THE CHINESE PROTESTS OF 1989

The Issue of Corruption

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The correlation between rapid socioeconomic change and increased corruption in a modernizing society has been examined by Samuel Huntington and James Scott,[1] and the disruptive and delegitimizing potential of corruption has also been noted by scholars. But corruption has yet to be studied as a key factor destructive of the Chinese political order in general and catalytic to the protests of 1989 in particular. To ignore this issue is to fail to grasp a crucial motivating and mobilizing force of the 1989 movement as a popular rebellion. The frequent neglect of the corruption issue, I suggest, is due partly to an uncritical acceptance of some Chinese reformers' view that corruption bashing is reform bashing, and partly to a related insensitivity to the complaints prevalent among various Chinese circles during the past few years.

Thus, for all the attention given to the events of 1989, we have yet to account for the unprecedented size and spontaneity of the involvement in Beijing and the support outside. Changing political outlooks of intellectuals and students cannot account for the support from those who were politically conservative. Particularistic concerns of workers are insufficient to explain the rare alliance between workers and students. Cumulative effects of the weakening of political control provide few clues to explain why many members of the remaining control systems were supportive of the protests. Lastly, the fractionating of party unity during the crisis explains the sustained length of the demonstrations, but not their scope. The

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1. Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), p. 59; and James C. Scott, *Comparative Political Corruption* (Englewood Cliffs: Prentice-Hall, 1972), p. 12.

breadth and intensity of social support in 1989, unique in post-Mao protest movements, can only be explained by factors germinating from the bottom. In this article, I argue that the social context was pivotal in the popular rebellion of 1989. In particular, the issue of corruption, as the most salient and explosive ingredient of that context, was the key underlying cause of the uprising. Further, I suggest that unless the regime seriously addresses the roots of corruption, the social basis of "instability" will persist despite its efforts to attack the influence of a minority of "instigators."

An emphasis on popular discontent is not meant to downplay systemic factors. In fact, the magnitude of corruption and popular resentment were both recent and suggest deeper causes. One Chinese analyst attributed the problem to the single-minded pursuit of economic reform and the concomitant assumption that the old administrative system would automatically give way to the market.[2] The consequences, from the resultant integration of administrative and market functions, resemble John Fairbank's observation of Kuomintang China before 1949: "Now the official turns capitalist, the result is an unparalleled plundering of the public coffers."[3] As before, such official-based corruption served best to erode the ruling party's command of the people's allegiance, plague the country's modernization course, and nurture social unrest.

The arguments of this paper are three-fold. First, corruption and its social impact had been so wide-ranging and aggravating in recent years that the issue was identified by the broadest spectrum of the society before and during the protests. The issue also had the moralizing and unifying force to rally diverse social groups. Second, inept leadership as well as system and policy failures helped aggravate corruption. These failures have created a curious dilemma for post-Mao reforms: Corruption tends to be associated with reformers and integrity with conservatives; but whether or not to attack corruption becomes an issue of whether or not to reform. The result is the persistence of corruption and delay of systemic solution. Third, a shift of focus by students to the corruption issue in late April was politically successful in linking public discontent over corruption to calls for political change. The new focus presented an issue that the leadership found hard to brand as "bourgeois liberalization" and whose solution called for political reform. Calls for democracy and law to eradi-

2. Li Ming, "On the Way Out at Present for the Reform of Our Country," in Li Shengping, ed., *Sanzhong quanhui yilai zhengzhi tizhi gaige yu shijian* (Theory and Practice of Political Structural Reform Since the Third Plenum) (Beijing: Guangming ribao chubangshe, 1989), pp. 158–62. The views in the article were criticized in the post-crackdown political campaign.

3. John K. Fairbank, *The United States and China* (Cambridge, Mass.: Harvard University Press, 1948), p. 298.

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cate corruption also did not go beyond the socialist system or the party's leadership. Politically safe and out-reaching, the corruption issue was instrumental in amassing public support. In elaborating these arguments, I will outline, first, the pervasive types of corruption in recent Chinese society; second, the social effects of corruption as principal sources of popular discontent; third, recent system, policy, and leadership failures that contributed to the surge in corruption; and finally, corruption as a theme in the leadership struggle preceding the demonstrations and in the popular rebellion itself.

Pervasive Types of Corruption

Three recent coinages have circulated among the Chinese public that describe a topology of various corrupt acts in Chinese society:

Guandao - official racketeering, through the approving and regulating powers of government offices by officials or corporations having formal or informal ties to them.
Example: A corporation staffed with concurrent state officeholders with access to within-plan goods obtains them at state prices for resale at profit.

Zhidao - occupational racketeering, through routine jobs, by ordinary people.
Example: A railway worker profits from transporting forbidden or smuggled goods for individuals, or from obtaining scarce train tickets for travelers.

Sidao - private racketeering, through personal links with individuals of relevant offices or occupations.
Example: A friend of a licensing officer profits from obtaining a taxi-driver's license that entitles a third party to business and cheap gas.

