for their 45,000 yuan

FZRB, 12 July 1996.

Liping Zhang and Zhumei Chen, "The Causes of Corruption and the Remedy"(in Chinese), Liaoning Economy, No.2, 1995, p.28.

bribes.²¹⁵ Another case shows that the Party leader of Yongfeng county in Jiangxi province, Zheng Yuansheng, had accepted and extorted more than 300,000 yuan within three years by "selling official positions". More ironically, the Party leader of Fenxi county in Shanxi province, after receiving 26,000 yuan bribe from a corrupt official, even recommended the briber to be the director of the anti-graft bureau.²¹⁶

Illegitimate Spending of Public Funds Spending public money lavishly and illegitimately has long been a common malpractice since the early 1980s. A survey conducted by the State Council and the National Statistic Bureau in 1994 showed that official spending of public funds on feasting and entertainment had been identified by the masses as the most serious corrupt phenomenon in recent years. There are two factors contributory to this issue. Feasts, first of all, are not necessarily held for the facilitation of business or public affairs. Officials often invent all kinds of names to banquet at public expense only for enjoyment of delicacies. Moreover, feasts of this sort are getting more and more luxurious in recent years; the extravagance contrasts sharply with the thrifty and simple life of ordinary people. It is estimated that there have been more than 120 governmental circulars since the 1960s and more than 30 circulars and regulations since 1979 regarding prohibition of misappropriation of public funds for

Liaowang News Weekly, No.7, 1996, p.5.

ZJTV news, 14 July 1996.

drinking and feasting.²¹⁷ Unfortunately, despite considerable official efforts to curb the practice, the problem has become more serious in recent years. Not only eating and drinking are at public expense but also entertainment or even pornographic services are paid by public money. According to statistics, public money spent on banqueting in 1992 even amounted to 100 billion yuan. Some officials, as revealed by media, even died of excessive drinking when banqueting with public funds; more ironically, some of them were even posthumously admitted as revolutionary martyrs.²¹⁸

Feasting with public money has been remaining the main source of income for the large and medium sized restaurants. According to statistics, 60-70 percent of the income of these restaurants throughout the country in 1988 came from banquets paid by public money.²¹⁹ Therefore, it is not surprising that the volume of business of luxury restaurants would drop dramatically whenever the government takes measures to curb banqueting at public expense. Apart from feasting and entertainment, Party and government officials even hire prostitutes at public expense. It is revealed that the director and the Party secretary of Chengdu Municipal Bureau of Communication not only spent public money lavishly on banqueting and entertainment but also often visited prostitutes in company at expense of the state.²²⁰ Except eating, drinking and

Xiping Tang, p.8.

Ibid., p.8.

Gong, p.123.

DBCK, No.11, 1996 p.25-27.

entertainment, huge amount of public funds especially scarce foreign currencies have also been spent on importing luxury automobiles and junkets in the name of inspection. A report issued by the National Audit Bureau reveals that nearly one thousand counties and cities throughout the country have been found to misappropriate poverty-relief funds and education funds to purchase automobiles.²²¹ Moreover, public money is also abused by corrupt officials for construction of luxurious villas and offices. The deputy mayor of Beijing, Wang Baosen, as mentioned earlier, not only purchased a luxury residence for himself but also constructed luxurious villas at public expense for himself and the mayor, Chen Xitong. It is reported that these villas cost as much as about 100 million yuan.²²² In recent years, it has become a fashion among officials to go abroad in the name of inspection and observation. It is estimated that almost all Party and government leaders at or above the county level, including officials from many poor counties, have "inspected and investigated "abroad at public expense.²²³

Official Speculation As discussed earlier, though the CCP leadership has been stressing the key role of market in the reform era and loosened the rigid price control over a considerable number

Ibid.; Jean-Louis Rocca, p.410.

TQSHWZB, August 1995.

Fuhai Sun, "The Study of Today's Corruption and the Socialist Supervisory System" (in Chinese), Beijing Social Science, No.2, 1995, p.127.

of raw materials and goods, it does not intend to abandon the command economic system completely, and still controls some factors of production and key raw materials. This semi-administrative and semi-market system generated a confused price system in the second half of the 1980s. There existed three different prices for the same items: the state-planned price, the negotiable price and the market price.²²⁴ Let alone the "negotiable price" that was closer to market prices in nature, the dual-track price system resulted in fertile ground for official corruption. Due to the existence of apparent price differences, one could enrich himself simply by selling quotas of some materials and short supplies at the market prices if he was able to gain access to those items at the state-set prices. Some state-owned factories even profiteered by selling the state-priced raw materials for production. It had been a common practice that the same raw materials or short supplies would be sold and resold for several times in the process of transaction; as a result, the prices of the finished goods were driven up, and inflation emerged. A steel pipe plant in Nanjing, for example, sold its thousands of tons of steel plate obtained at cheaper price to 31 small factories, and received a profit of 1.35 million yuan. These small factories resold those items for profits. "The same process went on until after 129 transactions, and the price of the plate was raised from 1,750 to 4,600 yuan per ton".

Wojtek Zafanolli, "A Brief Outline of China's Second Economy", Asian Survey, Vol.XXV, No.7, July 1985.

Official speculation in the 1980s was characterized by numerous administrative corporations and senior officials' children's engagement in commercial activities. Due to some unsophisticated reform policies, the business mania throughout the country escalated unprecedentedly. A proverb vividly described the situation: "900 million of one billion people are being engaged in trade, and the remaining 100 million are ready to join them." Many Party committees, government agencies and even military units established their administrative corporations. According to statistics, by mid-1987 there had been about 360,000 companies, among which 250,000 were involved in this dual-track pricing speculation.²²⁵ Of 250,000 corporations, many were administrative ones directly run by government agencies and headed by either high-ranking officials or influential retired cadres and children of senior officials. For instance, about 700 such corporations belonged to the central ministries and commissions under the State Council, and about 47,900 cadres concurrently held positions in both government departments and corporations.²²⁶ These figures, by making use of their influence and social connections, could gain access to the state-priced raw materials and short supplies, and hence amass huge profits by speculation. One case concerned such a administrative corporation, Kunming Metallurgical and Economical

Connie Squires Meaney, "Market reform in a Leninist System: Some Trends in the Distribution of Power, Status, and Money in Urban China", Studies in Comparative Communism, Vol. XXII, No.2/3, 1989, p.212.

Gong, p.130-131.

Technical Resources Development Company in Yunnan province. This company acquired goods in short supply at the state-set prices from its mother company, a governmental resource distributive agency, and then sold those items at higher market prices. In December 1984, just by selling 2,458 tons of steel ingots at 650 yuan per ton (the original price was 422 yuan per ton), this company made a profit of 560,000 yuan.²²⁷

Examples abound concerning the speculative activities of the children of senior officials. The Kanghua corporation in Beijing, for example, in which the son of one of the most powerful state leaders was allegedly "deeply involved", engaged in official profiteering through buying low and selling high. It was reported that the corporation once made a profit of 8 million yuan by selling 10,000 color TV sets (then in short supply) at a price that was 800 yuan higher per set than the purchasing price.²²⁸

With the economic reform entering the 1990s, the phenomenon of the dual-track pricing among raw materials and short supplies is no longer noticeable. Nonetheless, other price differences such as loan interest differences, stock price differences, and real estate price differences, etc. still exist, and hence have stimulated the spread of official speculation in these spheres. Cases regarding officials including high-ranking officials being involved in stock and real estate speculation have increased in recent years. A

Stephen K. Ma, p.1045-46.

Jae Ho Chung, "The Politics of Prerogatives in Socialism: The Case of Taizidang in China", Studies in Comparative Communism, Vol. XXIV, No.1, March 1991, p.64.

deputy governor of Hubei province was dismissed from office in 1995 due to his involvement in stock speculation with misappropriated public funds.²²⁹ Another case involves the deputy Party secretary of Anshan city, Zhang Wenxiao, who, by taking advantage of his power, amassed nearly 200,000 yuan through stock speculation. Zhang was expelled from the Party the same year.²³⁰

Smuggling Smuggling is commonplace in the coastal areas of China. Automobiles, electronic appliance and cigarettes are usually the main smuggling items. In the first six months of 1994, a series of smuggling cases were revealed by the procuratorial organs in Fujian province, each of which involved tens of millions yuan.²³¹ Incentives for officials' involvement in smuggling are various: some help smugglers for bribes or other personal benefits; others for the interests of the factions; still others simply for the promotion of economic growth of the localities. Although smuggling, as an aspect of official corruption, is not so frequent as in contrast to other forms of economic corruption, the motivations of the doers are worth pondering because they often do not concern personal gains. Two cases will be cited here to illustrate the circumstances. The Municipal Commerce Bureau of Rushan city

Mingbo Liu, p.7.

