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## The politics of conceptualizing corruption in reform China

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**Abstract.** It is significant to examine Chinese debates over corruption for several reasons. These debates confirm certain universal aspects of corruption that have been emphasized in the Western social science literature. They also suggest unique features of corruption that are useful for understanding the issue in the Chinese context. They further reveal how the conceptualization of corruption is politicized in the Chinese discourse, giving insight to the alignment of political and intellectual forces on the issue. Finally, Chinese analyses have heuristic values for general discussions of political corruption. This paper surveys Chinese debates over the definitions, sources, and consequences of corruption from the late 1980s to the late 1990s.

### Introduction

Rampant corruption is a well-known post-communist phenomenon. But more than its extraordinary scope, its unprecedented and ever changing characteristics make corruption an unresolved and contested issue at the conceptual as well as political level. Not surprisingly, popular, policy, and scholarly debates over corruption have been copious and diverse throughout China's reform period. Many popular magazines and more serious journals have a section devoted to the corruption issue, not just on scandal reports and cases analyses, but also policy and theoretical debates and developments. The wide range of literature is published both by prosecutorial agencies, party disciplinary committees, and party organizations at national, provincial, municipal and still levels, and by academic and commercial presses. Between the two broad strands of official and unofficial publications one clearly detects distinct differences among the Chinese in understanding and approaching key issues of corruption. As a more healthy sign, even among the more official sources one frequently reads about debates among prosecutors and disciplinary personnel themselves as to how best to identify and deal with corrupt behavior in the reform context. Their responses, in turn, depend much on how they conceive of what constitutes corrupt behavior, what contributes to particular behaviors, and the degree of harm to society. Such conceptual matters over the definitions, causes, and consequences have serious implications in the Chinese public discourse for policy assessments and coping strategies. For a matter

of proper identification and approach can affect leadership perceptions of the nature and severity of corruption and the type of anti-corruption efforts. They can affect how potential offenders distinguish between right and wrong in uncertain situations. And they can affect whether the public can make rational assessment of perceived wrong doings.<sup>1</sup> Finally, in anti-corruption efforts, a matter of conceptual differences can determine the targets of crackdown and the fate of individual offenders.

It is relevant to examine the Chinese debates over the definitions, causes, and consequences of corruption for several reasons. First, Chinese discussions confirm certain universal aspects of corruption that have been emphasized in the Western social science literature. Second, Chinese conceptions suggest unique features of corruption that are useful for understanding the issue in the post-communist reform context. Third, Chinese analyses reveal how the conceptualization of corruption is politicized, giving insight to the alignment of political and intellectual forces on the issue. Fourth, Chinese debates shed light on policy conflicts, law-making politics and leadership approaches to dealing with corruption. Finally, Chinese analyses have heuristic values for general discussions of political corruption. This paper surveys Chinese debates over the definitions, sources, and consequences of corruption that have appeared in popular and academic periodicals from the late 1980's to the late 1990's.

*What is corruption: Narrow or broad definitions?*

In the English language literature, the various conceptions may be broadly grouped into two frameworks. The behavior-classifying framework includes those conceptions that are "public-office-centered" or "public-interest-centered," both of which generally define corruption as the abuse of public roles/resources by office-holders for private benefit. The principal-agent-client framework, on the other hand, focuses on interactions among the three actors and defines corruption in terms of the divergence of interest between the principal and the agent.<sup>2</sup> Both approaches, as Michael Johnson notes, can suffer from problems of identifying clear roles and rules, while leaving little room for the richness and subtlety of cultural and social settings. In societies under transition, moreover, corruption is a politically contested or unresolved concept, further complicating the matter.<sup>3</sup> Indeed, while Chinese conceptions of corruption share the emphasis of prevailing Western scholarship on deviation from public roles and rules, they also highlight the peculiar circumstances of culture and systemic transition that create ample ambiguities in conceiving corruption.

Generally, liberal minded legal professionals and intellectuals favor a narrow definition, limiting it to the core element of the abuse of public office.

This conception calls for a strictly legalistic definition based on the duties and rules of public office, without consideration to the broader factors of public opinions or public interests.<sup>4</sup> Disciplinary organs tend to favor a more definite conception presumably for the purpose of effective identification and enforcement. In the comments of a researcher of the Chinese Communist Party's Discipline Inspection Commission (hereafter CCPDIC), corruption should be limited to the "abuse of the power of the office (*zhiquan*) by the employees (*gongzhuo renyuan*) of the party and state apparatus."<sup>5</sup> And in a collection by disciplinary organs at Beijing University, corruption is defined as "abuse of public power (*gonggong quanli*) by the employees of public office (*gongzhi renyuan*) within the state and party apparatus for private interests."<sup>6</sup> By contrast, more conservative minded writers, especially from among the party and disciplinary apparatus, favor a broad conception: one that covers not only the public office concept but also public interest and public opinion factors. In an educational volume distributed to workplaces by the CCPDIC's Office of Propagation and Education (*xuan chuan*), a broad range of cadre behavior is delineated as corrupt without giving a distinct definition: selfishness, money worship, hedonism, bureaucratism, embezzlement, bribe-taking, privilege seeking, moral decadence, violation of economic/business laws and regulations, defiance of anti-corruption bans, and sacrificing the big collective to benefit the small collective.<sup>7</sup> Yet about half of the list here may not involve any abuse of official duties or rules, even though the acts may be morally offensive.