Recent abuse is not limited to racketeering (dao), but *dao* is the key word in the surge of corruption in the 1980s. The above topology neatly delineates the what, who, and how in this surge. Remaining types may be summed up under a "moral corruption" category, whose various forms involve fraudulent and other "immoral" means to profiteer. However, it is not always easy to distinguish between the various types, and an offense can combine the features of several. Unofficial types are also perceived to have been encouraged by official types. As corrupt practices affect peoples' lives more directly, resentment against them exacerbates the indignation at official types.

Official corruption. The first category of official corruption relates to the allocation and distribution of state-controlled items. Three major aspects of the Chinese circulation mechanism for these items have been conducive to abuse: (1) the well-known "double-track" price system, i.e., the within-plan channel of distribution of key inputs and products by the state and

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the outside-plan market channel introduced in post-Mao China; (2) state control at various levels of many durable and imported goods through the Office of Specially Controlled commodities (some army units have separate access to such goods and imports); and (3) state allocation of key financing, investment, hard currency, and quotas for such things as land for building. In each case, access to controlled items entails opportunities for abuse due to price advantages, scarcity, and license restrictions. These opportunities exist at several levels: (a) state agencies with jurisdiction over the size and recipient of within-plan rations; (b) intermediate agencies responsible for further allocation and distribution; (c) manufacturers of rationed goods who control the sale of above-plan output; and (d) agencies responsible for retailing rationed goods. Most subject to official corruption are steel, coal, fertilizer, automobiles, color TV sets, kinescope, cotton, petroleum products, chemical materials, imported goods, and numerous other rationed, luxury, and raw materials as well as the permits for these items.

On the demand side, the multiplication of demands since reform has intensified abuse because existing enterprises, with increased activity, and mushrooming nonstate enterprises compete for limited resources. Within central planning, state enterprises and rural households are not always allocated their needed total inputs; they may know the minimum they are entitled to but not the total amount available from state agencies, and even if they are given permits, they may not always get the actual goods from retailers because of corruption. Other enterprises are given less or no planned supply. With competitive pricing, the stakes are high for all now that they are accountable for their own gains and losses.

These problems have led to three major types of cadre abuse. The first involves quasigovernment corporations with formal or informal ties to regulated items whose access to regulated permits and goods opens the door to corruption in their trading activities. Many such corporations are affiliated with local party and state organs and their officials may hold concurrent posts in these agencies or have close ties to them. In corporations set up by social groups having no formal avenues, individuals with such ties are openly sought. In the various organs of the State Council alone, over 1,000 current and retired officials held posts in such corporations as of May 1989.[4] Some cadres also engage in these activities on an individual basis. The types of official affiliation vary from the central governmental to grass-roots public institutions. The foremost of the quasigovernment corporations, known as the "Big Five," are connected with the State Council itself, and each of them has engaged in considerable illegal specu-

4. *Renmin Ribao* (overseas edition, hereafter OE), May 5, 1989, p. 1.

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lation.[5] Until August 1989, one of them was headed by Deng Xiaoping's elder son. Children of other leaders are perceived to be commonly found in similar corporations, which may be true given the Party's repeated calls for restraining cadres' children from commerce. At lower levels, similar trading companies have been set up by all kinds of institutions: party and state organs, including local branches; retired cadres' associations; enterprises; army units; banks; tax offices; business regulation and license bureaus; police, procuratorial and judiciary units; news agencies; and schools. Profits are used as enterprise funds and employee bonuses.[6]

The second group of corrupt cadres is found among functionaries at state agencies responsible for allocating and distributing resources, and these range from the village up to provincial and ministerial levels. Most offenders are intermediate agents between the state and enterprises (or rural households) at lower levels. But offense at higher levels may exist in more subtle forms because activities are conducted in legitimate corporations. Common abuse includes favored allocation, withholding of rationed goods, and signing of informal permits (known as *pitiao*) for remuneration or other gains.[7]

The third group of cadres consists of managers, purchasing agents, and accountants at the factory level who control which buyers will get the above-plan goods and what prices to enter in the accounting books. These cadres are under pressure from parties whose enterprises depend on the supplies they issue, from their superiors and personal ties, and most of all from the lure of bribery. At the expense of the enterprise and its workers, cadres can sell products at low prices to bribing parties who resell the goods at much higher market prices.[8] Though it is hard to determine the exact extent of this type of abuse, it may be noted that bribe-taking and embezzlement by enterprise cadres make up over half of all cadre economic crimes in various national and local reports.[9]

A second broad category of official corruption concerns law enforcement officials who deal with business activities or economic crimes. They are in tax offices, business regulation and license bureaus, technical inspection bureaus, police units, and courts; misconduct invariably involves the

5. Ibid., August 17, 1989, p. 1.

6. Chen Yonghu, "On the Causes of Official Corruption and Corrective Policies," *Shehui kexue* 12 (December 1988), pp. 31–32; *Shichang bao*, May 29, 1989; *Xinwen bao*, June 13, 1989; *Qinnian bao*, June 30, 1989; *Wenzhai zhoubao*, July 7, 1989, p. 1; *Renming zhengxie bao*, July 7, 1989; *Meizhou wenzhai bao*, July 19, 1989, p. 4. Also *Renmin Ribao* (OE), passim.

