

## Cadre recruitment and corruption: what goes wrong?

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**Abstract** Why do so many corrupt officials rise up in the Chinese official hierarchy in the first place? This paper addresses this question by looking at corruption in the cadre recruitment system as a source of the problem. It attempts to show that despite meaningful reforms to improve cadre recruitment, especially through greater input and supervision from below, these reforms have not succeeded in fundamentally reshaping cadre incentives in the direction of accountability towards the below. Rather, the reforms have in many ways exacerbated incentives for opportunism and maneuvering on the part of individual officials. In explaining the new problems and failures in personnel matters, the paper places blame on incentive and structural distortions in the recruitment while also taking into consideration the realities of China's vast local variance that combine to affect enforcement and incentives for compliance.

### Introduction

The cadre recruitment system deserves special attention for two reasons. First, with devolution of economic power and separation of the party and government, control of personnel matters is left as the key arena of the Communist Party of China's (CCP) power. Secondly, the surging exposure of major corruption cases among local party and government chiefs, especially since the late 1990s, raises the inevitable question of how so many morally challenged officials have managed to get selected and promoted to key positions in the first place. Finally, an assumed link between corruption and a non-competitive recruitment system lies at the core of frequent criticisms about China's authoritarian system. A fair question can thus be asked if cadre recruitment itself is a major source of the country's corruption problem.

Latest scholarship offers disparate assessments on this issue. At one end, Dali Yang suggests that institutional reforms since the late 1990s have helped to improve the quality of

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the professional civil service and promote clean and efficient government. Specifically, the introduction of competition and transparency into the appointment process, annual performance appraisals, rotations, and dismissal of incompetent officials has helped to enhance performance and reduce corruption in the bureaucracy (see chaps. 6 and 7 in [1]). At the other end, Minxin Pei contends that administrative decentralization without horizontal accountability has weakened cadre supervision by superior agencies and thus worsened principal-agent problems. Delegation of power has resulted in political monopolies under key local officials, leading to effective loss of control by the center over even such key matters as cadre recruitment, promotion and monitoring (see chap. 4 in [2]). Both contentions may be right: China has indeed adopted institutional reforms to cleanse the recruitment process, yet despite these reforms, administrative decentralization has continued to impair cadre recruitment and enhance nefarious incentives in many localities.

This gap between institutional reforms and actual practices is the issue that this paper seeks to examine. Cadre recruitment in this paper refers to the appointment and promotion of cadres to “key party and government posts” (excepting the office of the chief minister and up at the national level), especially the chief and deputy chief positions at party committees and branches, government agencies, legislative and political consultative bodies, state owned enterprises, law enforcement agencies and other public institutions. “Key posts” may also include a few other top positions at these organizations, e.g., the chief engineer, chief accountant and chief economist in a large state owned enterprise. Together these are the “key party and state cadre” referred to in the party’s central documents (see [Appendix](#)). The recruitment of cadre for such leading positions is the prerogative of party committees and branches. The paper does not deal with the recruitment of cadre below the *ke* rank, which is usually the prerogative of local or organizational chiefs. For an illumination of the Chinese cadre’s rank system, see p. 43 in [3].

I attempt to make the following arguments: (1) the CCP has initiated meaningful reforms help to improve China’s personnel system, especially the enhancement of input and supervision from below in the recruitment process; (2) those reforms, however, have not fundamentally reshaped cadre incentives towards accountability towards the below; yet (3) those failures are not alone responsible for the many new problems in personnel matters, as these also have to do with the realities of China’s vast local variance that impact enforcement and incentives for compliance. In the rest of the paper, I will first trace the evolution of the CCP’s personnel reforms since the mid-1990s, then highlight how the reforms still leave ample opportunities for idiosyncratic influences and domination and thus incentives for manipulation. Finally, I will discuss how these combine with local realities to impact on corruption among official ranks both during and beyond the recruitment process.

## **Evolving personnel reforms**

The end of the command economy since 1992 has drastically reduced the intimate information and control that higher authorities once had of their subordinate agencies and agents. It has also simultaneously increased the latter’s autonomy and decision power. In this context, the CCP’s personnel reforms, initiated since the mid-1990s, have been earnest efforts to offset the weakened control of local cadre from above. The crux of the reforms has been to add elements of bottom-up supervision, especially grass-roots feedback to the process of cadre recruitment. In the old system of command control from above, by contrast, the practice of “appointment from above” predominated.

At least two of the four new procedures for the recruitment of key cadre, first laid out in 1995 (see [1] in [Appendix](#)), aims at increasing input and evaluation from below. These include “democratic nomination” of candidates at the grass-roots level and “scrutinizing” of nominees by the higher level but on the basis of feedback gathered from below. Only then should finalists proceed to the next stages of “deliberation” by their local party branches and “submission” to party committees at the next-higher level for final approval [4]. For candidates who are already chief executives, e.g., a mayor, a county magistrate, the CEO of a state enterprise, it is the party organization at the next higher level that conducts the above set of procedures.

The party has over the years sought to improve upon these basic procedures. One major complaint following the above reforms since the mid-1990s was that “determination” by local party branches remained the most important part of the recruitment process. As officials who presided over the nominating and deliberating proceedings, the heads of local party branches or their personnel departments often ended up dominating them. Such domination has engendered the problems of “lobbying for official posts” (*pao guan yao guan*), “buying and selling of office” (*mai guan mai guan*), and “promotion while engaging in corruption” (*bian fu bian sheng*) [5]. Adding the problem of “vote buying and lobbying” (*hui xuan la piao*) in rural elections to the list, these four-letter phrases summarize the new problems in China’s cadre recruitment system since liberalization.