Advocates of both liberal and orthodox leanings readily recognize the limitations of the public office conception. One issue is the lingering command economy and public ownership, which, although drastically shrinking, still dominate a significant portion of the economy and urban sector. One problem immediately posed here is how to define the scope of public office in a transitional economy. On the one hand, "public office holders" involve not only those of the party and state apparatus at all levels, but any institution or enterprise under the collective ownership or administrative control of government. This encompasses anyone employed in the myriad of "public organizations" – economic, cultural, educational, scientific, and social – and holding some sort of decision-making power. On the other hand, market reforms have complicated the idea of what is a "public organization." Many state enterprises are now contracted or leased to private parties, while urban or rural collectives, and joint ventures are neither completely public nor private. The public sphere is thus at once so pervasive and elusive that the degree of infringement on the "public sphere" inevitably varies among different levels and types of actors, which can make the public office concept futile.<sup>8</sup> Another issue is the rise of "organization-based corruption," which involves firms or agencies commit-

ting abuse as a collective, in such areas as tax evasion, bribery, smuggling, fee-exaction, fund diversion, or counterfeit manufacturing. In this case, the abuse of public office is done by and on behalf of an organizational entity, rather as individuals. Offenders can claim that they act out of the interests of the work-place or the development of their locality.<sup>9</sup>

Moreover, even liberal minded analysts sympathize with the conservative view that the public office conception appears too narrow when considered in China's cultural context. Prominent liberal policy consultants concur with more conservative ones that culturally, the Chinese notion of corruption extends to the private behavior of public officials, i.e., behavior that violates moral conventions of society. This cultural characteristic is attributed to the Chinese ethical tradition that exalts the personal integrity of official holders.<sup>10</sup> Conservatives would further point out that even the public office notion is broader in Chinese culture than first meets the eye, and is conceptually valid. Here, the abuse of public office needs not entail seeking *private ends*, but only harming the general interests of society (*zhengge shehui liyi*). An example is bureaucratic negligence, which is defined as a corrupt act in all Chinese texts but does not involve officials deliberately seeking private ends. Another example is officials who solicit prostitutes, an act that violates conventional morality and hence public conception of how officials should behave.<sup>11</sup> The justification for holding office holders to higher behavioral standards than legal stipulations, furthermore, makes good politics because of its popular base. Since many misdeeds that are not strictly illegal or completely corrupt affect the majority of cadres, they actually cause the most public resentment. E.g., excessive housing allocation, lavish feasting, and lavish consumption (luxury cars, cell phones, travels, extravagant offices and accessories, etc.) at public expenses.<sup>12</sup>

Broader or narrower conceptions have practical consequences, and this is what really matters. Advocates of both approaches agree that the broader conceptions have contributed to the public's higher expectation of official integrity and their harsher reaction to corrupt behaviors. But they differ on the political consequences of such public attitudes. Some liberals deplore the public's "excessive attention" to the corruption issue, viewing it as an "enormous pressure" on China's political system and social stability and blaming it on the popular psyche of egalitarianism. Conservatives, on the other hand, emphasize the need to combat corruption as both narrowly and broadly defined, seeing it as a legitimate public concern that the Party must address to sustain political authority and legitimacy.<sup>13</sup> In essence the liberal approach seeks to encourage more tolerant attitudes toward transitional features, which may help ease public pressures for reform on the political systems. With equal concern for regime legitimacy and social stability, the more conservative

approach arrives at the opposite conclusion: to uphold the allegiance of the general public, cultural considerations must be honored.

Other Chinese discussions suggest alternative ways to settle the juxtaposition between narrow and broad conceptions. One approach utilizes the public office notion but emphasizes the degree of deviance from formal power and the degree of social harm by defining corruption according to its “severity” (*chengdu*). Thus only the most severe offenses qualify as corruption.<sup>14</sup> One differentiation is between unethical (*buliang*) phenomena, such as private use of public stationary; unhealthy tendencies, such as occupying larger residential areas than duly qualified; and unlawful acts, such as bribe-taking, extortion, and embezzlement.<sup>15</sup> Another differentiation is between “white corruption,” acts violating government regulations but not laws, such as taking small gifts; “gray corruption,” acts violating laws but not yet crimes, such as holding a second job with conflicts of interests; and “black corruption,” acts amounting to criminal offenses, such as taking huge bribes, extortion, and misappropriation.<sup>16</sup> These distinctions are admittedly intended to avoid overestimating the extent of corruption and the target of anti-corruption efforts. But the politics of definition is more important. Only the most serious category of wrongdoing should be targeted as corruption, advocates argue, because it upsets the normal running of society and triggers public outrage. To include everything under corruption would actually play into the hands of political dissidents who magnify government failures to stir up social discontent. The broad conception of the conservatives, by this logic, would be counter-productive. Interestingly, some have also begun to warn against a new form of “white” corruption, i.e., influence peddling in policy-making processes to gain special interests such as preferential tax, enterprise, and property benefits. This new form differs from established ones that it predates, rather distorts, public policies. Calling it “a widespread form of corruption in developed countries,” Chinese observers regard its growth as more challenging and complex than the “gray” and “black” forms, where legal culpability is clearer.<sup>17</sup>

The peculiar circumstances of post-socialist transition contribute to still another conception of corruption. Called a “pluralized” conception, it arose from differences across regions, occupations, work-units, and personal status, so that the same offense may be termed corruption in one case but not another. Inter-regionally, different definitions result from divergent levels of development and economic regionalism. Thus banquets and gifts at public expenses may be prohibited as corrupt practices in one place but promoted as necessary measures in another. Using bribes to market products may make a manager corrupt in one place but “competent” in another.<sup>18</sup> Many folk sayings testify to the looser standards in more developed regions. One saying goes that

(the same offender) “makes a model worker in Guangdong but a criminal in Shanghai; chairs meetings in Hainan but wears handcuffs in Beijing.” Another saying tells that “one can go to any kind of place in Guangdong, do any kind of business in Fujian, make any kind of money in Zhejiang, and hire any kind of person in Jiangsu.” The more indulgent provinces mentioned here, not surprisingly, are the economically most vibrant in the country.