7. *Gongren Ribao*, May 2, 1989; *Jingji Ribao*, June 12, 1989; *Wenzhai zhoubao*, June 23, July 17, 1989.

8. See esp. *Meizhou wenzhai bao*, July 19, 1989, p. 4.

9. *Renmin Ribao* (OE), March 30, p. 2; June 29, p. 4; and August 31, 1989, p. 4.

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exchange of power for desired items. Due to the individual level of contact between the parties involved, victims or beneficiaries of cadre graft tend to be private entrepreneurs.

A third major category of corruption arises from the increased role of banks. The strengthening of economic levers such as credit and loans has opened opportunities for abuse that undermines the original purpose. Bank staff members can hold concurrent posts or shares in recipient public or private enterprises, accept kickbacks, favor cronies, or misappropriate funds. The result is not only favoritism but repeated delays of loan payments and use of funds for nonproductive and even personal purposes[10] A final category of official corruption involves two old problems with a new face. The use of public funds to build private homes is not new but there are many new features: greater freedom to buy land, materials available at state prices, and access to more sources of public funds and thus more avenues of appropriation. Likewise, squandering of public funds for feasting has grown in scale and the types of funds involved.[11] Enhanced economic activities may account for the increases, but the openness in which they occur suggests deeper problems.

Unofficial Types of Corruption. Understanding of these types is necessary to appreciate the overall social effects of corruption. In former times, "occupational" abuse mainly involved non-profiting, small favors, but it has now become more open and profit-oriented. Several areas essential to the life of ordinary people—long-distance transportation, utilities, and basic commodities—have been particularly affected. Based on nepotism and cronyism, the exploitation of personal ties also has exacerbated corruption across occupational and official strata.[12] The various acts that fall under "moral corruption" are often attributed to private entrepreneurs, but growing offenses by public enterprises has intensified public outrage. Most prominent among these are tax evasion,[13] fraud (sale and use of counterfeit labels, receipts, seals, IDs, measurements), the "six evils" (prostitution, gambling, etc.), and illegal price hiking.

10. Interviews in China, 1989; also Tian Tao, "China, What Is the Matter with You?" *Jindao yuekan*, no. 7 (July 1989), pp. 3, 6.

11. In one county, 44.5% of party and state officials built homes with public funds (Renmin Ribao [OE], July 6, 1989, p. 1). Also *Renmin Ribao* (OE), February 22 and July 14, 1989.

12. Reports that the purchase of supplies based on profit margins and bribes has increased counterfeit and poor-quality goods is in *Jiefang Ribao*, August 19, 1989, pp. 1 and 3. Also *Wenzhai zhoubao*, July 21, 1989, p. 1.

13. Tax evasion mainly involves urban private entrepreneurs, often up to 70-90% of this group.

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In short, the recent surge in various types of corruption has been marked by increased channels of misconduct, a wider variety of activities affected by it, and less discretion about engaging in corruption. As one provincial governor observed, the ranks of offenders has become higher as "more at higher hierarchies are now involved"; the scope of offense has broadened as "bribes are now needed from private to public affairs"; and the manner of offense has become open as "self-seeking has shifted from indirect hinting to explicit extortion, from uneasiness to unashamedness, and from private to open discussions."[14]

The Social Effects of Corruption

Several opinion polls in late 1988 and early 1989 provide a good indication of public sentiment on the eve of the popular rebellion. A nationwide survey by *Ban Yue Tan* found that people identified corruption (78.15%) and related issues—inflation (65.4%), public security (38.9%), and social inequality (35.15%) as the issues concerning them most.[15] Another poll of social groups asking people what issue most concerned them showed that more people chose corruption over inflation than in previous surveys. It also found that the public had recently shifted its attention from specific concerns over housing and wage matters to the larger problems of corruption and social inequity. Polls of farmers, Beijing youths and prominent personages produced similar results.[16] The salience of corruption in the public mind was not only evident in such surveys but in the many Chinese analyses that linked corruption to other recent problems of social concern.

Social inequality is seen as one of the major consequences of reform for several reasons. Official corruption enhances a sense of the inequality of opportunity for it hinders free competition and rewards the abuse of power. Differences in access to materials supply, pricing credit, and tax benefits affect the real competitiveness of enterprises and individuals. The lack of job choice and mobility renders occupational advantages to certain goods and services. In the pre-1980s such advantages rarely involved profiteering but the stakes are now much higher. Official and other types of abuse also create inequality of opportunity across social groups. Thus, the two groups of "nouveau riche" are widely criticized as having benefited unfairly from reform: "bureaucratic merchants" because of power abuse and urban private entrepreneurs because of tax evasion, bribing, and ran-

14. *Renmin ribao* (OE), October 30, 1987, p. 1.