Xiping Tang, p.8.

Shentang Wen, "The Situation of Anti-Corruption in 1994" (in Chinese), The Blue Book of Anti-Corruption, 1995, p.140.

Shandong province smuggled cigarettes; when the case came to light, the Party leader of the city instructed the Weihai Border Guard Bureau to provide false evidence in order to obstruct the investigation and prevent the smuggling unit from being criminally charged.²³² Another case concerns large-scale automobile smuggling organized by the City Council of Dandong city Liaoning province. Shielded by the chief of the border guard in the name of "anti-smuggling" and coordinated by the secretary-general and the deputy secretary-general of the government, five municipal companies had smuggled altogether 272 Korean automobiles and evaded taxes totaling 449 million yuan. The case ended up with the mayor being criminally charged.²³³

Tax Evasion and Tax Defraudation Tax evasion has been very common among private enterprises and businessmen since early 1980s. Due to the lack of data, it would be difficult to assess the exact extent. However, the state-owned enterprises, driven by a variety of motivations, also practise tax evasion. Corporations and factories, as pointed out by Peter Harris, even "have entered into systematic conspiracies to evade taxes".²³⁴ It was reported that a state-owned enterprise in Shanghai had evaded taxes in the amount of 10 million yuan by underreporting sales revenues of 100 million

Reform Reference, No.8, 1996.

Liao Wang News Weekly, No.7, 1996, p.5.

Peter Harris, "Socialist Graft: The Soviet Union and the People's Republic of China: A Preliminary Survey", Corruption and Reform, Vol.1, 1986, p.27.

yuan.²³⁵ With the export increment tax refund policy being carried out in recent periods, cases concerning tax cheating have increased dramatically. The first quarter of 1995 witnessed as many as more than 100 cases of increment tax refund defraudation, the amount of which totaled 340 million yuan.²³⁶ Local enterprises, even in collusion with local tax bureaus, defrauded the state of huge amount of increment tax returns. In 1992, for example, five enterprises in Xianning city , Hubei province, in collusion with the municipal tax bureau, submitted 277 rubber cheques and 45 false tax payment bills, which caused the state being cheated of tax revenues of 12.18 million yuan.

Nepotism As in other developing nations, nepotism is identified as widespread in today's China. A number of factors contribute to the persistence of this phenomenon. As mentioned earlier, the economic reform has granted enterprises more autonomy in operation on one hand, on the other hand, it has also increased employees' dependency on their work units. Managers and leading officials now enjoy more discretionary power than ever before in promotion, recruitment, housing, wage increase, bonus rationing, etc. Under such circumstances, cultivation of good connections with superiors or powerful figures seems crucial for one's survival and advancement in career. This, in turn, has to a large extent induced the spread of certain minor malparactices such as feasting, gift-

Wen, p.140.

Reform Reference, No.8, 1996, p.32.

giving, etc. Apart from the interpersonal connections based on physical rewards such as money and materials, the more prevalent pattern of nepotism is based on "continuing relationships and indirect exchanges -- the personal obligations of tradition",²³⁷ which cannot be measured in monetary terms and hence seems only improper, but not necessarily illegal. These relationships include not only the primary ones such as family ties among kin and relatives but also those of friends, schoolmates, common local origins, colleagues, etc.²³⁸ Networks of these connections (guanxi in Chinese) play a key role in the practice of nepotism in the Chinese context. Insiders of these interpersonal networks often benefit from allocation of scarce resources and opportunities such as school admissions, job assignment and transfers, promotion, etc. at the expense of outsiders and the state. Most importantly, nepotism in cadre promotion has become more widespread in recent years. Therefore, it is not surprising to find that some incompetent and unclean cadres are able to gain access to important leading positions in both the Party and government. The case of "Taizidang" (a Chinese term referring to some Party and state leaders' children who are either politically powerful or economically influential) would be helpful in illustrating nepotism in contemporary China. According to Jae Ho Chung, some

Clemens Stubbed Ostergaard, "Explaining China's Recent Political Corruption: patterns, remedies and counter-strategies at the local level", Corruption and Reform, Vol.1, No.3, 1986.

Peter Na-Shong Lee, "Bureaucratic Corruption During the Deng Xiaoping Era", Corruption and Reform, Vol.5, 1990, p.35.

members of "Taizidang" rose quickly in politics, and a few of them even have assumed the most important leading positions of the state. The rise of "Taizidang" in the reform era has been brought about by a variety of factors, among which their family backgrounds and social connections are identified as the crucial ones.²³⁹

An important tendency of official corruption in recent periods that is worth mentioning here is the significant increase of cases of corruption in law enforcement organs such as police, court, tax collection, technological supervision, etc. Patterns of corruption in these fields are mainly economically-oriented. Media reports have revealed a series of such cases: directors of public security bureaus were sentenced to death due to their acceptance and extortion of huge bribes, graft, extortion of sexual favors from women and other crimes; a warden helped convict awaiting execution escape; a chief of court helped a prisoner be exempt from imprisonment; and tax officers and businessmen in collusion to evade taxes.²⁴⁰

The Extent and Social Effects of Corruption

Notwithstanding that considerable anti-corruption efforts have been made by the CCP leadership, the impetus of corruption has not been weakened since 1978. Cases of corruption have been increasing with the reform moving from one stage to another. During the period

Jae Ho Chung, p.58-76.

Mingbo Liu, p.7; Xiping Tang, p.7; The Publishing House of Economic Management, p.36-47; SCRB, 7 June 1996.

of 1982-1986, reports of the Central Discipline Inspection Commission indicate that 230,000 cases of Party members taking graft or accepting bribes were investigated, 148,163 of which were disciplined by the DICs for corruption, bribery and theft. Cases concerning bribery and graft handled by the procuratorial organs between 1982 and 1986 amounted to 120,000.²⁴¹ During the second five years (1987-1992), however, cases involving Party members' corrupt practices rose dramatically to 874,690, a 3.8 times increase as compared to those in the previous five years. There were 733,543 Party members who were subject to disciplinary penalties or criminal charges for corruption-related malpractices and crimes, among which 154,289 were expelled from the Party.²⁴²

The year 1992 marked the beginning of a new phase of the economic reform; Corruption in this period is characterized by multitude of economic cases and senior officials' involvement in corrupt practices. From January to November 1995, according to reports issued by DICs and the supervision departments, as many as 122,476 cases concerning cadre corruption and economic crimes were placed on file for investigation and prosecution, a 5.1 percent increase when compared to the same period of the previous year; Party members and cadres who were disciplined amounted to 102,317, accounting for a 7.5 percent increase of the figure of 1994. During the period of 1982-1993, cases of graft and bribery accounted for

Ostergaard, Clemens Stubbed and Christina Petersen, "Official Profiteering and the Tiananmen Square Demonstrations in China", Corruption and Reform, Vol.6, 1991, p.89.

Fuhai Sun, p.127.

29.4 percent of the total whereas the portion rose to 42.6 percent and 44.3 percent in 1994 and in the first half of 1995 respectively. The same source indicates that cases involving leading cadres at or above county or division level also increased significantly in 1995. More than 5,000 officials at county or division level, 407 officials at prefecture or department level and 26 senior officials at provincial or ministry level were disciplined or criminally charged in 1995; these figures, as compared to their counterparts in 1994, represented an increase of 29.2 percent, 43.8 percent and 166.7 percent respectively.²⁴³ Another character of corruption in this period is the hugeness of the amount of grafted money and bribery. During the period between January to August 1994, for example, "big cases" involving tens of thousands yuan totaled 14,068 (51.5 percent of the total), 52 of which even involved millions of yuan.²⁴⁴

The CCP leadership has identified two major categories of negative impacts of corruption in the reform era. They worry that corruption would impede the progress of the reform, harm the legitimacy of the Party and further weaken the Party's leading power. Hu Qili, the then top leader in charge of ideological work in the 1980s, warned that acts of corruption "appeared with great impact and have spread very quickly have had an impact on reform work, and have confused the minds of some cadres and

Reform Reference, No.3, 1996, p.6.