In response, the CCP adopted further personnel reforms to curtail local executive dominance and to institutionalize personnel reform measures. The politburo formally issued five documents on personnel reform in March 2004 (see [6a] to [6e] in [Appendix](#)). Earlier in the year, the central discipline commission and the CCP central committee’s personnel department also jointly decreed a document barring party and state officials from holding posts in commercial firms (see [5] in [Appendix](#)). Together the so-called 5+1 documents constitute the CCP’s blueprint to systematically reorient China’s recruitment procedure (see chap. 14 in [6]). A working conference on further personnel reforms also followed, organized jointly by the Personnel Department of the CCP Central Committee and the Ministry of Human Resources at the State Council, to hammer out steps to disseminate, experiment and implement the reform measures. The convening of such a conference showed the serious attention the CCP paid to personnel reforms.

At least by official design, the overall output is indeed a far more rational recruitment system. Many of the reform measures aim to overcome the problems and loopholes of earlier reforms and achieve some balance between the party’s desire for its leadership and the need for popular check on local abuses in the recruitment process. That is, while not channeling cadre incentives away from vertical accountability (accountability to agencies above), the reforms also seek to reorient cadre incentives towards responsibility to voices from below, in order to move through the recruitment process. The essence may be summed as one of intermediate accountability: a combination of party leadership and input from below, as detailed below.

### Nomination of candidates

As a specific representation of the “democratic nomination” component, the ideas of open selection and competition were introduced by the CCP Central Committee in 2002 (see [3] in [Appendix](#)). These were subsequently formalized through Politburo decrees in 2004 (see [6b] and [6c] in [Appendix](#)). “Open selection and competition” refer to the public announcement of vacant positions, open opportunities for candidates to submit job applications and to take part in related exams and opinion surveys, public announcements

of nominees, and only finally, the selection of finalists. In practice, the nomination process allows a combination of self nomination, nomination by one's colleagues and subordinates, and by one's party branch. Open competition may take various forms, including participating in written exams, interviews, oral presentations and question and answer sessions. Candidates for the chief executive office, however, are still nominated by the party organization at the next higher level only. In other words, "open selection and competition" apply only to the deputy chief executive position and below, a compromised arrangement that still guarantees the party's choices for chief positions.

### Scrutinizing of candidate

The next step, *kaocha* (scrutinizing) of candidates, is primarily conducted by the personnel department of the party committee at the next higher level. In principle, this procedure covers a range of areas, from candidates' performance records, political orientation, sense of responsibility, and relations with peers and subordinates, to their personal integrity. In reality, economic growth has usually been most valued, so much so that a region's GDP growth rates could become direct measures of the performance records of its leading officials. The reform initiatives of spring 2004 led to a series of central efforts and local experiments to develop more "scientific indexes" for scrutinizing candidates for office. First, indexes for social development were added in 2004, e.g., the training of migrant workers, the improvement of safe working conditions, the improvement of social services. Second, the development of green GDP indexes was experimented in select localities, including the measurement of losses from environmental damages and resource depletion, and corresponding deductions on local growth rates in performance evaluations. Third, the development of a new indexing system has been under way since 2004. Intended to replace GDP growth rates as the index for cadre evaluation, four new measures are being promoted: the comprehensive (balanced) strength of the local economy, improvement of local residents' livelihood, improvement of social development, social services, and environmental protection, and successful transformation of government functions.

### Deliberation of candidates

As part of the CCP's comprehensive initiatives in 2004, the Central Committee issued a separate notice that year to address the problem of local party chiefs' domination over the deliberation of candidates for key official posts. It stipulates that this deliberation at sub-national levels must go through a formal voting by the standing committee of the relevant party committee or the plenary session of the party committee as a whole [7]. This procedural requirement is explicitly intended to limit the power of the party secretary in the final deliberation of nominees before the formal approval stage. The standing committee of a local party branch usually ranges between 5 and 7 people (always an odd number), while a plenary session would be attended by representatives of rank and file party members. The voting system came to be experimented on in select provinces and cities in 2001, under the auspice of the personnel department of the CCP Central Committee. By 2005, Guangdong had implemented the new system comprehensively across its cities and counties, while a few other provinces, mostly developed regions, implemented the system at select ranks.

The intended intermediate accountability, in short, is achieved by a nominating process that allows open and grass-roots nominations, at least for positions below the top post; a scrutinizing process that allows opinion surveys and performance evaluations, and a deliberation process that allows limited voting. All of these should serve to strengthen cadre

incentives to pay attention to popular support, be responsive to popular grievances, and accept at least some check from below.

### **Failure of incentive changes**

Nevertheless, recent personnel reforms have failed to fundamentally reshape cadre incentives in the intended directions. Structurally, this problem appears to stem from a seemingly contradictory arrangement: a constitutional design that predetermines party supremacy and a new recruitment system that emphasizes popular input and supervision.

#### **Dilemmas of party leadership**

Most importantly, incentive mechanisms have remained the same for holders of the chief executive offices, especially within the party. To begin with, the continuation of top-down appointment for the chief executive offices, in both the party and government apparatus, still channels local chiefs to direct obligation and loyalty to authorities above, rather than the citizens below. Secondly, the differentiated treatment of the chief executive positions and those below, whereby the appointment of the former is from above while that of the latter is to be guided by “open selection and competition,” contradicts the very principle of open selection and competition. This official contradiction serves to undermine cadre incentives to take seriously the more democratic part of the new recruitment procedures. Thirdly, the appointment of leading officials from above perpetuates the classical problem of information asymmetry in the supervision of subordinates by their superiors, a problem already exacerbated by political and economic decentralization. Finally, appointment from above, structurally, leaves open opportunities for arbitrariness and manipulation in the hands of local party chiefs, who also happen to be responsible for operating the new recruitment procedures.