15. Other issues included continuing reform (30.31%), education (23.53%), agriculture (21.61%), and opening to the outside and foreign trade (2.25%), *Ban Yue Tan*, no. 11 (May 1989).

16. *Jingjixue zhoubao*, May 28, 1989; *Renmin Ribao* (OE), November 1988, p. 1; October 28, 1988, p. 4; and March 4, 1988, p. 4.

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dom hiking of prices. Depicting an entire group as an unfair beneficiary exaggerates the picture, but popular perceptions are meaningful. Official accounts confirm that private entrepreneurs are a top income group, and surveys indicate that tax evasion is a major reason for this group's having "gotten rich first." Bureaucratic merchants, on the other hand, have secured millions from racketeering.[17] As a result, corruption has enhanced a sense of social inequality by creating a system of what the Chinese refer to as the "wrong channels" for getting rich and the "wrong type of people" getting rich. Simply put, it is a system in which one gets rich first if one manages to obtain a few boxes of *Qindao* beer or a few tons of steel at state prices, sells them on the market, and evades taxes. According to one Chinese study, it is this inequality that has generated the greatest public discontent in recent years.[18] An observation in the *Worker's Daily* during the May 1989 demonstrations was illustrative of the intensity of popular outrage:

> The policy of "letting some people get rich first" is not wrong. But many of those who have got rich first are disappointing. . . . Some have made it too easily and too absurdly. Some who should have got rich have not, but some who should not are now filled with wealth. Some have taken advantage of the loopholes in reform, enriching themselves by abusing power or violating laws. These people make one gnash one's teeth and jump to one's feet in anger.[19]

Such reaction is not mere conservative egalitarianism; several Chinese scholars have argued that failure to inhibit unfairness leading to inequality was the biggest mistake in the decade of reform policies.[20]

Corruption is also one of the main causes of inflation and price disorder.[21] A chain of racketeering in which prices are added to inputs is reflected in the cost of the final product. For example, as a principal industrial input and one of the most manipulated commodities, coal is sometimes subject to 49 kinds of middle-link fees and 500% price increases.[22] Similarly, racketeering in rural inputs increases costs for farmers and can sometimes drive an honest farmer to give up. Steep price hikes

17. *Renmin Ribao* (OE), February 8, 1988, p. 3. For correlation between tax evasion and income levels of this group, see *Xiaofei shibao*, April 29, 1989, and *Zhongguo xiaofei shibao*, June 5, 1989; for scale of tax evasion, see *Wenzhai zhoubao*, January 6, 1989; *Renmin ribao*, March 7, and April 25, 1989; and *Wen hui bao*, July 6, 1989. Also *Wen hui bao* (Hong Kong), February 16, 1989.

18. Liu Zhiyu and Lu Zhengyu, "The Relationship Between Income Differences and Social Equity and Their Adjustment," *Shehui kexue* 2 (February 1989), p. 21.

19. *Gongren Ribao*, May 5, 1989.

20. *Baokan wenzhai*, August 15, 1989, p. 2 (from *Xueshujie dongtai*, June 1989).

21. Li Ming, "On the Way Out," p. 159.

22. *Renmin Ribao*, March 29, April 8, 1989; *Jingji cankao*, July 29, 1989.

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in consumer goods hurt ordinary people directly, as do fraudulent goods and measurements, and add further to their frustration over inflation-shrinking incomes. Corruption exacerbates the effects of inflation on the so-called "hard-income" earners whose income is more or less fixed, unlike the "soft" income of those engaged in profit-making. Such gaps are very meaningful when wage levels are only marginally above the safety net and shortages still exist. Inflation is even less tolerable if both inflation and income gaps are perceived to be directly related to corruption. A reporter noted that official corruption "has not generated more revenues for the State. Nor more profits for the enterprise. Nor more income for the worker. It has only meant more cost for the consumer, and more wealth for the speculator."[23] Finally, unfair income gaps make inflation intolerable by intensifying demands for limited goods and services.

One consequence of perceived inequality of opportunity and income is the so-called devaluation of knowledge. Merit seems hardly appealing when the powerful and lawless appear to be getting rich easily while educational, technical, medical, administrative, and other professional personnel are the lowest paid of all social groups. This may have induced some cadres to engage in graft, but the rest of the professional strata have had less opportunity or disposition for corruption. Under reform, college teachers have had the freedom to conduct off-campus projects and classes for additional earnings, but only a relative few have found lucrative rewards for their skills. Primary and secondary school teachers have been hit the hardest, as they possess the least resources and social status. Despite repeated official emphasis on improving the plight of educational personnel, this has remained largely rhetoric. On both national and local levels, pay increases for educational and professional personnel have met with resistance and even strike threats by workers, and for ideological and political reasons, the government has opted for placating the latter. It knows well that it can count on intellectuals' unconditional support for reform.