Wen, p.137.

masses".²⁴⁵ Jiang Zeming, the No.1 figure of the Party, warned the whole Party of the seriousness of official corruption, declaring that anti-corruption and maintaining the cleanness of the bureaucracy "is a crucial issue that is directly related to the survival of the Party".²⁴⁶ It is not surprising that, as a ruling party, what the CCP concerns most is its illegitimacy and dominance because official corruption has resulted in the "extremely serious harm to the Party's cause". This anxiety seems justified if we have a brief overview of the results of some surveys conducted in both the 1980s and 1990s. A nationwide survey by an influential journal in 1988 revealed that 78.15 percent of the respondents identified corruption as the issue concerning them most. Several other polls carried out among various social groups such as the famous youths, prominent personages, etc. ended up with similar results.²⁴⁷ The fact that the vast majority of the respondents placed official corruption upon the top of the list of the social problems further signaled the public resentment toward the phenomenon, which in turn, to a lesser or larger extent, may hurt the public confidence in the Party, and, more importantly, even endanger its ruling.

The harmful effects of bureaucratic corruption can be grouped into three broad categories: political, economic and ideological. As indicated above, widespread official corruption, first of all,

James T. Myers, "China: Modernization and 'Unhealthy Tendencies'", Comparative Politics, Jan. 1989, p.199.

Hongying Tang, p.23.

Yan Sun, "The Chinese Protests of 1989: the Issue of Corruption" Asian Survey, Vol. XXXI, No.8, August 1991, p.768.

has weakened people's beliefs in the Party and significantly reduced the prestige of the government. Some interviewees even compared corruption in the reform era with the corruptness of KMT regime, declaring that today's corruption is at least as serious as that under the old regime. Some veteran cadres complain that the Party is no longer the same one as in the war times. The dramatic decline of the prestige of the Party and the government in recent years, as perceived by the public, is partly attributable to the seemingly uncontrollable cadre corruption.

Moreover, corruption also reduces the efficiency of the administration. The efficiency of Chinese bureaucracy, on one hand, has long been a problem, on the other hand, rampant corruption within government has further slowed down the operation of the bureaucratic machine. Corrupt officials normally regard their public offices as private privileges and instrument of making money and other benefits rather than obligations to citizens. They deliberately make things difficult with all sorts of pretexts in the hope of being bribed. The masses, businessmen and even Hong Kong and Taiwan merchants have complained the inefficiency of the bureaucratic system and stressed the necessity to speed up the process by bribery in applying for licenses, permits, hiring, job transfer, etc. As a saying goes, "the facial expressions are usually ugly, and it is always hard to have things done" when one goes to bureaucrats. A repment company, for example, planned to construct three apartment buildings with four million yuan. However, it costs the company 1.02 million yuan in the process of

acquiring eight "official seals", i.e. having the project approved by eight concerned government agencies.²⁴⁸ Thirdly, corruption has seriously distorted the distribution of social wealth among various social groups and been an important contributory factor to social instability. Part of the state wealth is being transferred through corruption into the purses of the politically privileged. The income gap between the powerful and the ordinary has further widened these years. On one hand, corrupt officials spend lavishly on women, as in the cases of Taian and Chengdu,²⁴⁹ on the other hand, many workers whose factories are in an economically embarrassed situation cannot even afford the most basic living for their families. Under such circumstances, it is not surprising to find that the society is rife with so many complaints. This general mood is especially harmful to the political stability of the state. Widespread official profiteering and corruption between 1985 and 1988, as has been argued, together with other social problems such as inflation, increase in inequity, unfair distribution of social wealth, eventually led to the large scale student and mass demonstration and the Tiananmen Incident in 1989.

Finally, practice of nepotism in the Party and government has reduced the capacity of the bureaucracy by ruling out talented people. Able men and women are not often able to gain access to public service or to promotion due to the existance of nepotism and

Anbo Zhou, "The Ideological Sources of the Phenomenon of Corruption: An Analysis of Privilege Thinking" (in Chinese), Jiangsu Social Science, No.2, 1995, p.65.

FZRB, 12 July 1996; DBCK, No.11, 1996, p.27.

patron-client networks. Corrupt officials evaluate candidates not in terms of their ability or work performance, but rather, on the basis of their monetary contributions or favorable social connections. A proverb "no connections and gifts, no promotions" vividly and rightly illustrates this circumstance, which in turn inevitably either prevents qualified candidates from joining the public service or forces talented and ambitious bureaucrats leave government.

The economic consequences of corruption are identified mainly as the loss of huge amount of public funds and state properties as well as waste of social wealth. First, corruption represents a net loss of public resources because much public money has flowed out of the state treasury through either graft or public bribery into individuals' purses. No comprehensive figures concerning capital loss caused by corruption are available here, but one thing is certain: this capital loss is immense. A general manager in Wuhan, as the representative of his corporation, invested large sums of public funds in Philippines, but registered the power plant as his own private enterprise. In this way, he has embezzled millions yuan of state property.²⁵⁰ Another source indicates that in 1988 the grafted public money even amounted to 160 billion yuan (16 percent of the year's national income).²⁵¹ With cases that involve

Yunheng Wei, "Anti-Corruption: Where does the Difficult Point lie?" (in Chinese), Ban Yue Tan, No.2, 1996, p.18.

Ri Zhang, "The Surprising 'Kong Shou Dao': An Analysis of the Behavior of Rent-Seeking in China in the 1990s" (in Chinese), Ban Yue Tan, No.5, 1996, p.21.

millions of yuan increasing noticeably in recent years, only part of the embezzled funds have been recovered; the amount squandered should be huge.

Moreover, corruption has diverted scarce resources from productive fields into consumption, and hence caused huge wastes of social wealth. Although the exact amount of public money spent on eating, drinking, housing, entertainment, going abroad for "investigation and observation", etc., might not be available, the economic wastes resulted from corruption must be immense. As a previous example indicates, it is estimated roughly that as much as 100 billion yuan of public money in 1992 had been eaten and drunk away. Finally, corruption is partly contributory to inflation because the costs of gift-giving, feasting, bribery will eventually be reflected in the prices of final goods, and thus triggers inflation. The rampant special speculation in the 1980s, for instance, was regarded as one of the main impetuses of inflation in that period. According to Yan Sun, coal, as an essential industrial material, was heavily affected by cost increment at some middle-links. As a result of official speculation, its price increases sometimes accounted for as high as 500 percent in last decade.²⁵²

Widespread official corruption has also distorted the moral standards, degenerated the general mood of the society, and made the phenomenon worse in other social spheres. Officials' reaping staggering fortunes through corruption and the lavish way of life mislead ordinary people to acquire their own dues by all sorts of

Yan Sun, p.769.

illegitimate means. The degeneration of moral standards in the reform era is unprecedentedly severe in the history of the CCP. According to some interviewees, it has been a commonplace that school teachers, doctors, etc. accept or extort bribes from parents of the students or patients. More and more junior bureaucrats, by making use of improper means, indulge in cultivating good connections with their superiors in the hope of being promoted or for other benefits. There has occurred a curious phenomenon in recent years: everyone is indignant at or denounces corruption on one hand, on the other hand, "one feels that a small misdeed of one's own is nothing in comparison with what others are perceived to be doing";²⁵³ therefore, it is not surprising to find that some forms of minor misdeeds, which might not be tolerable in some Western nations, are widespread in contemporary China, and even not identified as improper. A survey conducted in 1994 among urban youths illustrated this situation. Most respondents indicated that they would practise bribery if their personal important needs could be satisfied through provision of bribes. About fifty-four percent of the respondents chose bribery when answering another question: what is your attitude when an important issue of your work unit can only be solved by bribing some leading cadres? However, the actual conditions among people, according to the organizers of the poll, are more serious than the results of the survey.²⁵⁴ A research report submitted by BERI (a foreign business environment risk

Ibid., p.711.

Reform Reference, No.8, 1996, p.33.

measurement firm), which probes the relationship between economic growth and corruption in a number of states in the period of 1984-1993, also rates China as a country with relatively higher level of corruption, as in contrast to the low corruption in some democratic states such as USA, Germany and Singapore.²⁵

The Economist, 19 March 1994, p.86.