In the same spirit, existing legal standards of corrupt behavior remain ambiguous across occupations, since localities are given flexibility to interpret and apply central decrees according to local conditions. In both central and local public policies, standards are stricter on cadres employed in the party and state apparatus than on those working in state enterprises and businesses. In policy documents about gift-giving and gift-accepting, for example, words like “small in amount, reasonable, and necessary” qualify the restrictions for the second type of cadres. Thus, for going to a similar banquet, accepting a similar gift, or engaging in a similar business venture outside regular job, cadres from the political apparatus would be committing corruption whereas those from the industrial and commercial sectors do not.<sup>19</sup> Across work-units, different definitions of corruption result from divergent ownership. The standards of corruption are tougher on enterprises of public and collective ownership than on those of joint, contracted, township, or private ownership. The former sector has to comply with state accounting procedures and enjoys far less fiscal flexibility and autonomy,<sup>20</sup> while the latter can win acquittals in court if they are judged as having appropriated company funds under their “own” ownership or lease.<sup>21</sup> Finally, there are different standards for different individuals. The so-called “able individuals” (*lengren*, those who make more contribution to the economy) are measured by the “criterion of production forces.” The most dramatic illustration of this may be found in the following account of Shanghai in 1992.

Shortly after the resumption of reforms in early 1992, after a hiatus since Tiananmen, the most frequently used word by the city’s judiciary organs was “economics.” Prosecutors and courts pledged to “change outdated notions” and “subject all work to the priority of the economy.” The prosecutors’ office even announced that “key personnel involved in production, technology, and management,” could receive lenient consideration after showing repentance. An intermediate court followed by allowing early release for a former director of a well known refrigerator plant. The move not only prompted a wave of appeal requests from similar individuals in Shanghai,<sup>22</sup> but also a major public debate in Shanghai. Even some scholars supported such differentiated treatment of corrupt officials as “judiciary progress.”<sup>23</sup> Conservative critics object to such pluralistic conceptions, in contrast to their preference for a broad conception discussed earlier, on the ground that they encourage more

offenses. They favor the centralization of standards through state legislation, out of concern for moral consistence, in sharp contrast to liberals' concerns for flexibilities and efficiency.

The difficulty of defining public office or deviation from public power at the conceptual level is mirrored by the difficulty of defining corrupt behavior at the empirical level. One major Chinese debate on anti-corruption policies has centered on how to lay out standards of conduct for state enterprises, as distinct from the state-party apparatus. In December 1996, the issue was contended in the National People's Congress (NPC) during discussions of the draft anti-corruption bill. Disagreements forced the bill to be withdrawn from voting at the session. One key area of contention was the bill's scope. On one side, lawmakers wanted a more restricted scope, limiting it to Laws on Administrative Supervision to regulate only the government. On the other side, legislators argued on constitutional grounds that it should be a general bill of Laws on Supervision, without limiting it to the administrative arena. The latter scope would extend the laws to non-administrative offenders and place everyone equally before the law. Another key area of contention was the designation of managers of state firms as government employees, who would then be subject to a maximum penalty of death for corruption. One side held that these managers should be defined as public servants since 75 percent of all cases of cadre corruption involved this group. Opponents argued that such treatment would be unfair since managers of non-state firms faced a maximum of 15 years only in jail for corruption.<sup>24</sup> The bill was eventually passed in May 1997, as Laws on Administrative Supervision, a victory for those who favored a differentiated treatment of corruption.

Organizationally and legally, the issue of broad versus narrow definition is settled with a dual track system. Only office holders and party members working for public organizations can be guilty of corrupt acts as broadly defined, while other individuals can only be culpable of economic crimes as legally defined. For the same offense, the former group needs to go through both the party and the judiciary channels, receiving both a disciplinary and a legal action. The latter group gets only one set of treatment. The categories of corruption to which the first group is applicable, under disciplinary organs, include: embezzlement (*tanwu*), bribe taking (*shouhui*), misappropriation (*luoyong*), squandering (*huihuo langfei*), privilege seeking (*yiquan mousi*), illegitimate earnings (*feifa shouru*), bureaucratic negligence (*duzhi*), illegal profiteering (*douji taoba*), violation of accounting rules (*weifang zaijing jilu*), and moral decadence (*daode baihuan*).<sup>25</sup> But only embezzlement, bribery, misappropriation, illegal earnings, and illegal profiteering are treated as crimes in the judiciary system.<sup>26</sup> Squandering, privilege seeking (involving minor, non-monetary favors), violation of accounting rules, and moral decadence are



not punishable crimes and are thus labels reserved for cadres. "Bureaucratic negligence" becomes crimes only when casualties are involved. And only more recently has "smuggling" become common on the list of corruption categories because of the rise of collective-based smuggling activities.<sup>27</sup> Previously individual smuggling is treated as an ordinary crime. Because of such complexities and more uncertainties in unprecedented cases under reform, a plethora of books by disciplinary and judiciary agencies have appeared to provide definitional and legalistic guidance.<sup>28</sup>

The non-legalistic categories of transgression fall under "broad" conceptions because they do not always fit the definition of corruption as the "abuse of public office for private interest." For example, "squandering" often includes officials' excessive consumption of public resources *while* serving official capacities; "violation of accounting procedures" often involves grassroots organizations cheating the state out of resources for collective redistribution; "moral decadence" includes such private behavior as adultery, visiting prostitutes, gambling and drug taking; and "bureaucratic negligence" involves wrongdoing motivated not primarily by private gains, yet at the costs to the public often far exceeding outright corruption. But these misdeeds become corrupt acts if the concepts of "public interest," "public opinion," and "social conventions" are included.

*The sources of corruption: Structures or faiths?*

The range of Chinese opinions on the sources of post-reform corruption may be summarized under four sets of contention: Is corruption caused by the transition to the market economy, or by an obstructed market economy? Is corruption caused by individual holders of power, or by the presence and excess of government power? Is corruption caused by influences of exploitative systems and classes, or is it independent of them? Finally, is corruption caused by the rise of commercial and hedonistic values, or by the breakdown of the socialist ideology?

Generally, Chinese debates on these questions mirror those in the English language literature over structural versus cultural sources of corruption. In the English language studies of post-Mao corruption, structural analyses emphasize the transitional economy, expansion of economic activities and government power, weak institutional designs against corruption, etc.<sup>29</sup> Cultural explanations stress ideological and moral breakdowns and confusion over changing values.<sup>30</sup> In the Chinese discourse, both liberal and conservatives recognize the structural and ideological/cultural sources, but place different emphasis on each. Conservatives generally see structural causes as indirect or external, while viewing motivational factors as direct or fundamental. Liberals, by contrast, give priority to structural causes. The two schools also differ

on the particular make-up of the structural and cultural sources. These differences are meaningful because they influence their assessment of corruption and anti-corruption policies.