For those below the chief executive positions, to whom the new recruitment procedures aim to apply, incentives for compliance are also weak. One reason is the administrative nature of the reform initiatives and the lack of monitoring mechanisms to ensure compliance. The reform measures were issued as party orders, and local party committees are exhorted rather than legally obligated to follow them or to keep the public informed of their compliance. Even if compelled, monitoring is lacking and is exercised mainly through periodic inspections from above, tips from the rank and file about abuses, and investigations of violations after they are committed. All of this hardly amounts to routine oversight mechanisms. The appointment of the chief executive positions from above, in particular, weakens effective monitoring from below. Although reappointment is subject to opinion surveys and voting at party congresses (for party offices) or people’s congresses (for state offices), those congresses meet infrequently (every three to five years). Moreover, most delegates do not have intimate knowledge of the nominees’ professional or personal side [8]. All of these disincentives for compliance serve to weaken incentives for compliance, regardless whether cadres have incentives to comply with the new procedures in the first place.

#### **New dominance of the party’s personnel departments**

The personnel department referred here is known in Chinese as the organization department of the party. Its key function is personnel matters both within the party and outside the party where the party still dominates. Since decentralization, local party chiefs increasingly dominated

personnel matters while leaving the personnel department on the sideline. To check the party chief without weakening party leadership, the Working Guideline of 2002 (see [4] in [Appendix](#)) elevates the role of the personnel department in the recruitment process. This enhanced status, in turn, has given the personnel department greater opportunities for abuse in the recruitment process, thereby increasing incentives for abuse also among the aspirants for office.

The enhanced power of the personnel department derives first from the process of nominating candidates for key official posts. The Working Guidelines of 2002 stipulates that “For leadership change at a given level, the office of the secretary of the party committee at this level should, on the basis of democratic nomination gathered by the higher-level personnel department, discuss potential candidates. The standing committee of the same party committee should then discuss and propose a list of candidates, and after communicating with the higher-level personnel level, decide on the candidates.” The chain of command here is thus structured:

1. The higher-level personnel department gathers nominations from various sources;
2. The office of the secretary of the party committee, at the level where the candidates are to be appointed, discusses the nominees;
3. The standing committee of the party committee at this level decides on a proposed list of candidates;
4. This standing committee communicates with the higher-level personnel department and decides on a final list of candidates.

Hence, despite the principle of “open selection and open competition,” it is the personnel department of the higher-level party committee that has the *initial* and *final* say in making up the finalists’ list. Herein lies room and incentives for manipulation and deviance among both personnel staff and office seekers.

After the critical stage of nomination, the higher-level personnel department also heads the process to scrutinize proposed candidates. Since the candidates have already passed through the personnel department to become the finalists, they tend to already fit the organizational or personal preferences of department heads. Thus, the ensuing scrutinizing process can be easily affected by the peculiar lenses through which personnel officials choose to see what they want. Rarely would the personnel department find fault with or remove the candidates whose nomination they have already approved.

The non-transparent nature of the scrutinizing process, moreover, also engenders plenty of room and incentives for maneuvering and manipulation, whether it is in the administering of opinion surveys and written exams or the evaluation of performance records and personal qualities. In the next stage, voting on the candidates at party plenary sessions or legislative sessions (the latter is required for the re-appointment of key government officials), it is again the personnel department that organizes and guides the procedures. Since by now the nominees already appear as secure official candidates, it is hard for others to openly object to their candidacy [8].

Besides its direct role in the new recruitment process, the personnel department is also responsible for many other personnel matters that affect the quality of recruitment. These include transfer, relocation and rotation of officials, annual reviews, reward or punishment for officials, training and overseas training, expansion or reduction of official posts, entry and exit of officials, selection and hiring of civil servants, etc. The non-transparent process of conducting all these matters, though not peculiar to authoritarian systems, again leaves room for manipulation.

Each area of the personnel department’s power, in short, provides opportunities for abuse, or the exchange of personnel power for pecuniary gains between personnel heads

and office seekers. The incentives for manipulation to gain office appear to outweigh incentives for compliance with new recruitment procedures. In other words, the new reform measures have not fundamentally reoriented cadre incentives. Rather, they still make possible the distortion of incentives. Not surprisingly, personnel matters at all sub-national levels have become the latest “disaster area” for corruption.

### **Implementation hurdles, abuse and corruption**

Since 2002, over half of all violations related to official posts are associated with officials in charge of personnel matters, in contrast to early years when economic-sector officials comprised a majority of corruption cases [9]. The surge in corruption in personnel matters has coincided with the rise in abuse by the executive chief of government agencies and party branches at local levels since the late 1990s. These officials, previously not directly engaged in economic matters, are finally cashing in on their powers in the marketplace. Personnel reforms, apparently, have not stemmed this latest surge in abuse by those in charge of personnel matters.

Are the distorted incentives, outlined in the previous section, responsible for the surging corruption in personnel matters? My assessment is mixed, in contrast to the “trapped transition” argument that would place the blame overwhelmingly on institutional limitations. In some areas, I find, the rise of corruption has indeed arisen from new incentives spurred by the limitations inherent in the reform measures, while in others it has more to do the weakness of central power and regional diversity in enforcing reform measures. In other words, how cadres are picked have to do with why they behave in certain ways, but how they behave also has to do with whether and how the recruitment procedures are enforced.

#### **Plenty of formality, not uniformity**

When would officials—both those in charge of promotional matters and those aspiring them—be motivated to follow the new procedures? Obviously, they will be more so when the procedures are implemented and enforced. Here, sectoral and regional variance, shaped by varying state strengths and levels of development, make a difference.

At one end, among higher ranks of the official hierarchy, major cities, more developed regions, and large state enterprises, namely where central strength is strong and levels of socio-economic development high, the procedures are enforced more seriously, and the incentives for compliance stronger as a result. For example, this is the case in the recruitment of deputy positions and the reappointment of the chief and deputy positions in central ministries, provincial governments, major municipal governments and large state enterprises in more developed regions. The provinces of Hainan, Guangdong, Fujian, Sichuan and Zhejiang, as well as the metropolis of Beijing, were the first to implement voting at the standing committee or plenum of party committees for deciding personnel matters. Only Sichuan was a less developed region on the list. Beijing, Zhejiang, Guangdong, Jiangsu, Anhui and Fujian were the first ones to include “green GDP” in the calculation of economic data and the performance records of local officials, again all developed regions except Anhui [7]. Only later did implementation expand to the rest of the country, with varying effects.