The atmosphere of profiteering and de-meritocracy has in turn contributed to a value crisis and erosion of morale. As reflected on campuses, young pupils and college students alike engage in commercial activities of their own. Even Wuer Kaixi, student leader in the 1989 demonstrations, was an alleged "smaller racketeer" with a police record. After the failure of the 1986 demonstrations, disillusioned students moved out of political activity and plunged into the commercial wave of 1986–88 in the larger society. Experimentation with materialism, individualism, and just passing grades was popular on many campuses, faculty members observed the

23. *Meizhou wenzhai*, July 19, 1989, p. 4.

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lowest student morale since 1978, and the public complained of the degeneration of students. Underneath the growing cynicism, however, college students' behavior suggests a gradual process of alienation: "reform in 1985, democracy in 1986, love affairs in 1987, and commerce in 1988.[24] The post-1986 period also saw greater interest in Western values and Western civilization on campuses. While ideological vacuum and value crisis were part of the process of socioeconomic change and not exclusive to the college campus, they were felt more acutely in educational circles. Student calls for elevating education during the protests should be understood in this context.

A final consequence of pervasive corruption is a negative psychology of equality approaching what Alan Liu describes as a "culture of corruption."[25] Explicit official corruption encourages similar offenses across bureaucratic ranks as well as throughout the unofficial strata. The sense of unfairness can become a pretext for extortion to get even with someone's perceived unfair earnings. Justification for misdeeds can also be made on grounds of lack of alternatives in a general climate of corrupt activities. Such tendencies caused a curious phenomenon of widespread indignation at corruption amid the widespread practice of corruption. Everyone has suffered from abuse of one kind or another at some juncture; conversely, one feels that a small misdeed of one's own is nothing in comparison with what others are perceived to be doing. (An actress exposed for evading 170,000 yuan in taxes on one local tour complained of unfairness.) Recent folklore reflects this culture of corruption. One saying describes corruption as something "everyone hates but everyone does." Another deplores that "workers, peasants, soldiers, students and merchants, the whole nation is engaged in commerce." Still another warns that "when the whole nation is engaged in commerce, the country is doomed to perish." The corruption issue became a common interest across social groups when reform led increasingly to diverse and conflicting interests among them. This common interest was crucial in bringing the masses together during the 1989 protest movement.

Causes of Corruption

Further evidence that the corruption issue was the key catalyst in the 1989 protests is the wide range of Chinese analyses on corruption as a source of social crisis both before and after June 4, 1989. Candid and sharp, these

24. Tian Tao, "China, What Is the Matter with You?" p. 11, and Li Wenjun, "College Observation: The Wave of Individualism," *Hainan jishi*, no. 5 (May 1989), pp. 18–27.

25. Alan Liu, "The Politics of Corruption in the People's Republic of China," *American Political Science Review* 77:2 (1983), p. 618.

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analyses are interesting to us because they offer insight into Chinese views of the system, policy, and leadership failures that contributed to widespread corruption and because they provide clues to the types of reform the Chinese wanted to see implemented to redress the problem.

Chinese discussions are unanimous in identifying the structural loopholes created by reform as the primary sources of corruption. Three such loopholes are particularly important. The first arises from the semiadministrative and semimarket orientation of the mixed economic system, most notable in the within-plan and market channels of resource distribution. A second structural cause is a lack of institutional provisions for preventing cadre exploitation of new market mechanisms. Due to unclear standard norms of behavior for state agencies under the old *or* the new system, no institutional guarantee prevented the participation of state agencies and functionaries in market activities. Third, the effect of administrative decentralization has been noted in terms of the enlarged powers and sharing of profits by localities that have been introduced without concomitant involvement of workers and others to enforce checks from below.[26] The surge in cadre abuse since reform confirms the vulnerability of mixed economic regulation amid undefined state functions and unchecked decentralization.

The problem, however, is less the loopholes in the reform system than what has been done to prevent their exploitation. It is here that we find Chinese discussions about the problems of the system, policy, and leadership that failed to contain worsening corruption. Many Chinese analyses point to the weakening of traditional control mechanisms and the lack of viable substitutes, especially the rule of law. Based on administrative methods and ideological campaigns, the old control mechanisms evolved and worked under a highly centralized system. Chinese analysts find each of the old methods losing efficacy after reform. Administrative command collides with ideas that reform seeks to promote; ideological education is made difficult by the confusion over changing values. The method of mass campaigns, during which random investigation and prosecution were common, was discredited with the end of the Cultural Revolution, and while this has made it more difficult to exert moral and political controls over corruption, adequate legal reforms have not been established to take their place.[27] Law enforcement is not only ineffectual but often plagued by corruption itself. Adding to these is the ambiguity of existing regulations, legitimately signed permits, and the official capacity of many racketeers

26. Tang Mingfeng, "Further Reform of the (Economic) System and Regulations," *Wenzhai zhoubao*, July 7, 1989, p. 1.

27. Luo Hai Gang, "Exploring the Sources of Corruption Within the Party," *Renmin Ribao* (OE), June 18, 1988.

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and smugglers.[28] The result is a routine neglect of abuse. Further, elite disputes over the effects and direction of reform sometimes compel recourse to old control methods in crackdown campaigns, and such efforts can make corruptors appear as political victims of reform bashers rather than real criminals.