Conservatives who contend that corruption is caused, at least in part, by the market economy make the argument that the market economy has dual properties. It can raise efficiency through competition in the market place. But it can also lead to money fetishism by sanctioning monetary value and self-interest as highest goals. Corruption results, therefore, when individuals commercialize all human transactions and disregard legal and legitimate means to achieve monetary value.<sup>31</sup> Such assumptions are implicit in remarks commonly heard in public discourse: "Penetration of commercial relations into political and ideological life should be prevented;" or "political and commercial principles should be distinguished." Even captured offenders blame their transgression on the market economy.<sup>32</sup> The implication of this line of analysis, ironically, is at once conservative and liberal. To the conservative, if the market causes corruption, then eradicating corruption requires halting market reforms. But to the liberal, if the market causes corruption, then corruption is simply a byproduct. This was exactly the CCP head Zhao Ziyang's logic about corruption in the late 1980's. Little surprise that in the aftermath of Tiananmen, key anti-corruption officials were careful to point out that corruption was not an inevitable attendant of a socialist market economy.<sup>33</sup>

In citing that an incomplete and obstructed market, rather than the market, is the real culprit, reformers argue that a genuine market is based on fair exchange and equal competition, opposed diametrically to what corruption stands for. The transitional stage entails that not all reforms are concurrent, connected or well coordinated, leaving loopholes and discords that can be easily exploited for private gains. Several problems are recognized. In the 1980's it was primarily the two (or more) track system, whose problems are legion. The price difference between the official and the market tracks ranged between RMB 100–300 billion Yuan annually between 1981 and 1988, and a likely size of rents.<sup>34</sup> In the 1990's the problem persists with continued state allocation of key resources, such as financing, investment projects, energy, properties, rail transportation, foreign currency, and import/export quotas for state enterprises (over twenty kinds of items and over twenty kinds of outputs remain subject to state allocation even after the early 90's). In particular, rent seeking from price differences of material goods has shifted to price differences in capital goods, such as stocks, real estate, and state property shares, and to areas where huge returns are available, such as construction projects, smuggling of high-duty goods, land deals or sex-oriented service industries.<sup>35</sup> Other problems include the reluctance of the lower-level state apparatus to devolve power to subordinate branches, thus holding onto decision power

over output, merger, joint venture, levy and personnel appointment. The presence of multiple ownership forms competes for resources and markets.<sup>36</sup> The present system of accounting, purchase, disbursement, cadre benefits (cars, cell phones, entertainment, etc.), same agency levying and expending (the same agency can spend the levies it collects), and budgetary allocation are all prone to irregularities and abuse.<sup>37</sup>

Another favorable liberal argument is that corruption is due to the presence or the excess of government power. In the more extreme versions, the leading economist and government consultant Wu Jinglian places the root of corruption on the “intervention and destruction of economic activities by administrative power;” “the lingering administration of enterprises and economic activities by government as a legacy of the command economy.”<sup>38</sup> In his book *A New Theory of Government*, a young scholar from the People’s University made fervid indictments against the excess and abuse of government power, blaming it for corruption and other problems of Chinese society.<sup>39</sup> The head of Beijing University’s research center for world socialism passionately faults the deformation of power for corruption.<sup>40</sup> More modified versions of this argument emphasize the excess of government power rather than power itself, especially excesses caused by the lack of checks on power. E.g., over-concentration of power in the chief executives at every level; devolution of power without corresponding checks from above or below; contracting and leasing of state enterprises out as blank checks; lagging behind of institutional building and legal provisions; superseding of law by power; inadequate monitoring and law enforcement agencies; lack of transparency about the process and outcome of decision making at grass-roots; a promotion system susceptible to sectarianism and favoritism; underdevelopment of interest representation; and finally, weakness of the media as a vehicle for exposing abuse.<sup>41</sup> In short, the emphasis here is on the deficiencies in the ways power is distributed and supervised, rather than power itself.

While this moderate line of analysis is more or less shared by most analysts, the more extreme version that power itself causes corruption has met with strong rebuttals from conservative writers. They are adamant in insisting that the subjective condition of the office holder, not the objective condition of power, causes corruption. This argument is reminiscent of the line “guns do not kill people, people do.” Conservatives are also insistent that power is only a necessary condition of corruption, while individuals’ “selfishness” makes up the sufficient condition.<sup>42</sup> In trying to separate power as an indirect cause from “selfishness” as a fundamental cause, conservatives have not only ideological but political agendas. “To attribute corruption abstractly to power itself,” to cite one charge, “implies that eradicating corruption would require doing away government power, or the total retreat of government from the

economy.”<sup>43</sup> Such a retreat would only weaken the state apparatus, conservatives worry, an outcome that inadvertently conforms to the needs of “some international political forces that wish to divide and weaken China.” To effectively combat corruption, therefore, the state should actually be strengthened, not weakened.<sup>44</sup>

If the fundamental cause of corruption is indeed individuals’ selfishness, where does that motivation come from? While admitting that selfishness is human, conservatives pointedly argue that the beast in man has been invigorated by money fetishism and hedonism since market reforms. As normative values, these are traced to exploitative classes in “exploitative systems,” both overseas and from China’s past. Of course, conservatives have long stopped viewing capitalist influences as all bad, but they see bad elements sneaking in along with good ones. Typical is the analysis of President Jiang Zemin, who is not an all-around conservative but orthodox on moral issues. Of four major causes of corruption he cited at the CCPDIC’s 1993 session, three were motivational: “feudal and other influences from exploitative systems,” “decadent influences from capitalism after reform and opening,” and “insufficient ideological education that gave way to monetary fetishism, hedonism, and excessive selfism (*geren zhuyi*).” Only one institutional factor, “incomplete structural transition,” was mentioned.<sup>45</sup> By the 1997 session, when “capitalist influences” had further consolidated its hold, Jiang turned to criticize cadres for “imitating Western lifestyles” and “copying Western values” of self-gratification and egotism (*ziwozhongxin zhuyi*).<sup>46</sup> At the 1998 and 1999 sessions, Jiang still stressed discipline, party tradition, and moral education to prevent and fight corruption. In some sense, Jiang has a point. It is hard to discount totally the seductive role of lavish consumer goods and the values of self-gratification embodied in them.