At the other end, among less developed provinces, cities and counties, or at lower ranks of the official strata across the board, remote reach of the center and its associated ineffective

enforcement help to weaken incentives for compliance. New procedures may be taken just as another set of formalities. In the best of circumstances, the procedures may be followed on the surface while in reality the dominance of party secretaries or the personnel department continues as before. In the worst circumstances, the new procedures may be utilized to cover up abuses in the recruitment process. The party secretary or personnel department may set the tone and criteria for the “ideal” candidates, then set out to find the “right fit,” before going through the formal procedures to legitimize the search. Li Tiecheng, a county party secretary in Jiling Province, would set specific requirements for age, seniority, education, experience, ranks and such, in exact accordance with the credentials of position seekers who paid bribes. The “right” candidates would in due time be located by the personnel department and passed through the proper procedures [10]. Others may be yet cleverer, as in the case of Zhang Gaiping, party secretary of a city borough in Shaanxi Province. After accepting Y30,000 (about US\$3,700) from someone who wanted the position of the head of the educational department, she picked “democratic nomination” as the starting procedure, on the calculation that the bribe payer was well known in her borough. At the nomination meeting and later the party committee meeting to propose candidates, Zhang took the lead to cast a vote for her candidate. With her backing, the bribe taker got his wish [11]. In both cases, grass-roots supervision and feedback, intended by the personnel reforms, failed to alter key officials’ self-seeking motives or impact the recruitment process.

Even when official procedures are earnestly followed, in developed or underdeveloped regions, they can still end up being formalities for various, but mostly structural, reasons. For one thing, since the candidates are presented as proposed finalists from higher-level personnel departments, it is generally easy for the list to go through party or legislative congresses with little objection. Rather than genuine contestation, the required voting procedure can be little more than an approval process. The popularity of particular candidates may be reflected in the percentage of votes they receive, but rarely are candidates outside the list elected [12]. Secondly, although it is a requirement, there are not always more nominees on the ballot than the seats to be filled, making it hard for potential write-ins to garner more votes than those already on the ballot.

Finally, even enforcement may itself be manipulated, when supervision is lacking. Some local officials have come up with ways to ensure votes for themselves or their candidates. Among the more gentle ways, they can persuade voting members to acquiesce to their desired candidates. Yang Xiuzhu, chief of Wenzhou’s construction bureau who was later to flee the country with hundreds of millions in loot, did not have the votes in the provincial people’s congress to become deputy head of the provincial construction bureau or the deputy mayor of Wenzhou. But after a key city official lobbied the people’s congress for 4 days, Yang secured the posts. In extreme cases, the voting procedure may be manipulated to require that only those opposed to any nominees cast their votes. Those who touch their pencils, therefore, would clearly run the risk of offending the eventual winners. Instead of the secret ballot, people may also be asked to cast the ballot at the podium in front of all eyes, making it impossible not to vote for the proposed candidates.

Short of uniform enforcement and its adequate supervision, officials can thus only be expected to calculate their own benefits and costs in dealing with new recruitment procedures. Where incentives for compliance are low, deviance is the inevitable preference.

#### “Political showcase projects”

The increased emphasis on performance records, especially during the “scrutinizing” phase of the recruitment process, has given rise to another nefarious incentive in the recruitment



process: building up “political showcase projects” to enhance one’s performance records. The prominent ascension of officials from more developed regions has further encouraged instrumental pursuit of developmental projects. These are usually lavish but dubiously useful projects launched by some officials to build up their political resume, for the purposes of promotion. The phenomenon has been labeled by Chinese analysts as an abuse of the recruitment process, or simply corruption, not unlike other categories of corruption such as bribe taking, embezzlement, or misappropriation.

The key is the incentive behind those projects. Instead of serving local public interests, political showcase projects are aimed at bolstering one’s own political and career interests, i.e., improved chances of promotion and good placement. Showcase projects are thus usually guided by short-term interests and targets, not long-term planning and efficacy. They are intended to generate quick GDP growth rates within the current terms of the office holders. For some officials, such projects also involve personal economic interests, i.e., kickoffs scrapped off from the processes of land allocation and/or construction. In short, public funds are used to enhance private goals, in disregard for and at the detriment of local public interests. “Political showcase projects,” also known as “image projects,” may therefore be characterized as “corruption-based investments.” In other words, the well-intended procedure of performance evaluation turns out to fuel corrupt behavior on the part of aspirants for higher office.

The corruptly motivated projects, moreover, can incur larger and more harmful damages than individual corruption cases [13,14]. One area of damage is the haphazard nature of the projects that contributed little to genuine development. To achieve instantaneous GDP growth, investments may be ill conceived, redundant and of little productive value. In a June 2002 central government investigation of redundant projects in Gansu province, one region was found to have built 48 distilleries, yet two nearby cities were still about to invest in 9 new ones. During the same investigation of Shaanxi Province, Xi’an city was found to have set up 97 small paper manufacturing facilities, among which 37 operated without meeting environmental standards and were causing serious pollution. In the economically depressed Shenyang of 1990s, Mayor Mu Suixin spent millions to build a fancy square downtown, complete with waterfalls. In the poor county of Luxian, Henan, officials showered funds on a “mountain ranch” where no cattle would later roam, a “ten-thousand-pig farm” where only a few hundred pigs since lived, and a “ten-thousand-*mu* walnut tree orchard” where few nuts are seen 5 years later. Such expedient showiness has spread from poor cities to poor counties and down to poor villages [15]. Nationwide, redundant constructions alone may have cost the country Y4 trillion in losses in the two decades since the mid-1980s [13].