Chapter Five

CAUSES AND CORRUPTION CONTROL EFFORTS

Causes of Corruption

Like the diversity of corrupt practices, there also exist various explanations of the geneses of corruption in the reform era. The CCP leadership traces its sources mainly in terms of ideological-oriented approaches. Chen Yun, first secretary of the Central DIC, regarded corruption as the inevitable result of the openness of the country to the West, and blamed "a bourgeois decadent ideology" for "seriously corrupting Party conduct and social conduct".²⁵⁶ Deng and Hu Qili called for Party cadres to be highly alert to "ushering in corrosive ideologies of capitalism and its values suggesting that money talks".²⁵⁷ There are other official explanations which see corruption as personal moral problems of Party cadres or as "manifestation of a serious impurity

Stephen K. Ma, p.41.

Ibid.

in party spirit".²⁵⁸ Still others contribute corruption to "the diminished stress during the 1980s on inculcating communist ideology and morals", i.e. the discontinuity of use of mass and political campaigns.²⁵⁹ Explanations like these appear superficial, and may not be able to reveal the essence of the phenomenon. Some of them are simply denunciations rather than deeper causes. Corruption as a social malady is much older than bourgeoisie; abuse of official power, as discussed in Chapter 2, emerged in ancient China as early as more than two thousand years ago. Moreover, it seems groundless to simply identify corruption as a capitalist malady. If so, how could we explain and justify the relatively cleanness of Western bureaucracy and societies where the so-called bourgeoisie are dominant? The frequency of corruption has indeed increased with the introduction and progress of the economic reform program, but it would not be impartial to simply fault the reform for the prevalence of the phenomenon. Corruption, as Huntington predicts, is a by-product of the modernization process of traditional societies. The economic reform in China, as in the cases of other developing societies that are embarking on modernization, opens up opportunities for official malpractices. In other words, the reform is not the crucial contributory factor to corruption, but rather, the external one which provides certain conditions for the existence and growth of the phenomenon. Obviously, the method of class struggle, as implied by the third

Yan Sun, p.775; Myers, p.198.

Ostergaard and Peterson, p.93.

category of explanations, can no longer be utilized in Post-Mao era due to its disastrous political consequences, as witnessed in the Cultural Revolution, and its ideological collision with the democratically-oriented basic ideas advocated by the reform.

Traditional norms and values can be counted as an important factor conducive to corruption in China. The social evolution of China is characterized by a direct shift from the feudal society into socialist one without an intermediate social transition of capitalism, and hence there is little element of democracy in the Chinese political culture. As Deng correctly points out, "what the old China had left over for us is more tradition of the feudal dictatorship but less democracy and legality".²⁶⁰ Traditional norms and values handed down from imperial China , such as "to get promoted and then become rich" (shengguan faicai), "when a man gets to the top, all his friends and relatives can benefit a lot from him" (yiren dedao, jiquan shengtian) and a politically important figure can even "bring honor to his ancestors" (guangzong yaozu), are still prevalent among Chinese people. It is not surprising that cadres, especially cadres at local levels, together with their family members and even relatives, often view their official positions as their own properties. Public offices, in their mind, are not obligations for serving the people, but rather instrument of bestowing favor and achieving personal advantages. Similar views exist among the masses. Under such circumstances, certain minor

Wantong Li and Mingqing Li, "Causes of Corruption and the Restriction Measures" (in Chinese), The Journal of Xinyang Teachers College, No.4, 1990, p.24.

malpractices such as nepotism, acceptance of gifts, small bribes, feasting, etc., are often identified by both public opinion and officials as not necessarily improper. This tendency has been further intensified by "present policies demanding a reduction of the role of the Party in society and a lowering of the priority of ideological and political work" that are perceived as "inimical to the new socioeconomic policies".²⁶¹

Inequality in distribution of social wealth and consumption emulation among various social groups are also conducive to bureaucratic corruption. Deng's famous call -- "let some get rich first" -- emphasizes ends rather than means, and more importantly, lacks the manifestation of the justification of why these people, not others, should enrich themselves first and how they should get rich. As a result, "the orientation encouraged therein is seen by some as overly materialistic and even vulgar, and is further faulted for deliberately turning people's attention to economic matters and away from other needs and rights".²⁶² The fact that a considerable number of poorly-educated people have enriched themselves through illicit means such as tax evasion, speculation, cheating, etc., further intensified the psychological and income imbalance among various social groups.

Inequity in income, on the other hand, also resulted in the decline of officials' privileges and social status. With the rising

Ostergaard, p.216.

Feng Lin, "The Causes of Power Corruption and the Causative Anti-Corruption" (in Chinese)", China Science of Law, No.4, 1995, p.12.

private entrepreneur quickly amassing staggering wealth on one hand whereas the wage and salary level of bureaucrats increasing sluggishly on the other, the income gap between these two social groups has become so huge that the economically disadvantageous but politically powerful officials begin to "rent" their public power for money for compensation of their economic loss in distribution of social wealth. Another psychological factor is the consumption contrast between the economically rising group and those who rely upon fixed salaries.²⁶³ Inflation has devaluated the income level of bureaucrats and further widened the differences in consumption. Moreover, overpropagation of high standard consumption by both media and government in the 1980s stimulated consumption emulation, which inevitably misled some officials to open additional income sources through corruption in order to go along with the consumption fads.

Some Chinese scholars attribute corruption to the unsound anti-corruption system and legal loopholes. There is a lack of systematic anti-corruption laws in China. The existing laws and regulations, in general, have often been initiated to cope with some emergent circumstances or incidents and hence lack comprehensiveness and universality. Some laws and regulations even contradict with each other in nature. In addition, most of these laws and regulations are not legal in a real sense, but rather, anti-corruption and bureaucratic cleanness enforcement policies in the form of quasi-laws and regulations. These quasi-laws are

Yan Sun, p.774.

characterized by ambiguity and non-rigorousness, and even leave loopholes that can be easily exploited on behalf of the corrupt.²⁶⁴ Other defects of the system include the lack of clear-cut definitions of corrupt behavior, lack of practical and strong countermeasures against corruption, its vulnerability to power intervention, arbitrary law enforcement, etc.²⁶⁵ Another character of the system is its emphasis on penalties in the aftermath of exposures of corrupt acts but lacks corruption-preventive mechanism. All of these, to some extent, have encouraged the spread of corruption in recent years.

The more direct and important causes of widespread corruption in the reform era are unanimously economic and structural in nature. As mentioned before, to vitalize the stagnant economy tied up by the state planning system, the CCP leadership has initiated a series of measures to promote private economy in both rural and urban areas, grant local governments and enterprises more autonomy and decision-making power, and loosen price control on a wide range of products and materials. However, the leadership's emphasis on the role and functions of market in Chinese economy does not imply that the command economy will completely give way to market economy. On the contrary, the state still controls many key factors of production and raw materials, and still regulates and restrains

Wandong Shen and Shaoren Wang, "On Causes of the Uncurbable Corruption and the Counter-measures" (in Chinese), The Journal of Mudanjiang Teachers College, No.3, 1991, p.21-22.

Bailian Huang, "On the Comprehensive Causes of the Emergence of Corruption at the Present Stage" (in Chinese), Qiou Suo, No.4, 1995. p.39.

many aspects of the operation of enterprises. This semi-administrative and semi-market economic structure, most notably the dual-track pricing system, has considerably increased governmental intervention in microeconomic activities, and thus opened more opportunities for power abuse. The huge profits resulting from the price differences between the state-planned prices and the market prices of short supplies, raw materials, capital interests, and foreign exchange rates, have greatly stimulated official speculation and, as explained by the "rent-seeking" theory, the "rent-seeking" activities in economic spheres. The politically powerful trade public powers for money whereas businessmen rent power for more profits. Apart from the dual-track pricing system, officials also rent economic privileges, preferential policies, import and export permits, and preferential tariffs to businessmen and enterprises. Although "rent-seeking" theory has satisfactorily explained the genesis of corruption in some economic spheres such as resource and scarce opportunity distribution, it cannot cover the geneses of other behavior such as graft, theft of state properties, tax evasion, nepotism, spending public funds on feasting, traveling, entertainment, etc; neither can it justify political corruption in Western nations where there is no command economy and dual-track pricing system.

It should be admitted that various explanations, both official and academic, are more or less relevant to various aspects of corruption in contemporary China. But they have failed to reveal the essence of corruption under the conditions of socialism.

Corruption in the reform era, as will be argued, is in reality the product of the interaction of structural defects inherent in the political system and the economic structure. The communist system is characterized by public ownership of means of production, overconcentration of power, overmanagement of the economy and society and other factors. While these structural characteristics of the system have internally determined the nature and frequency of some forms of corruption under particular circumstances, the lack of independent and powerful institutional power-restraint and supervisory mechanism (both external and internal) would, to a large extent escalate the spread of these phenomena.