But the crux of this debate, conservatives are acutely aware, is that liberals seek to find the root causes of corruption elsewhere. That is the real reason, they worry, why liberals reject the “exploitative system” thesis. Most sensitive to conservatives are liberals’ emphasis on public power and public ownership as the root causes of corruption, two remaining socialist features of the Chinese system.<sup>47</sup> Indeed, liberals are not shy to assert that corruption is not exclusive to capitalist systems and to link it to socialism. In a debate in the journal *Marxism and Reality*, one article openly rejects exploitation as an explanation of corruption, arguing that corruption is rooted in power relations rather than production relations. Since exploitation does not in theory exist under socialism, then it cannot explain corruption in China.<sup>48</sup> In a follow-up, another article finds the concept useful in a different sense: it suggests that socialist cadre can turn into exploitative classes. Because power relations (super-structure) and production relations (economic base) are intertwined,

some officials utilize public power to exploit economic gains just as the capitalist class' economic dominance leads to money dominance in politics.<sup>49</sup> This emphasis is reminiscent of the "bureaucratic ruling class" thesis advanced by the "socialist democrats" and other dissidents in the late 1970's and early 1980's. The arguments elicited strong reactions from the government at the time, earning the advocates long lasting reputation as anti-government dissidents.<sup>50</sup>

As for the sources of ideological and moral decline internal to China, the orthodox put the blame on laxity in cadre recruitment, promotion, education, and supervision.<sup>51</sup> In other words, the emphasis is still on the quality of individual officials, or the selection and molding of the right types. More fundamentally, conservatives see a cultural warfare: the values of individualist desires, money worship, and lavish consumption championed by liberals all serve to undermine communitarian values and provide normative justification to self-seeking at the expense of collective interests.<sup>52</sup> This line was a popular argument of the conservatives in the wake of Tiananmen, a movement primarily fueled by the corruption issue.<sup>53</sup> Yet when liberal writers emphasize ideological and moral factors, they mean in a negative sense. They fault the Chinese tradition of rule by man, which induces the public to think about ways of checking power from the moral rather than the institutional angle. Moreover, the party's "ideocratic" tradition offered little to prepare for the breakdown of the communist ethic amid the onslaught of commercialism. When they emphasize motivational factors, they refer to tangible factors such as the discrepancy between officials' low wages and high expectations stimulated by awareness of better lifestyles; the pressures of wealth seeking in a society of relative scarcity, access seeking in a society of weak coordination, and status seeking after achieving both. The conventions of paying respect, giving gift, and expressing gratitude are also culpable of fostering corrupt behavior.<sup>54</sup>

Lately, the diverse strands of analysis have congregated on the ideas of unchecked power and monitoring mechanisms, two seemingly "bourgeois" concepts that have become fashionable. Whether they emphasize structural or motivational factors, whether hailing from liberal or conservative inclinations, more and more analysts agree that the lack of monitoring (*jiandu*) and "checking" (*zhiyue*) of power has practically given officials a free hand, contributing to the "key" (*guanjian*) to corruption's rampancy and continuation.<sup>55</sup> Many of the problems raised are not new, but two major deficiencies in the existing system of monitoring are emphatically reiterated. One may be summarized as a structural/legal one and the other a civilian/public one.<sup>56</sup> Structurally, the state has been retreating from economic allocation, management and now ownership, yet questions remain as to who monitors the officials

newly empowered from devolution? Government and firm officials are still responsible for the administrative part of the mixed economy, such as in SOE evaluation and transfer, project bidding and appraisal, stock markets and financial exchanges, and land allocation and tax collection, yet where are the market supporting institutions to scrutinize these activities? Existing anti-corruption decrees have become formalities and anti-corruption policies emphasize after-event punishment, where are the effective mechanisms for prevention and deterrence? Higher-level agencies and personnel departments oversee the cadre selection and promotion process, yet who monitors them? Existing mechanisms of monitoring, from disciplinary committees to judiciary organs, are subordinate to local governments in budgetary and personnel matters, so where does the former have the independent authority to monitor the latter?<sup>57</sup>

On the deficiencies in civilian and public checks on power, provoking issues are raised. If public monitoring depends on civilian tips on corrupt affairs but administrative agencies decide how to handle them, who ensures these tips will be processed and protected? If media organs are subordinate to political units at various levels, who ensures that an open and honest media will be always maintained?<sup>58</sup> A few daring scholars even discuss the feasibility of the bourgeois practice of “checks and balances” against power.<sup>59</sup> The ultimate point is that traditional mechanisms of administrative and ideological restraints are no longer effective, and the lack of monitoring structures has made it too tempting to abuse power. Increasingly the central government is recognizing the importance of law and monitoring beside moral education. In his report to the 15<sup>th</sup> Party Congress in late 1997, Jiang Zemin put forth these new phrasings on fighting corruption: “to uphold a policy of curing the symptom as well as the root; to use education as the foundation, rule of law as the guarantee, and monitoring as the key.”

The divergent views on the causes of corruption, in turn, have a direct bearing on Chinese analyses of the effects of corruption. Since the conservative school tends to evaluate corruption in moralistic terms, they invariably emphasize its pernicious effects. And since the liberal school tends to assess corruption in structural terms, they are more likely to emphasize not only the negative consequences but also the functional aspects.

*The role of corruption: Lubricants or corrosives?*

Few Chinese public pronouncements or published analyses overtly advocate the functional effects of corruption. Both reformist and conservative leaders publicly pledge strong anti-corruption efforts. Leading scholars from various fields are highly critical of corruption's harms. The mass media routinely reports the most attention-getting or resented cases. Reading the pervasive

indignation at corruption in the Chinese public discourse, one gets a solid impression that it is morally wrong or politically incorrect to think of it as anything otherwise. Nonetheless, differing opinions have existed at the top (e.g., Zhao Ziyang) and at lower levels. The dissenting voices usually express their views behind doors at anti-corruption conferences, or by dragging or hindering anti-corruption efforts. Their “erroneous views” then become the object of censure in public discourse.