Another damage of political showcase projects has been to facilitate the career moves of corrupt officials and the phenomenon of “promotion alongside corruption.” Because showcase projects are justified and valued as “promoting development,” “attracting foreign investment,” etc., they can manage to facilitate the promotion of many corrupt officials to higher positions. There, in turn, these officials have yet greater opportunities to sponsor more showcase projects and exert further damages. Wang Huanzhong had used this very path to ascend the political ladder quickly, earning a promotion on an average of 2 years from his first job as a rural record keeper to the position of the deputy provincial governor at the time of his downfall. During Wang’s reign as party secretary of Fuyang city, his showcase projects alone left Y2 billion in deficits for this poor province. Among these was a Y380 million “Grand International Airport” in a poor city (until recently a county) where not only international but domestic travel would be scanty. The airfield remains a resting place for wild birds. Similar fates had befallen his “grand electricity plant,” “grand oilfield,”

and “grand zoo.” [16]. Until his downfall, however, the wasteful projects had not prevented him from his rapid ascension.

Yet another area of damage are the huge financial losses incurred by the showcase projects. Such projects are often funded by local government revenues and bank loans, secured because of local officials’ active intervention and avowed commitment. The low utility and lengthy time span of the projects, however, not only bring little return economically but pile up huge debts for the local economy. Sometimes the original project promoters have left their posts, thanks to promotions based on the “achievement” of those showcase projects. Their unfinished projects leave huge non-performing loans to their successors and to the banks that made loans for the projects. Sometimes local officials raised funds by issuing bonds to the local public but could not pay returns to local citizens who purchased them. Sometimes they raised funds by withholding the wages of local state employees, including public school teachers. In the case of Wang Huanzhong cited earlier, his showcase projects were to fiscally deplete Fuyang city for the next 10 years. In an even worse case, one township in Hunan province piled up over Y100 million in debts from showcase projects, which, calculated at their current rate of debt payment, would take over 100 years to pay off (see p. 76 in [13]).

### Buying and selling official posts

Buying and selling office has become the leading category of corruption in recent years. While its initial surge may be attributed to the effects of decentralization that helped to weaken top-down supervision, why has the surge been sustained, despite more recent personnel reforms to increase bottom-up monitoring?

Above all, cadre incentives to cast their bet with key officials have continued under new recruitment measures. The mechanism of pre-selecting candidates for promotion, often by a few officials at the same or next higher level, encourages potential nominees to curry favors with those key officials, and sometimes just the one top official at the party committee or the personnel department. The enhanced autonomy of this top official, moreover, now ensures such favor currying of real outcomes. Rather than focusing on the quality of their work, aspiring candidates are motivated to pay more attention to building connections, finding patrons and catering to the idiosyncrasies of key superiors. The latter, not surprisingly, shows a special preference for compliant and pleasing followers. The de facto system of “a few people selecting cadres, and the selection of cadres among a few people,” thus, encourages the sale of office, since both the “buyer” and “seller” can be certain of the outcome [17,18]. An unruly chief can decide whom to nominate and for what position. He can advance or hinder a nominee, doctor a resume, cover up a nominee’s bad record, or push through totally unqualified candidates.

In poor regions in particular, the lack of economic opportunities stimulates a special incentive to resort to office buying for bureaucratic advancement and individual betterment. *Shi quan*, or substantive power, entails authority over tangible and cashable resources and projects, which usually involve developmental assistance and anti-poverty funds from the central and local state. Career moves also bring improvements in salaries and material comforts, in terms of job location, rank category, and residential and transportation amenities. These perks and benefits are especially important for officials in poor regions. Most of all, buying office is an investment whose return buyers expect to reap once they acquire substantive power in a key office. Not surprisingly, some individuals even take out loans from the bank to bribe for office, calculating that once they secure office they will be able to generate far more returns. On the provider’s side, the relative lack of bribes from a

strong business sector leaves office selling as the main source of extra income for local officials in such regions. A cycle of “using money to attain power, using power to attain more money, then using money to attain more power,” has become a key path to personal and professional advancement for corrupt officials in poor regions [19].

The following list of better known office sellers since 2000, for the size of their bribe take and bribe givers, provides some cursory evidence for a strong association between the level of development and office selling: first, all of the offenders held offices in less developed provinces, and second, most of them held offices in rural or less metropolitan regions. (See Table 1).

Office for sale has done the most to undermine the CCP’s recruitment system. The practice entails giving decision powers to unqualified and unscrupulous individuals. Those motivated to purchase office, in turn, are likely to abuse it for personal gains. At the same time, office sellers usually have to protect the poor job performance of their clients. Bribe-based appointments also help the patron to build a chain of cronies inclined to yield to one another’s influence peddling. Thus, when key officials fell in Tai’an of Shangdong or Shenyang of Liaoning, so did the entire city hall in those localities. In poor regions where office for sale is prevalent, bribe money tend to come from relief, developmental and educational funds. Diversion of such funds, for this and other purposes, drain away critical capital for reform projects and deprive impoverished locals of their only developmental opportunities and resources. In the impoverished county of Jingyu, Liaoning, annual income averaged less than Y3,000 per capita in 1999. But its party secretary, Li Tiecheng, amassed Y440,000 from 165 counts of office for sale during the same year. This amounted to 80% of the combined income of the county’s over 200 officials at the *ke*-rank and up, and 2.29% of the county’s total revenues of Y19.2 millions for that year. Li’s family wealth increased from Y30,000 to over Y2.7 million between 1992–1999, including six real estate properties across the province.

Li’s own marvel, after his arrest, betrayed the cycle of corruption created by office for sale: how could subordinates with an average annual salary of Y10,000 in a poor county afford to pay him a few thousand *Yuan* during each major holiday? [20,21] When such officials are devoted to office buying and selling, rather than genuine job performance, it is a clearest indictment of the failure of the recruitment system, and ultimately, of effective governance that personnel reforms aim to bring about.