Another aspect of Chinese discussions touches on the lack of democratic supervision and media openness about corruption. One analysis stresses the erosion of the Communist Party's revolutionary tradition of discipline and integrity that originally won the support of the people and brought it to power. As a ruling party, the CCP has weakened its tradition without developing effective mechanisms in or outside the party to ensure that legacy.[29] Moreover, discipline and integrity alone can no longer be counted on, given the nature of economic relaxation, and have become more associated with those who participated less in reform. While the corruptible tendency of reformers may be attributed to their greater involvement in economic activity rather than innate lack of integrity, it provides an easy pretext to blame the reform. Yet, it is the lack of democratic controls rather than reform per se, one reporter noted, that is the problem. For without them, 'it is inevitable that some will promote reform but at the same time use it to benefit themselves. The result is that conservatives attack reform from outside, reformers erode it from within.[30] Still another analysis faults the regime's concern for order and stability, which has become a pretext for putting off political changes essential to control corruption. Without media openness on corruption and policy errors, argued the head of the Chinese Journalism Association, Hu Jiwei, during the May demonstrations, public controls are postponed and this weakens people's sense of social responsibility, suppresses their frustration, and breeds greater danger under the facade of stability and order. In his view, the concern for stability prevents the promotion of public controls in such a way that it has itself become a source of instability.[31]

Other Chinese discussions touch on leadership mistakes in reform strategy, promotion of values, and understanding of corruption that failed to improve structural and moral sanctions against corruption. The positions of both conservative and reformist leaderships have been attacked, although criticism falls more on the latter because it has been the chief executor of post-Mao reforms. The order and nature of the post-Mao re-

28. See Li Kelong, head of the Bureau of Regulations and Laws, General Customs Office, in *Shichang bao*, May 29, 1989.

29. Gao Shanggang, "Causes of Corrupt Phenomenon," *Jingji Ribao*, May 26, 1989.

30. Tian, "China, What Is the Matter with You?" p. 15.

31. Hu Jiwei, "No Real Stability Without Freedom of the Press," *Shijie jingji daobao*, May 8, 1989.

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form program are first cited as being at the root of the corruption problem. Premised on the primacy of economic reform, the program ignores the political aspects of the old economic system. Since the problems of the previous economy did not reside in the economic structures alone, Chinese critics argue, new mechanisms introduced in reform cannot function as expected. Reform theorists, ostensibly those allied with Zhao Ziyang, are partially blamed as their favored program focused, on the one hand, on price reform to shift from a mixed to a market economy and, on the other, on ownership reforms to shift the contract responsibility system to shareholding. The critique against such an order of reform is that administrative pricing and state ownership are embodied in multilayered state agencies, and that these systems cannot be truly transformed without prior reduction of the agencies representing them.

The incompleteness of transformation is conducive to corruption because old functionaries are in place to pursue new interests through old powers and structures. According to this view, the success of rural reform was precisely due to the elimination of the administrative apparatus at various levels of the commune. A reversal of the official reform order would be what Chinese intellectuals call the priority of political reform. Without political reform to eliminate old functions, one scholar argues, any economic liberalization "will inevitably turn power toward money." The result is the combination of the administrator and merchant as Fairbank described. Political reform in this perspective becomes a question of choosing what and whom to sacrifice; the fate of tens of thousands of cadres would be affected by reforms, but corruption affects the interests of more citizens and can be detrimental to the political system. The design of such a faulty reform program is blamed on the lack of democratic input in the reform policy process,[32] testifying to dissatisfactions with Zhao among intellectuals excluded from his small inner circle.

The epitome of Deng's new value orientation, "Let some get rich first," is generally commended, but the lack of qualification on the means of getting rich is said to be conducive to corruption. Both Deng's "cat theory" and the "criteria of production forces" stress ends at the expense of means. The orientation encouraged therein is seen by some as overly materialistic and even vulgar,[33] and is further faulted for deliberately turning people's attention to economic matters and away from other needs and rights. But contrary to the assumption that economic reform will inevitably lead to development of other spheres, one critic finds, material determinism has

32. Li Ming, "On the Way Out," pp. 158–59.

33. *Wenzhai bao*, July 30, 1989; *Guangming Ribao*, July 22, 1989; and *Baokan wenzhai*, August 15, 1989.