It is through public rebuttals of those views that we learn most about different Chinese views of corruption, held usually by local officials and firm managers. To these individuals at the forefront of running the economy, anti-corruption efforts interfere with “reform and opening.” If officials and firms are preoccupied with concerns about corruption, the logic goes, they would be too cautious about trying out or encouraging innovative practices, and would place development secondary to administration. Moreover, what are commonly called corrupt practices can help “loosen up” the command system and facilitate commercial exchanges. Business managers and operators of all sorts are routinely heard saying that “no business gets done without some dining and warming up human relationships.” To them, some dining and gift giving in exchange for favorable handouts (tax reductions, special policies, etc.) are more than worth the costs. Further, just as efficiency interferes with equality, so does the market erode traditional, non-commercial mores and stimulate speculative urges. Some go further by calling corruption “a necessary price” to pay for modernization. And if “(profit) numbers go up,” corruption matters less.<sup>60</sup> They even assert that corruption contributes to efficiency by forcing state functionaries to improve service, allowing private parties more political access and thus more investment, and enhancing market coordination in policy making and implementation.<sup>61</sup> Many of these contentions echo the efficiency and functionalist arguments of the revisionist school in the classic English language literature on the consequences of corruption.<sup>62</sup>

Even a few scholars are willing to join the ranks of relativists. One article, first published in the journal *Dongfang wenhua* (Eastern Culture) and then reprinted in the prestigious *Xin Hua Wen Zai*, views China’s power-ridden economy as part of the East Asian development model evolving since the Meiji times of Japan. Recognizing the model’s advantages of concentrated political power and economic efforts and its disadvantages of authoritarianism and corruption, it sees a “bureaucratic-merchant economy” as an “inevitable” and “necessary” part of China’s transition. Above all, because bureaucrats’ values and actions determine the fate of reform, it is essential that continued material interests and social status help to dissolve ideological issues and redirect cadres’ values. Cadre participation in commerce, in turn, has provided leadership in changing the whole society. The negative sides of cadre participation,

in turn, have gradually paved the way for the transition to a better market, because targeted reforms have helped to build new institutions and norms. E.g., official profiteering eventually led to the demise of the two-track system. In addition, the transformation of cadres from political operators to economic ones, from firm managers to profit beneficiaries, and from CEOs to owners and shareholders, will eventually force them to become genuine competitors in the market. Finally, once privatized or share-held, firms will acquire the genuine desire for fair and equal competition, and as in any modern economy, they will create pressure for building better legal systems, limited government, open politics, and reliable information services.<sup>63</sup> In short, in contrast to those recent writings that condemn lost state assets and enriched predators, the article actually sees the commercialized cadre as pioneers and flag-bearers, much as the role played by Meiji feudal lords and samurais. This view of a developmental role played by corrupt bureaucrats finds echo in some English-language scholarship on East Asian development.<sup>64</sup>

A few others see certain forms of corruption as rational responses to existing structural constraints. A piece in the journal *Shehui* (Society), echoing the functionalist arguments that Samuel Huntington made about the integrative functions of corruption,<sup>65</sup> notes that corruption exists not just to satisfy illicit demands, but also legitimate ones. Since normal channels are sometimes lacking to provide needed social services, a little corruption can help individuals gain access to officials and government agencies, or help firms gain more autonomy from bureaucratic constraints, or help the public demand better government administration, all of which can help to ease social tensions and pressures for political reform.<sup>66</sup> Others concur that policy and structural changes would be fundamental to behavioral change.<sup>67</sup>

While apologists of corruption appear to gravitate around local and firm officials, their critics tend to be officials in charge of party organization, party discipline and ideology. Moreover, even most reform scholars do not spare any indulgence. In specific response to arguments about functional aspects of corruption, they retort that any gains are far outweighed by the damages. While corruption may benefit an individual entity, but does overall harm to society, since the gains achieved by the parts are at the expense of the whole. The rather “western” idea of societal interests as the sum of individual parts, is openly rejected as reflective of societies based on private ownership where the “economic interests of the whole” do not exist. According to this understanding, in those private-oriented capitalist societies, corruption may harm “public interest” only in a general sense and infringe upon the interests of private parties excluded from corrupt exchanges. But under China’s dominant public ownership system, an “overall societal interest” exists, so that any gains by sectarian interests necessarily undermine the whole.<sup>68</sup> It



is interesting that not much discussion is given to the question of declining public ownership and increasing non-public ownership, and the impact this may have on the conception of societal interests. It is also interesting that appeals are made to socialist ownership to justify the conception of societal interests, when Confucian perspectives would do better.

More generally, most analysts offer a predictable list of strong indictments against corruption's economic consequences. Corruption harms economic reform by interfering in the normal functioning of the market, thus delaying the emergence of a true market. It is inimical to efficiency by creating monopoly and impeding fair competition. It is costly to business and consumers by raising entry barriers and the prices of doing business. It is detrimental to justice and ethics by transferring public resources to private hands and indulging the speculative and well-connected. It is counter-productive to development by rewarding nefarious incentives and inducing bad investments. It is wasteful to society by encouraging corruptors to squander, hoard or excessively consume resources. Finally, it is destructive to the tax base of the government and as such, contributes to shrinking public investments in human and physical resources with long-term effects on economic development. The strongest evidence cited by critics of corruption is that across regions, sectors and enterprises, production and business always fare better where there is less, not more corruption.<sup>69</sup> These arguments much resemble those made by critics of corruption in the recent English language scholarship.<sup>70</sup> As corruption involves ever larger sizes of monetary value and ever more audacious scales of scheme in the 1990's, many writers have turned to focus on the huge financial losses that corruption costs to the country.