The system of public ownership of means of production is an important structural factor contributing to corruption. Unlike the Western capitalist system under which private ownership of means of production dominates and there exists a fully developed market economic mechanism corresponding to this form of ownership, the public ownership system has predestined the ambiguity of demarcation between ownership and operation, the all-inclusive functions of government and the state planning economic system in socialist China. Under the circumstances of private ownership of means of production, definite and concrete relations of property rights and developed market mechanism, to a large extent, have both protected and encouraged fair competition and prevented government from unnecessarily intervening economy at microeconomic level.²⁶⁶

Wei Hu, "Fight Corruption by Treating Both its Root Causes and Symptoms" (in Chinese), Probe and Debate, No.4, 1995, p.10-11.

In other words, the market mechanism under the private ownership system, relatively speaking, is able to separate bureaucracy from microeconomic operations, and have hence significantly reduced the possibilities of "rent-seeking" activities. Under the circumstances of public ownership, however, government behavior permeates every corner of the society -- politics, economy, culture, ideology, etc. Although there exist seemingly definite relations of property rights, the relations can be easily distorted under the influence of power abuses. Why do officials of the state-owned enterprises spend public money without restraint? Would they squander their own money in this way without caring about cost and effectiveness? The answer to this question might be negative. This to a large extent has explained the high frequency of some malpractices such as spending public money on eating, drinking, traveling and entertainment, graft, nepotism, etc. Moreover, the public power system under the public ownership system is characterized by its comprehensiveness and totality. As mentioned above, its all-inclusive intervention in all spheres of social life, especially overintervention in microeconomic spheres, has opened abundant opportunities for dealing between power and money.

Another primary structural reason for official corruption is the overconcentration of power and overmanagement of the economy and society. To illustrate this point, it is necessary to have a brief overview of the functions of work unit (danwei), the basic component of Chinese economy and society. Work units in China, unlike their counterparts in Western setting, discharge many social

and family functions. Workers of state-owned enterprises not only earn money wage at the workplace but also are subject to nonwage benefits such as pensions, housing, medicare, child care, subsidizes, meal services, sometimes, education and employment for workers' offspring.²⁶⁷ In addition, work units in China even intervene in their employees' social activities and personal affairs such as job transfers, going abroad, applying for marriage certificates, divorce, childbearing, and even family disputes settling. All of these have inevitably increased employees' social and economic dependency on their work units, political dependency on management and personal dependence on superiors.²⁶⁸

As we have mentioned, since the reform a series of policies and measures have been initiated to "invigorate enterprises by relieving them of previous dependence upon the government", gradually loosen the central authorities' control over resource allocation, provide local governments "great autonomy ... to direct investment", and decentralize "its managerial power over enterprises". In short, all these decentralization reform policies and programs, including the attempt of distinguishing ownership from management, the contract system, the shareholding system, and three important financial measures -- profit retention, profit contract, and tax for profit, have greatly enhanced local

David M. Lampton, "The Implementation Problem in Post-Mao China", in P.M. Lampton (ed) Policy Implementation in Post-Mao China, Berkeley: University of California Press, 1987, p.15.

Andrew G. Walder, Communist Neo-Traditionalism: Work and Authority in Chinese Industry, Berkeley: University of California Press, 1986, p.12-22.

authorities and enterprises' discretionary power in finance, operation, and personnel at the expense of the center.²⁶⁹ Enterprises and work units, by making use of the retained profits and other financial sources, have also enhanced their financial capability to provide their employees more welfare. Nonetheless, as Ting Gong points out, "whether all these can provide strong incentives for workers to work hard remains to be seen, but they do make workers too dependent upon their work units for more welfare and expand the resources at local managers' disposal."²⁷⁰ The consequences are twofold: workers are more vulnerable to power abuses whereas local leaders and enterprise managers have acquired more opportunities for exploitation of their discretionary power for personal gains. This is especially true with the implementation of the "Director Responsibility System" in the mid-1980s which further intensified the overconcentration of power. Under such circumstances, it is not surprising that banqueting, gift-giving, bribery, extortion, nepotism, dealing between power and sexual favors, etc., as effective means of cultivating patron-client networks, have become so widespread since the reform.

The expansion of local authorities' powers in finance, legislation, personnel especially the power of managing and appointing relatively higher level cadres, and resource distribution derived from the vertical power transfers from the

Ting Gong, "Corruption and Reform in China: An Analysis of Unintended Consequences", Crime, Law and Social Change, Vol.19, No.4, June 1993, p.316-17.

Ibid., p.18.

centre have on one hand effectively aroused local governments' incentives for regional economic development, but on the other hand also significantly undermined the central authorities' capacity in controlling and adjusting the economy. More discretionary powers at local level plus fewer worries about sanctions from the above, have thus escalated local corruption, and stimulated the occurrence of localism and decentralism.²⁷¹ Power decentralization also enlarged the flexibility of policy implementation and local leaders' independence in coping with concret conditions,²⁷² which in turn further favored responsible officials.

Due to the backwardness of the Chinese economy and some historical reasons, the supply-demand imbalance has existed for some important raw materials and commodities (as in the case of the 1980s) and factors of production such as capital (as in the case of the 1990s). This imbalance has been further intensified by the mushrooming of private enterprises, rural industries and collective firms. In general, the governmental resource distributive system and marketing system usually focused upon the state-owned enterprises when rationing important raw materials and short supplies. To ensure production and sales, rural industries and private enterprises would strive to acquire the scarce within-plan raw materials and sell their products by all means, mainly through bribery, gift-giving or commissions. A similar situation can be

Wei Hu, p.10.

Peijun Wang, "The System and Corruption: An Interrelated Analysis" (in Chinese), The Journal of Academy, No.4, 1994, p.49.

found in the banking system where many officials in charge of loan issuance (also a scarce resource) have been corrupted in recent years. This is why incidence of corruption in departments and agencies that control and manage materials in short supply, capital, construction projects, import and export permits, railway transport, etc., has been so high and even seemingly uncurbable. Moreover, these economically rising interest groups are usually eager to find their political protectors or representatives in government for further development of their causes. This might be especially necessary in a society like China where public power is able to touch on everyone and influence every aspect of social and economic life. These widespread "power renting" practices, therefore, have inevitably intensified transactions between power and money, and accelerated the rot of the political powerful. Another consequence of overconcentration of power at local level is protection and promotion of local interests at the expense of the state or other localities. The common practices of this kind include obstructing products of other regions from entering local markets, extorting other region's vehicles that go through its territory, rivaling for state projects through bribery with public funds, and, as we have mentioned, smuggling automobiles and defrauding the state of tax return. Furthermore, the increase of discretionary power at the subsystem level has also led to the widespread practice of misappropriation of public funds for personal or small groups' advantages. Although the central authorities have issued numerous injunctions to curb the fad of

seeking luxurious consumptions with public money such as importing luxury automobiles, it turns out that only limited success had been achieved.

The question that is to be raised here is why these apparently corrupt or at least improper acts can beut or with little resistance. The answer may still lie in the power structure that is inherently derived from the political system. Theoretically speaking, in China people are the masters of the state while bureaucrats play the role of public servants. Given the lack of democratic election and supervision system in a real sense, officials in China , as the executives of people's power as defined in theory, are in reality, as in the mind of both the public and officials themselves, people's masters. There exists an interesting phenomenon: a huge population has very limited political influence whereas one individual or a few persons can arbitrarily manipulate the destiny of the people and the state. Though the reform has granted people more speech freedom, there still is a lack of fundamental changes in the domain of politics. People are still not able to exert real influence over powerful leading cadres, but rather, have been put in a more disadvantageous position by the expansion of discretionary powers at subsystem level. Given the intensification of power overconcentration and the masses' vulnerability to the politically powerful in this specific setting, it is not surprising that power abuses have been so extensive in the reform era.

Finally, the lack of a powerful power-restraining-power mechanism is the crucial structural defect that is conducive to corruption. Unlike in Western politics, a powerful external power-restraining system is lacking in socialist China. There is no political opposition in a real sense; the so-called "democratic parties" are in reality appendages of the ruling party. Legislation -- the system of People's Congress -- is independent in name but subordinate to the CCP in reality. The judiciary system is even more problematic; it is an internal factor rather than external one when reviewing both its vertical and horizontal relations with the Party and government. The political system grants Party leaders direct power to control the judiciary system, and leading figures are able to manipulate and intervene in judiciary affairs through the Commission of Politics and Law, an organ of the Party committee that directly controls police (i.e. the public security system), courts, procuratorial and justice organs. This commission and the Party committee are authorized to review and approve the important cases submitted by the judiciary system and make important judiciary decisions. This system works when dealing with cases concerning lower-level cadres, though local leading cadres often exert pressures and intervention in the process of investigation and disposals of some cases.