### Dark side of personal life

Yet another blind spot in the new recruitment procedures, the difficulty of scrutinizing candidates beyond their professional life, helps sustain deviant behavior outside regular work hours. That is, the institution of multi-faceted, survey based scrutinization of officials has not been sufficient to screen out or stem the personal lapses in the so-called social and life styles of office seekers.

Personal lapses have become key manifestations of cadre corruption since the 1990s. According to statistics from the draft group for the revision of the Marriage Law (adopted in 2001), over 95% of disciplined officials had mistresses, and 60% of corruption cases involving officials had to do with “hoarding concubines.” [22]. A prosecutor from Nanjing confirms similar ratios from her investigation of corrupt officials [23]. Indeed, as the head of the Marriage Law draft group observes, the need to keep up with the expenses of maintaining mistresses and concubines is often the original driving force that launched officials down a path of graft. Keen on the material side of the exchange, the young and beautiful women usually need to be sheltered privately and expensively. Hence the expression, “*bao er’nan*,” or hoarding a second wife. Multiple mistresses require yet greater “maintenance fees.” Along with rich entrepreneurs, especially those from Taiwan and Hong

**Table 1** Worst office sellers in recent years, by bribe-taking amount

Name	Position	Province	Bribe Take (millions)	Bribe Givers (persons)
Chen Zhaoyuan	County PS	Anhui	Y9+	
Cao Yongbao	District deputy PS 1994–2004	Sichuan	Y1.53	
Han Guizi	Deputy head, Provincial PD and Provincial PS 1996–03 County PS 1990s	Helongjiang	Y7+	Ma De, etc.
Li Chenglong	County PS 1990s	Guangxi	Y16 (several millions of which were for office selling)	
Li Tiecheng	County PS 1992–2000	Jiling	Y1.44	162
Ma De	Small city PS 1993–02	Helongjiang	Y5+	200+ (half of all officials above bureau level)
Sun Chuyuan	Small city PS 1995–2001	Hebei	Y400,000	20+
Shang Dian	County PS	Liaoning	Y6.21	30+
Wu Bao'an	County PS 2003/9–2004/6	Shanxi	Y1,18	
Yang Zexing	County PS 2002–2004	Anhui	Y700,000+	70+
Zhang Gaiping	District PS 2000–05	Shaanxi	Y1.07	27
Zhang Huaqi	County PS 1996–2001	Anhui	Y5.3	95

PS Party Secretary; PD Personnel Department

Kong, corrupt officials are among the few groups associated with hoarding mistresses. The practice has become serious enough, especially along the southern coast, that one main purpose of the revised Marriage Law was to outlaw it and to protect all women involved.

Yet despite the statistical correlation between mistress keeping and graft taking, the scrutinizing process does not cover lifestyle problems per se. Personnel departments may be unaware or oblivious to hints of problems, thanks to benign neglect or a new sense of privacy. Thus, one is struck by the frequency corrupt officials have mistresses but also by their lack of discreteness about it, even among the highest ranks at the local level. The brazen manner betrays the officials' attitude of treating mistresses as a prerogative, rather than a liability, of officialdom. Many fallen officials spoke of their motives as "not wanting to miss the opportunity" while in office, and "not having any regrets" later in life. Given that the phenomenon was almost non-existent in the pre-reform days, its rise since then cannot be attributed to human nature alone. Remorseful offenders readily admit to the loss of self-restraint. But the failure of the scrutinizing process to deter those lapses point to problems in the recruitment system itself.

Helping offspring in business pursuits or overseas education is another aspect of the covert personal side eluded by the cadre scrutinizing process. Lending a hand to one's offspring often amounts to corruption because the kind of help has changed significantly in nature and degree over time. During the 1980s, the worst that officials did was to give their (grown) children some convenience in securing goods for speculation and in setting up trading companies. The notorious "prince-ling party" first made their fortunes from these activities. Since the 1990s, the stakes have become higher. For officials with the right positions, their influence may be instrumental in the success of their offspring's business operations, from securing loans and land to developmental rights and construction contracts; and from preferential policies to tax relief.

Likewise, sending off offspring to high schools and colleges in Western countries is an activity in the personal arena that is eluded by the cadre scrutinizing process. It has become popular since the late 1990s for officials and other well-to-do groups to send their young offspring to Canada, Britain, Australia, New Zealand, Germany and, more recently, the U.S. With a monthly salary of a few thousand *Yuan*, few average families can afford the tens of thousands dollars in annual costs. Yet such students have been on the rise and getting younger. For a good portion of the students, the funds have come from the illicit gains of their office-holding parents. For the latter, such overseas education is not only a good way to launder black money but also a preparatory step towards their own eventual exit [24].

Casino gambling is yet another activity of the personal arena that eludes the recruiting process. The traditional Chinese fascination with gaming was first re-ignited when visiting officials and CEOs to Hong Kong were treated to nearby Macau excursions. Soon, enough officials and CEOs started to reach into their company or official accounts. Since the mid 1990s, the gambling capitals of the East and the West—Macau and Las Vegas—have both targeted mainland officials as the leading source of growth. Losing hundreds of million in U.S. dollars each year, Chinese gamblers have become the darlings of international gambling houses thanks to their generosity in playing money that is not their own and to their inclination to keep quiet after losing [25,26]. Because of the overseas locations and the clandestine nature of the activity, gambling remains unsusceptible to easy detection.

### Promotion amid corruption

Together, the various problems in the recruitment system contribute to a phenomenon known as *bianfu biansheng*, i.e., "promotion alongside corruption" or "promotion despite

corruption.” The frequently used phrase speaks to the failure of the recruitment system, at least partially, at preventive deterrence or timely detection. Weak deterrence in turn encourages incentives to disregard formal procedures.