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instead allowed economic reform to be eroded by nonmaterial spheres, notably the corrosion of the state apparatus and the moral breakdown of the Chinese individual.[34] On a practical level, in the current period when structural loopholes present incentives for getting rich without regard to the means, the "let some get rich first" idea is found to encourage such practices and legitimate the resultant income inequality.[35]

Inadequate leadership responses to corrupt practices are a further cause of unchecked corruption. The more conservative type of response typically attributes corruption to (a) external sources, or a result of the opening to the outside; (b) ideological sources, or the influence of bourgeois values, and (c) individual sources, or the failure of personal character. For Chinese critics, this line of analysis is mere moral and ideological condemnation and fails to address deeper causes; it tends to fault reform for causing corruption and justify using old control methods and backtracking on reform.[36] Zhao's stand on corruption is criticized equally before and after June 4. One criticism relates to Zhao's thesis that corruption is inevitable in the initial stage of developing a commodity economy and in the transition to a new economic order. This emphasis on objective factors plays down leadership and policy errors and lends justification to corruption. A more popular criticism refutes Zhao's argument that children of cadres enjoy the same rights as other citizens to engage in commerce. Given China's conditions, critics say, cadres' children obviously enjoy unequal opportunities and privileges. Zhao's legitimation of corruption may stem from concerns about his opponents' use of the issue to bash reform, but like the conservatives, he failed to separate corruption from reform or to tackle its real roots.

Taken together, the problems in the policy and value priorities of the leadership were seen by the Chinese as breeding a "social crisis." In the months preceding the 1989 demonstrations, some called for an immediate slowing down of economic reform and speeding up of political reform. Others argued that the instability of political change was preferable to suppressions that could result in the instability of social unrest.[37] But Chinese leaders did not opt for political changes even after economic reform reached an impasse in late 1988, due partly to public intolerance of additional unfair economic burdens. In the process, the leaders also failed to avoid the much-feared outbreak of social turmoil.

34. Li Ming, "On the Way Out," pp. 158–59.

35. Tang Mingfeng, "Further Reform of the (Economic) System."

36. Luo Hai Gang, "Exploring the Sources of Corruption."

37. Li Ming, "On the Way Out," p. 159; Huang Wansheng, "Questions and Answers on the Critique of New Authoritarianism," *Wen hui bao*, February 22, 1989.

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Corruption and the Political Crisis of 1989

It was hardly surprising that the corruption issue was part of the elite debate over backtracking on reform. Corruption was not only linked to factors making up the argument for backtracking but was also a typical concern of veteran leaders. Before the 1988 September plenum devoted to backtracking, Bo Yibo raised before Zhao the issue of involvement of high-ranking cadres' children in profiteering, which was causing much unfavorable reaction in society. Zhao replied that "so long as money is paid, there is no problem. This is the way the market operates."[38] At the plenum Zhao had to concede that corruption was a "major target of public criticism," and he elevated administrative honesty to an issue of extreme importance. He promised forceful measures if needed to avoid social instability. In November, Chen Yun again brought up the issue of party style and party building, both code phrases for corruption and other lapses. The same issues were on the minds of other conservative leaders who rallied to oust Zhao at this time. But the emphasis on party building betrayed their continued belief in ideological and organizational tightening, and their intolerance—out of concern for the Party's image—of a media reference to possible corrupt activities by Zhao's own son, further weakened their position on corruption. Thus, while these leaders had held the high ground in playing up the corruption issue, their preference for traditional remedies was counteractive.

Heated conservative pressure forced Zhao to focus his attention on corruption in the remainder of 1988 and early 1989. From December through January, the Central Committee under Zhao and the legal apparatus under Qiao Shi convened an array of political, ideological, administrative, legal, and procuratorial conferences to address the corruption issue. Zhao launched a series of moves to defend his stand on reform and corruption, continuing to espouse his thesis of the "unavoidableness" of corruption. At the same time, he tried to distance himself from the intellectuals' proposed political changes in order to sustain Deng's patronage. Referring specifically to forces of the "right" who warned against social turmoil if timely political reform was not enacted, Zhao remarked in April that "overhasty and premature" political reform would also lead to instability. Thus, when Zhao might have taken the opportunity for political reform by utilizing the economic stalemate and the signature movement started by intellectuals in early 1989, he avoided it to maintain a balance between the "left" and the "right." The dilemma in the position of leaders on both sides prevented any real solution to either the problem of corruption or the crisis of economic reform. In the same month that Zhao dismissed the

38. *Ching Bao*, January 18, 1989.

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necessity of hasty political reform, the type of instability warned against by the "right" broke out.