This institutional defect becomes more apparent when subjecting corrupt leading cadres, especially the No.1 figures of the localities, to the system. In this case, the local judiciary mechanism often becomes so weak that cases concerning those

powerful officials can only be handled by the support and assistance of higher authorities or even the state leaders. It is not impossible that some cases even simply end up with being covered up by both local judiciary organs and governments.

A similar situation applies to the mass media. There is no independent press in a real sense in China; media in China "is better viewed as the publicity arm for the government rather than as a forum for free speech".²⁷³ Media are always under the control of the Party committee through the department of propaganda and is subject to censorship of the Party and government. This is particularly the case when dealing with sensitive issues and scandals involving senior officials. Not surprisingly, therefore, such a media would be inevitably weak and incapable in exposing and reporting malpractices involving local Party and government leaders. The Taian case in Shandong province mentioned in the previous chapter is typical in this sense. This is a chain case that involved 24 municipal leading cadres and officials at department or bureau level. The major suspect, the Party leader of the city Hu Jianxue, took full advantage of his political power and directly intervened in and obstructed the investigative process of the case. Except for the municipal procuratorate, he had put the whole judiciary system including the municipal court and police organs under his control, and manipulated the system and even the Party committee to practise counter-investigation against the

Barbara N. Sands, "Decentralizing an Economy: The Role of Bureaucratic Corruption in China's Economic Reforms", Public Choice, No.65, 1990, p.88.

procuratorate. This fierce struggle between power and law ended up with the victory of the justice backed up by the direct involvement of the state supreme public procurator-general and the provincial Party and government leaders.²⁷⁴

It should be noted that cases concerning leading cadres' abuses of public power to stifle law or suppress media report are not so rare in China. The Party leader of Dongwan city in Guangdong province, for instance, once menaced a conference to take off the sign board of the municipal DIC because the DIC had investigated the capital source of his new luxury house. Another Party leader of another city incited the municipal procuratorate to find out the evidence of the "economic crimes" of an enterprise, for this enterprise had refused his extortion for electronic appliance and other benefits.²⁷⁵ The leading cadres of Liangshan Autonomous Prefecture, Sichuan province, took various means to suppress a news report written by a newsreporter of an influential national news agency which revealed the corrupt acts of a deputy director of the autonomous prefecture. Some senior officials and the concerned central department even backed up the local leaders' actions by ordering newspapers throughout the country not to reprint that news article.²⁷⁶

The internal supervisory system within the Party committee and

DCGBDSB, August 29; September 5, 12, 19, 1996.

Liao Wang News Weekly, No.25, 1996, p.11.

Daosheng Shao, "The Sociological Thinking of 'Chain case' and 'Lair Case'" (in Chinese), Public Opinion, No.3, 1996, p.21-22.

government consists of the DICs and the supervision departments. Like the judiciary system, the lack of independence and authority of this system is reflected in its incapability in exerting influence over leading figures, i.e. their political and administrative superiors. Given the similar reasons with the judiciary system and the limited space of this thesis, discussion of this issue is omitted here.

Corruption Control Efforts

To be fair, the CCP leadership has made considerable efforts to curb corruption within the Party and government since 1978. In 1980, Deng, at a central politburo conference, criticized the phenomenon of corruption within the Party and attributed the genesis of corruption to the existence of privileges; he continued to point out that some cadres place themselves in a status of the masters rather than civil servants of the citizens.²⁷⁷ There have been altogether four major anti-corruption campaigns in the Post-Mao era. The first one began in 1982, the purpose of which was to crack down rampant economic crimes such as smuggling, graft, bribery, speculation, etc. By September 1982, of 136,024 cases that had been investigated, more than 44,000 cases closed with 26,000 persons sentenced.²⁷⁸ The second was the 1983 Party rectification campaign, which had lasted for three years, aiming at accomplishing

Wenbin Chen, p.197-198.

Zengke He, p.101.

four tasks:" 1) the achievement of ideological unity, or promoting general agreement with the reform line; 2) the rectification of the Party's style of work, or putting an end to unhealthy practices; 3) the strengthening of discipline; and 4) the purification of Party organization, or getting rid of those who by current standards had committed particularly egregious crimes in the past".²⁷⁹ Corrupt and decadent elements within the Party had practised a variety of malpractices to such an extent that, as claimed by the Central Committee, the modernization programs would be "jeopardized", the CCP's public image "impaired", and "the public's confidence in the superiority of the socialist system" undermined.

Apart from anti-corruption, the CCP leadership under Deng Xiaoping also intended to purify the party through other aspects -- correcting the leftist and rightist tendencies, opposing paternalism, factionalism, anarchism and liberalism, and combing out elements who had taken advantage of and benefitted from the Cultural Revolution. Unlike its counterparts in Mao's era, this rectification did not adopt Mao's conventional means of "mass line" but was more institutionally oriented in nature. All Party members were subject to the re-registration of the Party membership at the final stage of the movement; those who were unable to meet the membership standards were expelled from the Party.²⁸⁰ During the period of 1983-1986, a significant number of Party members were disciplined, among which leading cadres at or above the county

McCormick, p.166.

Ibid., p.165-173.

level amounted to 35,616.²⁸¹ Meanwhile, a series of directives and circulars were issued by the centre, strictly prohibiting the Party and government agencies from appropriating public funds or loans to set up enterprises, and disallowing the Party and government cadres including retired cadres to engage in commercial activities and official speculation. To further push forward the campaign, in January 1986 the CCP leadership held an 8,000-member plenary session, and seriously raised the question that "corruption was endangering the Party's survival. To curb the impetus of corruption and calm down the public resentment, the then Premier Zhao Ziyang put forward six measures prohibiting:

- 1 the buying and exchanging of foreign cars among state and Party officials;
- 2 the sending of officials on unnecessary visits abroad;
- 3 the use of public revenue for conducting personal tours in the country;
- 4 the offering of luxurious and unnecessary gifts and entertainment to visitors;
- 5 officials from earning incomes in excess of what they received in official salaries and welfare payments;
- 6 officials, their spouses and children from taking advantage of their status to earn money by running business.²⁸²

In addition, the CCP leadership warned that all corrupt officials, including senior ones, and their offspring were subject to tough punishment including death penalties if they were found guilty of serious offenses. In the immediate aftermath actions were taken to crack down on corrupt officials including children of the old veterans at the top of the hierarchy. Though noticeable efforts had been made, the phenomenon was still not under control; rampant

Zengke He, p.101.

Lo, p.55-56.

corruption, especially official profiteering, had been still prevailing and aroused widespread discontent among the masses. The results of several public opinion polls conducted between 1987 and 1989 put official corruption at the top of the list of the serious social problems identified by the respondents. Under such circumstances, the CCP leadership "for the first time put the problem of corruption on its agenda" by holding a three-day politburo meeting in early June of 1988 to discuss the situation; the conference ended with the resolutions of launching another nationwide anti-corruption campaign aiming at improving the Party's legitimacy and public image, facilitating the progress of the reform and enhancing the cleanness and efficiency of the government.²⁸³

Around that period, the Standing Committee of the National People's Congress (an equivalent of Parliament), the State Council, ministries concerned, the Supreme People's Court, DICs and some provinces issued either laws and regulations or directives and circulars regarding the prohibition of specific corrupt practices and improper behavior. This period also witnessed "Deng Xiaoping's attack on several of China's largest state-run trading and investment conglomerates, including one affiliated with his eldest son".²⁸⁴ A series of counter-measures against corruption were

Gong, The Politics of Corruption in Contemporary China: An Analysis of Policy Outcomes, p.135-136.