It is worth going into some detail here as the data is quite revealing. The heaviest loss is widely blamed on the seizure of state assets, through various schemes of covert privatization or outright theft of state firm properties. Some even argue that a "nomenclature privatization" of the Russian type has already been occurring in China this way.<sup>71</sup> Out of China's total state assets of Y500 billion, the annual loss may well be over Y50 billion in the 1980's, and Y50 billion – Y100 billion in the 1990's, much of it due to corruption.<sup>72</sup> Next to state assets, but much more notorious because of its visibility, is the squandering of public funds through entertaining, at a reported Y100 billion a year. In 1990, public funded entertaining, mostly feasting, reached Y74.12 billion, a fourfold increase from Y18.6 billion in 1980. The amount shot up to Y128.35 billion in 1993, or nearly doubled in three years.<sup>73</sup> Operational expenses for non-enterprise public institutions, the bulk of which often went into entertaining, increased at a 21% annual rate, or Y4 billion more each year.<sup>74</sup> Township and village governments spent at least 8 billion Yuan a year on entertaining.<sup>75</sup> All industries across the country (state and non-state)

were estimated to spend over 150 billion Yuan a year on feasting and gift giving – an amount equivalent to 40% of the annual output value of all state firms' fixed assets and 20% of all self-governing village industries' annual revenues.<sup>76</sup> Added to these costs were the time consumed, which, if calculated at the wage rate of the lowest paying regions, Y3.5 an hour, would cost firms and the government billions of Yuan in salaries, while the efficiency loss to production and public administration is immeasurable.<sup>77</sup>

Another much resented waste of public funds is officials' purchase of ever more luxury "business" cars, which have become a huge financial drain amid the scramble for ostentation. Car related costs have escalated to 70% of public administration expenditure at some work units. Nationwide, such expenditure reached 11.4 Billion Yuan in 1992, and doubled to 20 billion in 1993.<sup>78</sup> Gas and maintenance alone require between Y20,000–30,000 a year for each car, more than the annual income of most citizens. Worse still, such cars are used for private ends 20% of the times, with a mixture of public and private purposes for another 15% of the times. The same is the case for cell phones, another prized status symbol. Over 60% of China's cell phones are not privately owned, and of these, another 65% are illegitimately purchased with public funds (i.e., don't meet qualifications or receive authorizations). In Hunan's province, e.g., such cell phones cost Y576 million to purchase and another 432 million Yuan a year to use. This means over Y1 billion for a province that is not even a developed region. Calculated at this rate, the total costs of public paid cell phones may well be over 30 billion Yuan for China's 30 some provinces together in a given year.<sup>79</sup> Public paid traveling is still another visible and much resented area of corrupt waste, due both to fraud in travel expenses and leisure tours under pretexts of business travels.<sup>80</sup> Overseas tours alone cost Y2.5 billion nationwide in 1992,<sup>81</sup> while total costs of public funded tours reach over Y10 billion annually nationwide.<sup>82</sup> Related to such traveling is the frequency of unsubstantial conferences, which may cost as much as 80% of the time of the head of the average work-unit, and no less than Y3.5 billion nationwide in 1991.<sup>83</sup>

Tax evasion, involving about 50% of state firms and 60–80% non-state firms, is estimated to be over 40% of the country's fiscal revenues annually.<sup>84</sup> Even though state firms are not alone in this violation, the fact that half of government owned firms cannot be controlled is significant enough. The manifold levies and fines to which firms and farmers are constantly subject, are not only arbitrary and onerous, but grossly unjust, as they are often squandered as entertaining expenses for a few agencies and cadres. In one egregious case, a Shengzhen police borough branch levied 5.13 million Yuan in 1993–1995 on various false pretexts and by illegally printing its own levy and fine slips, so that the revenues could be kept off record. Most of the levies were spent

on cadre's entertaining and a luxury car, as well as staff bonuses.<sup>85</sup> Last but not least major area of financial loss is through the so-called "tofu" projects, shoddy construction projects caused often by corrupt deals between project administrators and contractors. Annual losses from construction collapses and related costs are said to amount to about Y100 billion across the country, not to mention dire human consequences for periled residents and pedestrians of collapsed buildings, bridges and even roads.<sup>86</sup> Interestingly, the typical Chinese discourse on state financial losses seems to direct its indignation mostly at the enrichment of a few individuals from plundering the bountiful assets of the state, rather than the long term fiscal consequences for the country's development.

As for the political and social consequences of corruption, critics are even more impassioned in their indictments. They rightly emphasize how corruption affects the critical aspects of the political and social order: it increases the already "power-centric" (*guan benwei*) orientation of Chinese society by commercializing power; it encourages lawlessness and undermines public order by corroding justice and law enforcement agencies; it creates social disparity, injustice and deprivation by distorting income distribution; and it undermines the work ethic and creates negative exemplar effects by rewarding the speculative and ruthless. The strongest indictment, however, is leveled at the destabilizing effects of corruption that cast alarming shadows not only on the future of reform but of the country itself. Several issues here cause grave concern among Chinese discussants. Because of its prevalence and its inflationary impact, corruption affects the livelihood of the general public, thus causing social discontent on a massive scale. Because of its perceived unfairness and illegitimacy, corruption aggravates social tensions that are already serious in the transitional process. Because of perceived unequal gains and losses, corruption weakens public tolerance for further sacrifices for reform, and public trust in the regime's ability to continue reform. Further, widespread corruption shakes public confidence in the general direction and state of the country, and in the legitimacy of the party and the government. Finally, some critics charge, corruption provides pretexts for "bourgeois liberals" to incite anti-government sentiments. The result is social and political instability, which in the end would interfere most with economic development.<sup>87</sup> Not surprisingly, the relationship between corruption and stability came to the nation's heightened attention after Tiananmen.<sup>88</sup> Since then public discourse of all inclinations has come to view anti-corruption efforts as the precondition for political and social stability. The post-Tiananmen leadership has acutely recognized the importance of this issue for regime legitimacy and survival. Jiang Zemin has moved from calling anti-corruption struggles "an important work of our party and state building" at the annual session of CCPDIC in

early 1993 to calling them “serious political struggles affecting the life and death of the party and the country” at the 15<sup>th</sup> Party Congress in late 1997. The reason for Chinese leaders’ repeated emphasis on the corruption issue, a scholar from the Central Party School states bluntly, is that the collapse of Russia and Central Europe has shown the critical importance of regime reputation and public trust.<sup>89</sup>