A strong indication of failed deterrence is the smooth rise of many individual officials while they simultaneously engage in corruption. Reports of exposed cases show that a majority of individuals involved have managed to do so. Worse still, the time lag between one’s first violation and eventual exposure has also increased significantly, rather than decreased, despite more reforms. Among the cases processed between 1978 and 2002 involving officials above the deputy ministerial level, the average of time lapse was only 1.43 in the 1980s (1980–1988). By contrast, the average increased to 6.31 years in 1998–2002), with the longest lag being 16 years. This is particularly striking in the second period, when personnel reforms had incrementally started since 1996, wherein feedback from below was given more importance. Nonetheless, relevant authorities failed to learn about the private side of promoted officials. Some of the best known cases from the second decade are listed below: Table 2.

The extended time lag means that individual offenders such as the above have managed to pass through the cadre scrutinizing process. The reality certainly encourages incentives to continue deviant behavior in private, to cite just a few of the highest ranking cases. Cheng Kejie accepted all of his Y40 million in bribes while serving as deputy governor and governor of Guangxi throughout the 1990s. Yet he was promoted to the deputy chairmanship of the National People’s at the end of the decade. Hu Changqing took most of his 90 bribes (Y5.44 million) during his tenure as deputy director of the Religious Affairs Bureau in the central government, as gubernatorial aide and then as deputy governor of Jiangxi during the second half of the 1990s, before becoming governor of Jiangxi. Xu Bingsong sold numerous offices and other favors for huge bribes while serving as deputy party secretary and commissioner of Yuling District of Guangxi. Yet despite continuous complaints from citizens, he became a deputy governor of Guangxi under Cheng Kejie. Meng Qingping kept numerous mistresses with bribe incomes while serving as CEO of the Hainan Iron Mine and party secretary of Hainan (later a province). Nonetheless he climbed quickly to become a deputy governor of Hubei (see p. 21 in [4]).

Another strong indication that the recruitment system does not instill sufficient disincentives against misdeeds is the rise of young offenders among the official ranks. The quickened promotion of younger officials has been one policy to reduce the “59-er” phenomenon, whereby officials about to retire at the mandatory age of 60 years plunge into bribe taking or embezzlement as a last opportunity to cash in their power before its expiration. Key officials in their mid-50s are now retreated to secondary or less prominent

**Table 2** Time span between initial violation and final exposure

Name	Highest Positions	Number of Years
Hu Changqing	Deputy Governor, Jiangxi Province;	5
Cheng Kejie	Governor of Guangxi, 1992–98 Deputy Chair of NPC Standing Committee, 1998–99;	6
Ma De	Party Secretary, Suihua city, Helongjiang Province	7
Liu Fangren	Party Secretary, Guizhou Province 1997–99	8
Yang Lifeng	Head of State Tax Bureau, Liuzhou City, Guangxi	10
Li Tiecheng	County Party secretary Liaoning Province	12
Qi Huogui	Party Secretary, Dongfang city, Hainan Province	13

Source: *Dang Feng Lian Zheng*, 9 (2004), p. 15

positions as a preventive measure. Yet the official campaign to “youth-fy” the officialdom does not seem in itself able to reduce nefarious incentives. Of the top three categories of corruption cases processed by prosecutorial agencies in 2002, nearly half of the offenders (48.42%) were under the age of 35. Of 17 offenders at the rank of provincial-ministerial levels studied in an authoritative report in 2003, 53.1% were under the age of 53, or before the age they would be “retreated” to lesser positions. Of all corruption cases processed by prosecutorial agencies in Jianxi Province in the first half of 2003, 18.7 were under the age of 35 while only 7.3% were above the age of 55 [27]. Of 364 corruption cases by prosecutorial agencies in Guangzhou, from 1997 to early 2003, 20% (or 364) involved officials under 35.

In another sign of decreasing disincentives, the educational level of younger offenders is getting higher. Of the 364 offenders in Guangzhou’s case, cited above, 62.9%, or 229, completed 3 years of college and above, and 17 had graduate degrees. These ratios were far higher than was the case for other age groups. These developments show that the promotion of better educated, younger people would not in itself reduce corruption. In fact, the size of younger officials’ loot is often larger. In relation to the recruitment system, two explanations are possible. First, younger offenders have confidence that they are able to “beat” the system by keeping their covert activities hidden. In fact, the same qualities that make themselves likely candidates for promotion can also make them vulnerable to corruption: clever and utilitarian operators [28]. Secondly, younger offenders have more confidence in the networks they have built and the informal rules of officialdom than the formal recruitment procedures. In other words, the new recruitment system has not served as a sufficient deterrent against corruption during or beyond the recruitment process.

Finally, while increased local autonomy makes it easier for the unscrupulous to win nominations and offices, it is difficult to remove top officials at a given level once they are appointed. This can serve as yet another disincentive for officials to restrain misbehavior. Since their appointment and promotion have been approved by the party organization at the next higher level, the grass-roots organization has no power to remove or demote those appointees. For example, neither a mayor nor the city council or the local people’s congress can recall an errant deputy mayor. Complaints have to be filed with the provincial party committee, which then meets to discuss the case. The control of the higher authority here is designed as a checking mechanism, but it can become a loophole that encourages wayward officials to seek protectors both locally (so that complaints will not be filed to the higher level), and at the higher level (so that filed complaints will be ignored). This is yet another reason for the persisting problem of “promotion while engaging in corruption.” In the case of Shenyang’s deputy mayor, Ma Xiangdong, many complaints had been filed about him from below over the years. But as a crony of the mayor, he won promotions almost as quickly as he took graft. If he had not been accidentally discovered by security agents while gambling in Macau, Ma might well have kept climbing the official ladder for years to come.