Mark Findlay and Thomas Chiu Chor-Wing, "Sugar Coated Bullets: Corruption and the New Economic Order in China", Contemporary Crisis, No.13, 1989, p.151-153.

initiated and adopted by the authorities in this period, among which several major ones are worthy mentioning. First of all, the establishment of the Ministry of Supervision and its counterparts at provincial, city, and county levels in 1987 institutionally strengthened the internal supervisory mechanism within government. Another institutional measure was the establishment of Economic Crime Reporting Centers and Hotlines throughout the country aimed at encouraging the masses to report cases of corruption through various means. Those who had submitted important and valuable information would be rewarded. Secondly, efforts were made to curb inflation and rectify economic disorder caused by either unsophisticated reform policies or corruption. A price control system was initiated, and price inspections were posted in cities in an attempt to "break the stranglehold held by corrupt cadres, middlemen and black marketeers on the supply of scarce goods".

Another important step was to rectify the administrative corporations that were believed to be the key source of official speculation. As we have mentioned, there had emerged two "company fads" in the 1980s; up to 1988, the companies and corporations had totaled more than 400,000, a significant number of which were administrative ones, and had been involved in official profiteering by taking advantage of the dual pricing system. During the period between 1987 and the first half of 1988, official speculation directly caused a loss of social wealth of more than 56 billion yuan.²⁸⁵ The work of rectification of corporations was intensified

Wenbin Chen, p.251.

in the aftermath of the Tiananmen Incident as a strategic manifestation of the authorities' determination to fight corruption so as to offset the negative impact of the massacre on public opinion. By the end of 1991, according to statistics, a total of 105,137 (35.2 percent) corporations and companies throughout the country had been ordered to close down. Together with the process of rectifying corporations were the tasks of investigation and rectification of the involvement of senior officials' children, retired cadres and the army in illicit commercial activities and official profiteering. As a result, cadres holding concurrent positions in corporations and retired cadres with residual powers were ordered to resign from any posts in state-run or foreign-funded enterprises, and military personnel were prohibited from engaging in commerce and trade.²⁸⁶

Moreover, measures were taken to curb the phenomenon of lavishly spending of public funds. Government agencies and state-owned enterprises throughout the country were ordered to control the convening of nationwide conferences and anniversary celebrations, the holding of press conferences, banquets, gift-giving, etc. Detailed stipulations regarding the duration and locality of conferences, dishes, wine and even soft drinks served at conferences came into effect during this period. For instance, national conferences were prohibited from holding in holiday resorts during holiday seasons, and conference meals were limited to five courses -- four-dish-one soup; some local governments began

Lo, p.61-62.

to impose taxes on lavish banquets. There were also strict restrictions on consumption of luxurious goods with public funds, such as cars, rugs, color TVs, etc. A work unit was able to purchase the 19 luxury items only with the approval of the authorized government agencies.²⁸⁷

While further reducing cadres' privileges and intensifying the depth of the anti-corruption campaign, the authorities well publicized several typical cases of corruption in the hope of "killing one to warn on hundred" corrupt elements. Four cases uncovered in the rectification of corporations revealed that managers and officials of these four administrative corporations, by making use of their official status and social connections, had been involved in official speculation in raw materials, graft, taking and extorting bribes and cheating.²⁸⁸ Another publicized case concerning five "high-profile" corporations, one of which was under the control of Deng's eldest son, revealed that these five corporations and their hundreds of subsidiaries "had been engaged in illicit activities such as tax evasion, speculation in productive materials, and black market transaction in foreign currencies".²⁸⁹ A number of high-ranking officials at the provincial or ministry level were disciplined or criminally charged for malpractices such as taking bribes, lavishly spending public funds, trading power for sexual favours, abusing power for illicit

Ibid., p.63.

Wenbin Chen, p.254-255.

Gong, p.141-142.

gains for their offsprings and relatives, etc. Cases of this sort involved a vice-minister of railway transport, the governor of Jiangxi province, the governor of Hainan province, and the vice-chairman of Xingjiang Autonomous Region.²⁹⁰

Another important character of the anti-corruption campaign in the late 1980s was the large-scale use of the strategy of "confession and accusation". On 15 August 1989, the Supreme People's Court and the Supreme People's Procuratorate issued an announcement that called those who had committed corrupt acts and economic crimes to confess their malpractices by October 31, 1989 in exchange for lenient treatment. The announcement exerted considerable psychological pressures on suspects of corruption. During the stipulated period (78 days), more than 36,000 persons throughout the country "surrendered themselves", among which included 742 cadres at the county or division level, 40 at the bureau level and 1 at the ministry level.²⁹¹ The immediate aftermath of the Tiananmen Incident in June 1989 marked the high tide of the third anti-corruption. In 1989, according to official statistics, cases of graft and bribery handled by procuratorial organs throughout the state amounted to 116,763, of which 58,926 cases were filed and investigated that ended up with 20,791 persons being arrested and more than 400 million yuan grafted funds being recovered. During the period between January and September 1990, cases of the same sorts increased by 1.39 times as compared to the

Wenbin Chen, p.268-270.

Gong, p.144.

same period in the previous year, and 526 million yuan worth of grafted funds and items were recovered.

The fourth anti-corruption action began with the holding of the Second Plenary Session of the Central DIC in August 1993, and has been continuing onwards. While Deng's south tour in 1992 pushed the reform into a new stage, a more fierce tide of "business fad" and rampant corruption, with the intensification of the reform, spread across the nation. As mentioned earlier, though numerous regulations, directives and stipulations regarding anti-corruption and cleanness of government have been issued since the reform, the impetus of corruption had not yet been under control. Documents issued in recent years are similar or even contradictory in nature to those in the previous periods. With regard to re-mushrooming of companies in the period of 1992-1993, for example, two central directives were issued in June 1992 and June 1993 respectively, prohibiting the Party and government agencies at or above the county level from setting up their own companies and disallowing officials at or above the county level to engage in trade. The State Council had issued four circulars or directives in the period between December 1991 and October 1993 restressing the stipulations of prohibiting the phenomena of banqueting and gift-giving with public money, and traveling within the country or going abroad at public expense in the name of inspection.²⁹² In recent years, however, there have been other legal or quasi-legal attempts in curbing corruption that are worth mentioning here. The

Wenbin Chen, p.289-298.

institutional measure concerns the establishment of the Anti-Graft General Bureau under the jurisdiction of the Supreme People's Procuratorate in November 1995 and its counterparts in provinces, cities, prefectures and counties throughout the nation afterward.²⁹³ Other important attempts include the establishment of the income declaration system for officials at or above the county or division level, and the issuance of the provisional regulations regarding the selection and appointment of leading cadres. Besides, other laws and regulations with regard to restrictions on corruption and governmental cleanness enhancement are in the preparatory process.²⁹⁴

Xiping Tang, p.94.

Mingbo Liu, p.8-9.

CONCLUSION

A variety of factors, as suggested in the earlier chapters, contribute to bureaucratic corruption in contemporary China. If a ranking of such factors were to be established, structural, traditional and economic elements would score high. It would not be so difficult to come to the conclusion that the Chinese society is indeed prone to corruption if we have a glimpse of its long feudal history characterized by absolute power and widespread power abuses. There existed a vicious cycle throughout the history of the feudal social evolution in imperial China -- development, prosperity, corruption, decline, and then collapse. No feudal dynasty had escaped this social evolutionary cycle and nor did the KMT regime. When asked about how to deal with this issue in a talk with Huang Yanpei, a well-known educationalist, in 1945, Mao claimed, "we have found the way out of the cycle. The new way is 'democracy'.... Only by making everyone responsible can we avoid failure".²⁹⁵ It proves that Mao had been too confident when he made this statement.

Unfortunately, rampant official corruption has been haunting the

Gong, p.49.

Party leadership since the founding of the republic, especially since the implementation of the reform blueprint. Like other traditional societies, China is still not immune from corruption even under the regime of communism due to the persistence of traditional norms and feudal ideology, even though communism strives to break and eliminate any feudal ideological remains. The reform process has not put an end to the prevalence of some patterns of corruption induced by the traditional norms; on the contrary, it has provided more fertile ground for geneses and spread of these corrupt practices. Granting enterprises more managerial and decision-making power, for instance, has increased the all-inclusive functions of work units and provided managers more discretionary powers, and hence made workers more dependent on managers and cadres both politically and economically. Moreover, decentralization and increasing autonomy at subsystem level has also vested local leading cadres with more discretionary power than ever before. All of these, more or less, have made ordinary people more vulnerable to power abuse in the reform era, and thus induced the permeation of nepotism and cultivation of patron-client networks throughout the state.