### **Conclusion**

Since so many Chinese people have so passionately condemned corruption, even to the point of staging the historical Tiananmen protests, the definitions, causes and effects of corruption may appear to be intuitively straightforward at first sight. But as this survey of recent Chinese discourse suggests, post-reform corruption is a complex mixture of universal, transitional socialist, and unique Chinese characteristics in its origins, consequences, as well as definitions. Due both to this complexity and the uncertain circumstances of the transitional era, Chinese debates have arisen to sort out plausible understandings of and approaches to the unprecedented surge of corruption. The scope of the discussions has evolved and widened over time, and divergence of opinions apparently exists. While a core of consensus converges on corruption’s basic attributes, this corresponds mainly to the “universal” features of corruption emphasized in the English language literature, such as the public office concept. Differences of opinion are especially displayed on the “transitional” and “Chinese” aspects of the corruption phenomenon, where interpretations and responses are very much affected by partisan and personal ideology, politics, and interests. The relativism of the more liberal forces reflects their perceived priorities of economic development and necessary trade-offs, much as the moralism of the more conservative forces reflects their greater concern for the party’s reputation and well-being. The two forces, at both political and intellectual levels, appear more or less equally matched on the issues of corruption’s definitions and causes, while their joint condemnation of corruption’s harms is no less matched at the bottom by the grass-roots cadre. Far from being resolved among the participants of the Chinese discourse, the three key areas relating to the corruption issue continue to be open to contestation and likely to remain so as the transition deepens and new challenges emerge.

These dynamics of the Chinese corruption discourse offer many insights for understanding Chinese policy approaches to dealing with the rampant and unremitting problem. Disagreements and ambiguities about corruption’s definitional boundaries, root sources, and to a lesser degree, its functional roles, help to shape partly the basis for policy inconsistencies, policy ineffect-

iveness, legal loopholes, foot-dragging, and irresolute reforms in preventative as well as punitive efforts against corruption. The need to juxtapose the state and the market, discipline and development, and supervision and decentralization, seems to create constant and conflicting priorities of reliance versus restraint on cadre. At the same time, public and intellectual preoccupation with the distributional and procedural inequities of corruption will continue to breed disturbing social tensions and discontent. In turn, leadership and intellectual concerns with the destabilizing effects of corruption entail that not only would corruption remain at the forefront of the political agenda and public discourse, as long as its perceived severity persists, but also that anti-corruption efforts would be taken as political tasks with politicized solutions in accordance with periodic political needs. In the end, thus, the leadership falls back on the familiar methods of political campaigns and moral exhortation, especially the former, to relieve, at least temporarily, the pressures of exploding social and financial aggravations. The sporadic, dramatic campaigns not only encourage potential offenders to bet on slipping away through the cracks, but allow many real offenders to actually do so, leading to cycles of reform-corruption-crackdown. Nonetheless, the Chinese discourse has also shown definite signs of conceptual progression, portending serious efforts at more systemic solutions.

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4. E.g., Liu Chun, *Quanli de dajuan – Dangdai Zhongguo fanfubai lun* (Answers to Power – Theories of Fighting Corruption in Contemporary China) (Beijing: The Central Party School, 1998), pp. 2–6; Wang Huning, *Fan fubai–Zhongguo de shiyan* (Combating Corruption – the Chinese Experiment) (Beijing: Sanhuan Press, 1993), pp. 30–31; Liu Mingbo, "A Comparison of Corruption in China and the West," in Liu Mingbo (ed.), *Lianzheng sixiang yu lilun* (Theories of Honest Administration) (Beijing: the People's Publishing House, 1994), pp. 358–361; For summary discussions, see Mu Ye, "A Summary Account of Public Discussions on the Corruption Issue," *Lilun xuexi yuekan* 1994 (2), 52–53; and Yi dong, "A Summary of Research on the Problems of Corruption and Bureaucratic Negligence among Public Office Holders," *Zhengzhi yu fa* 1994 (2), 61–64.
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11. Huang, *ibid.* See also Yi dong, "A Summary," 62.
12. Liu Chun, "A Serious Battle that Affects the Life and Death of the Party and State," digested in *DFLZ* July 1999 (7), 23; and Liu Chun, *Quanli de dajuan*, 46–49.
13. Wang Huning, *Fan fubai*, 19; Liu Mingbo, "A Comparison," 361; Huang Xuexian, "Exploring," 34–35.
14. Fan Ying, "Fighting Corruption," 205.
15. Wang Zhifang et al., *Fan fubailun*, 5–6.
16. Yu Keping, "On Various Types of Corruption," *Jingji zhengzhi tizhi bijiao* April, 1991 (4), 45–49.
17. "Beware of 'White Corruption,'" *Zhongguo gaige bao*, excerpted in *DFLZ* April, 1999 (4), 24.
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19. Li Junchao, *ibid.*, 136–137.
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26. See for example the delineation of economic crime categories in the Editorial Board of the Book Series on Combating Violations of Economic Laws and Decrees, *Danqian jingji weifa weiji fangzui anli rending chuli pingxi* (The Identification and Treatment of Violations of Economic Laws and Decrees at Present) (Beijing: the Chinese Foursquare Press, 1996); Institute of Applied Legal Studies of the Chinese Supreme People's Court, *Renmin fayuan anlixuan* (The People's Court Selected Collection of Criminal Cases), vols. 1–12 (Beijing: The People's Court Press (Renmin fayuan chubanshe, 1992–96); Editorial Board of the Criminal Case Series of the Supreme People's Procuratorial Office, *Xingshi fangzui anli congshu* (Criminal Casebook Series) (Beijing: The Chinese Procuratorial Press, 1992); and Zhu Jintao et al., *Jingji fangzui bianhu anli xuanbian*.
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