## Conclusion

The paper has attempted to show that the relation of China’s recruitment system to corruption is a complex one. The optimistic view, to the effect that China’s personnel reforms have helped to clean the bureaucracy, improve government efficiency and reduce corruption, is an incomplete one. Distorted incentives, implementation gaps have resulted in shortfalls in reality. At the same time, progress is still more real than the pessimistic assessment of the center’s loss of accountability and control over local bureaucracy and

personnel [1,2]. This loss has not been universal but more serious where the center is weak. It is at those weakest links, generally, that more of the morally challenged officials manage to get selected and promoted to key positions, and go on to engage in yet greater abuse.

The core problems in the realities of the CCP's cadre recruitment are the manipulation, superficial compliance, non-compliance, and even fraud, by those who decide on personnel appointments and those who seek them. These problems in turn allow the recruitment system to corrode in some cases and fail in others. What is the fundamental cause? As shown in the paper, the inherent limitations of the institutional designs provide incentives for cadre deviance and corruption, while the realities of local variance enable these in practice. The root of those limitations and failures stem fundamentally from one and the same source: the deciding power that rests ultimately with the higher-level authority.

Does this mean that cadre deviance and corruption are inevitable in a non-competitive recruitment system? The answer is not necessarily definitively. After all, there was much less cadre deviance and corruption during the much more authoritarian Mao era. Direct elections, in place in villages for much longer than have been the personnel reforms, have not worked out uniformly well, either. Much as the personnel reforms, village elections have worked better in more developed regions and poorly in remote and less developed ones. In the latter, vote buying or lineage based voting have become commonplace, while post-election corruption remains rampant. By contrast, Singapore and Hong Kong have done well in managing a clean professional bureaucracy and efficient governance, without comprehensive direct elections.

In this context, the CCP's introduction of mechanisms aimed at intermediate accountability is still a good beginning and a realistic platform at present. That is, a nominating process that allows some open and grass-roots nomination; a scrutinizing process that allows opinion surveys and performance evaluations, and a deliberation process that allows limited voting. The merits are two-fold. The first is gradualism: those intermediate procedures allow the gradual cultivation and expansion of democratic values and practices. The second is stability: the half-way measures allow trial-and-err experiments and a more smooth, and solid transition to deeper and wider democratic procedures. The key, however, is an earnest and serious enforcement of even those intermediate measures across the board.

In the meantime, further reforms and improvements would be most effective along the line of the current leadership's popular term, "comprehensive development," including in particular:

*Strengthening political versus economic opportunities* The balance of economic versus political opportunities have a major impact on political incentives and societal strength in a transitional society like China, where one or both tend to be in short supply. Economic opportunities provide wider avenues to wealth seeking than from officialdom, while political opportunities provide greater popular participation and checks on officialdom. Further reforms should seek to strengthen political opportunities in the more developed regions where economic opportunities are already plentiful and provide necessary prerequisites for expanding political opportunities. Conversely, reforms should seek to strengthen economic opportunities in poor regions where they are scarce.

*Strengthening coastal versus inland regions* In poor inland regions, the best way to strengthen economic opportunities is through economic development and improved human resources. The reduction of central funding and the need to attract outside investment create dual pressures on local governments to make those improvements, if not to develop the local economy, at least to stimulate new rents for private seeking. The imperative of



economic development has been one of the most effective ways to improve recruitment and governance at the local levels in coastal regions. The inland development strategy of the current leadership is a good beginning in this regard.

*Strengthening central versus local governance* As political decentralization devolves ever more power to local governments, governance at the local level has become as important, perhaps even more so, on the governance reform agenda. Because of its size and proximity to local social groups, local states are easier to be captured and insulated from outside supervision. How to institute more decentralization, without weakening the functions of the central state or creating local predatory states, requires transforming the relational dynamics not only between state and society but also center and locality.

## Appendix

### Major Personnel Reform Decrees since 1995

- [1] 1995/02/09 CCP Central Committee, “Temporary Regulations for the Selection and Appointment of Key Officials for Party and State Organs;” lays out six principles and four procedures for key cadre recruitment. The latter includes democratic nomination, scrutinizing, deliberation, and decision.
- [2] 1999/03/03 CCP Central Committee Personnel Department, “Notification on Further Improving the Work of Open Selection of Key Officials;” lays out procedures for the open selection of party and state cadre.
- [3] 2000/06/22 CCP Central Committee, “Program for Deepening the Reform of the Personnel System;” lays out ten-year targets for reforming the personnel system, with emphasis on mechanisms that allow cadres to “move up and down, move in and out.”
- [4] 2000, 12/14 CCP Central Committee Personnel Department, “Opinions on Promoting the Public Announcement of Finalists for Key Party and State Offices before Formal Appointment;” suggests that finalists for key offices be publicly announced within a certain administrative scope and time frame, so that the rank and file have an opportunity to make comments and objections.
- [5] 2002/07/09 CCP Central Committee, “Working Guidelines for the Selection and Appointment of Key Officials for Party and State Organs;” lays out procedures for the open selection and competition for key party and government posts at sub-national levels, including the public announcement of open positions, candidate application and verification of credentials, administration of exams and opinion polls, discussion and recommendation of finalists by organizational departments, and discussion and decision by the party committee.
- [6] 2004/02 CCP Discipline Inspection Commission and CCP Central Committee Personnel Department, “Notification on the Exit of Party and State Cadre from Concurrently Held Posts in Commercial Firms.”
- [7] 2004/03 CCP Politburo:
  - a. “Temporary Regulations for the Open Selection of Key Party and State Cadre;”
  - b. “Temporary Regulations for the Appointment of Key Party and State Cadre through Open Competition;”

- c. "Procedures for Voting on the Proposed Candidates and Recommended Candidates for the Chief Executive Positions of the Immediate Lower-level Party Committees and State Administrations, by the Plenary Session of Higher-level Party Committees;"
- d. "Temporary Regulations for the Resignation of Party and State Officials;"
- e. "Opinions on Participation in Commercial Activities by Key Party and State Cadre after Resignation."

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