Admitting that corruption has risen to a new level in the Post-Mao era does not mean that the modernization program should be faulted, or a retreat should be made in order to avoid the phenomenon. On the contrary, a thoroughgoing and comprehensive reform program may ultimately curb some patterns of and the overall scope of corruption because many malpractices in the reform era

have resulted from the loopholes opened up by a series of unsophisticated reform policies. As discussed in earlier chapters, for example, the existence of the dual-pricing system in the distribution of materials in short supply and the key factors of production such as capital have directly caused widespread official speculation, a new form of corruption in the reform period. With the dynamics and the depth of the reform being escalated enough so as to eliminate the price differences between the planned and the market prices, i.e. replacing the central planning system with the market mechanism, official speculation would be eliminated. In addition, a considerable reduction of governmental intervention in microeconomic spheres would also serve this end. The economic reform has mushroomed the economic activities throughout the country on one hand; on the other hand, the overmanagement of the economy and the society by the Party and government has expanded the resources at leading cadres' disposal and further opened up opportunities for power abuses.

As we have mentioned, there indeed exists a positive relationship between the economic reform and corruption in today's China. However, it would be misleading to simply view the reform as the root causes of corruption. The process of modernization, as predicted by Huntington, has stimulated the incidences of corruption through a variety of aspects. The economic reform serves only as an external stimulus, not the fundamental and key contributory factor. The root causes, as argued earlier, lie in the political system and the economic structure. In other words,

corruption is in reality the product of the interaction of structural defects inherent in the political and economic structures derived from the communist system. The structural characteristics of the system to a large extent have predetermined the nature and the incidence of the phenomenon in the socialist conditions. Peter Harris points out that socialist states "are in fact more prone to the temptations of graft than are non-socialist states" for a number of reasons such as the hierarchical structure, self-perpetuating oligarchies, socialist planning, etc.²⁹⁶ Nonetheless, he has failed to list the most important reasons for official corruption in socialist China. The system of ownership of means of production, for instance, predestines the prevalence of some forms of corruption such as spending public money without restraint, graft, nepotism, etc., though considerable efforts have been made to curb them. Public ownership also predetermines the all-inclusive functions of government and the overmanagement of the economy and society by the Party and government, which in turn has satisfactorily explained why power permeates every sphere of the social life and intervenes on a large scale in microeconomic activities.

Overconcentration of public power in the hands of leading cadres is another characteristic of the system. The extent of ordinary people's political and economic dependence on their "danwei" (work units) and personal reliance upon their superiors might be unimaginable for people from Western democratic societies. It is

Harris, p.30-31.

not surprising, therefore, to find that cultivation of "guanxi" (connection) networks and nepotism have become so widespread in recent years. The expansion of local powers in finance, legislation, personnel and resource distribution further favours local leaders, and has further stimulated the spread of some malpractices such as bribery, seeking luxury consumption with public funds, dealing between power and money, promoting local interest at the expense of the center or other localities. Distribution of key production materials by government agencies, for example, has to a large extent induced rural and private enterprises to buy off those with distributive power for survival. The increase of local leaders' personnel power in cadre promotion encourages the spread of the phenomenon of "selling" official positions for money. Spending public money lavishly is the reflection of the abuse of the expanded financial power at the subsystem level. These systemic factors provide a partial answer to the ineffectiveness of the anti-corruption campaigns that were one-sidedly traced to the ideologically-oriented causes of corruption and relied so much on the counter-measures of disciplinary or criminal punishment.

Absolute power corrupts absolutely. The lack of an effective power-restraining mechanism in contemporary China accounts for another very important factor conducive to rampant official corruption. There is no political opposition, nor is there independent legislation and media in a real sense. The judiciary system is in reality subordinate to the Party committee, and hence

short of the necessary independence and authority when handling cases involving leading or senior officials. The internal supervisory mechanism is also problematic. Given both the external and internal supervisory systems' vulnerability to power intervention and the institutional weaknesses, it is suggested that the impetus of official corruption in China might not be really curbed without a fundamental institutional promotion of the supervisory mechanism.

In short, as discussed earlier, the root causes of official corruption lie with the social system and the political structure. As a newspaper article correctly pointed out:

The structure of the party and the fact that too much power is allowed to cadres have contributed to the decadence. The observation that 'power corrupts man, and absolute power makes man absolute corrupt' is a truth based on practice. A political party which has practised one-party dictatorship without a democratic supervisory system is virtually impossible to be free from widespread graft. Had the CCP been a healthy democratic party exercising power in a spirit of democracy and rule of law, corruption among party members would not have reached such an alarming extent....²⁹⁷

The root causes of the problem are structural in nature. This is the key point of fighting corruption. It is ironical that the level of official corruption has been rising and even the general mood of the society is getting decadent in recent years under the influence of corruption though four anti-corruption campaigns have been launched since the economic reform. What is the basic reason behind the fruitless results of these efforts? Yan Sun argues that "Deng's assessment of the impact of corruption may be adequate but his

MP, 19 June 1988, cited from Lo, p.71.

proposed treatment of the symptoms suggest a persisting blindness of deeper causes".²⁹⁸ Clemens S. Ostergaard and Christina Petersen's statement seems more relevant and illustrative:" the high profile campaigns against corruption, launched periodically, no longer make any impression on the population, since they fail to address the systemic or structural causes of corruption".

However, due to some well-known reasons, the issue of the political system has been politically sensitive under both Mao and Deng's regimes. Decentralization of managerial power is aimed at revitalizing the economy, not relaxing the Party' political control over the society. While boldly promoting and intensifying the economic reform, the CCP leadership has been very cautiously embarking on political reform programs even from the start of the reform. The purpose of the political reform, as claimed by Deng, is "precisely to maintain and further strengthen party leadership and discipline, and not to weaken or relax them".²⁹⁹ Therefore, not surprisingly the Party would never pursue any radical change of its political structure, and would stifle any ideological trend that may endanger its political legitimacy and dominance. While the economic reform has further intensified the overconcentration of the power structure, no effective institutional power-restraining mechanism and an independent and powerful supervision system have been established by the Party to cope with the new problems that may occur under the new conditions. The Party leadership is

Yan Sun, p.781.

Gong, p.314.

therefore bound to be plagued by widespread of power abuses and corruption due to its overcaution in pursuing any reform of its political structure and "its reluctance to accept any challenge to the Party's monopoly".³⁰⁰

Corruption is a universal social disease that runs through different social systems and states, and has permeated the history of the mankind. Despite the impossibility of eliminating the phenomenon, it is possible to reduce its incidence and alleviate its negative impact to a considerable extent. In the case of China, given the one-party dictatorship, there are still many things that the Party and government are able to do to curb the impetus of official corruption and enhance the public image of the bureaucracy. The Party leadership, first of all, should grant the system of the People's congress (legislation) more independence and supervisory power, and replace the system of appointment of leading cadres at all levels with election in a real sense. Increasing the masses' participation in the political process and encouraging public surveillance over government officials can effectively prevent the powerful from abusing public powers.

Secondly, the Party and government should further intensify the dynamics and the depth of the reform, eliminate the phenomenon of dual-track pricing, and use market functions and mechanism to obstruct governmental overintervention in operation and management at microeconomic level. Thirdly, the existing administrative mode of the supervisory system and the judiciary system should be

Ibid.

reformed institutionally and the independence and authority of these organs be considerably promoted. A vertical system of management of procuratorates, courts, DICs and the departments of supervision should replace the horizontal system or the dual system (both horizontal and vertical) in order to free these organs from the institutional control of the Party committees and governments at respective levels. Moreover, to really put central and local leading cadres under the supervision of the supervisory and judiciary organs at respective levels and obstruct power intervention in investigation and handling of cases, the ranks and independence of these systems should also be promoted. Using power to restrain power is an important and successful anti-corruption mechanism.

Fourthly, the mass media's supervisory function must be enhanced. Allowing the media to have more independence and freedom in investigating and exposing corrupt cases especially those concerning local leading cadres and senior officials would be a very powerful countermeasure against corruption, as demonstrated by the experience of Western democratic states. Besides, the Party and government may consider publicizing government affairs (except those concerning state secrecy), and promoting public awareness of the administrative procedures and government officials' responsibilities and obligations. The merit of placing the activities of government officials under public surveillance lies in the possibility of eliminating illicit dealings between power and money in secret. Finally, a significant increase of the salary

level of government officials should also be put on the agenda of the leadership. It is impossible to establish a clean bureaucratic system simply by ideological education and without the necessary material support. It is true that higher salaries cannot necessarily cure corruption, but increasing the opportunity cost of public offices and making government officials highly value their jobs cannot be an ineffective means of corruption control in contemporary China.

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