Events leading up to the 1989 movement are well known. What is important for our discussion here is the students' shift of focus to the corruption issue after the April 26 *People's Daily* editorial attacking a "small minority" conspiring to create turmoil. It was a turning point in securing legitimacy and a social basis for the protest movement. Whether or not the move was a tactic to mobilize the masses, as conservative leaders would soon claim, the fact that the corruption issue could be used at all was in itself significant. Earlier demands for reversing the party's verdicts on Hu Yaobang and other victims of the 1986 protest meant repudiation of the regime's antibourgeois liberalization efforts. But the new emphasis on democracy and law to eradicate corruption did not go beyond the Fundamental Principles. Nor did it amount to "abstract democracy" or "bourgeois democracy," which had been the party's characterization of the calls for democracy in previous protest movements. Indeed, students' calls in this movement were concrete enough; media openness and political reform were pointedly directed at improved avenues for the exposure, supervision, and legal control of official power abusers. At the same time, the new focus on corruption transcended the sectorally based complaints about the effects of corruption in the educational realm. The issue won the sympathy of school officials who had made a point of keeping students off the streets since the last movement, offered the general public something deeply felt and identified with, and presented the regime with a problem it could not ignore without hurting its own legitimacy.

The issue created a delicate situation for the leadership, for those intolerant of student movements happened to be generally associated with a tough stand on corruption, whereas those more lenient toward student rallies were less so. A subtle change was reflected in the regime's willingness to hold dialogues with students on corruption despite the April 26 editorial. For a moment, the corruption issue could almost be played to the conservatives' benefit. During the dialogue with the government official, Yuan Mu, students raised sharp questions about corruption that hit at the heart of the problem: Why had anti-corruption moves remained more rhetorical than concrete despite the issue being the focus of public discontent? Was corruption an "unavoidable phenomenon" or the result of the leaders' "policy-making errors"? Who were China's foremost "official corruptors?" In his reply, Yuan Mu put policy-making errors at the end of his listed causes but inadvertently admitted that China's foremost official corruptors were the few big corporations affiliated with the State Council. To assure students of "concrete efforts," Yuan pointed out that Li Peng had promised to release investigation results in his government report in

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March. Li Peng, of course, was known to have no children engaged in commerce. Despite students' unequivocal support of reform, their critical view of reform leaders was explicit in the initial dialogues and posters. In the dialogue with Yuan, one student criticized a "leader who takes his wife to golf every week" while the people were being asked to bear the burden of austerity. In the two most popular verses on campuses at this time, Deng's cadres were attacked as millionaires and Zhao's and Deng's sons as racketeers. They were contrasted with Mao's incorruptible cadres, with the upright Zhou Enlai, and with Mao himself who sent his son to the Korean War, where he was killed.

The hard-liners refused to repudiate the earlier line of a "conspiring minority," only refining it to say that the minority was now utilizing the corruption issue. Zhao, however, seized the opportunity to pose as a leader ready to embrace political reform to address the issue, a move that would blame corruption on conservatives if they still refused to endorse political change. In his critical speech on May 4, he departed from the party line to underscore the fact that the protestors' complaints were focused on corruption, not China's fundamental political system. In contrast to the conservatives who blamed the inciting role of a minority, Zhao candidly commented on why so many people were drawn to protest corruption, and why so vehemently. His answers, drafted by the liberal Bao Tong, agreed with intellectuals' analyses of corruption and the linkage of corruption to structural problems.[39]

Resentment of government inaction on corruption was the decisive factor in the involvement of growing numbers of citizens, as National People's Congress representatives from various provinces would later concede. Beijing, as the nation's capital, had known the highest levels of corruption, from high-ranking cadres' children to ministerial-affiliated units. Hundreds of these quasiofficial units or corporations were reported to exist, and even with limited media openness, most residents had heard of or seen cases of official corruption and they believed there must be many more. Daily experience of unofficial corruption gave substance to their sense of injustice and frustration, and as soon as students turned their focus to the issue in late April, citizens embraced the cause. The corruption issue, moreover, was politically safe and traditionally legitimate. While many citizens would stay away from a "bourgeois liberalization" movement, the most timid dared to identify with an anticorruption slogan given the opportunity.

Young workers who joined in the protests before the student hunger strike were vocally critical of Zhao's and Deng's stand on corruption and

39. *Renmin Ribao*, May 5, 1989, p. 1.

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of their children's involvement; shouts of "down with Zhao" were heard in front of the Xinhuamen Gate. Other complaints included the overheated economy and inflation, both associated with Zhao's policies. When Zhao took the opportunity of his meeting with Gorbachev to reveal that the country's policies had all been approved by Deng Xiaoping, one natural reaction was that it was an attempt to shirk responsibility. Though there were few specific criticisms of conservatives at this time, the protests may be seen as directed at the regime as a whole because of failure by the entire leadership to tackle corruption. The corruption issue remained central after the escalation of demonstrations inspired by the hunger strike. The appeal of the hunger strike was decisively enhanced by the contrast of self-sacrifice with the moral bankruptcy of official racketeers. The convergence of strong sentiments arising from this contrast and outrage at official insensitivity toward patriotic protesters of corruption contributed to the massive public participation in the mid-May demonstrations. The largest on May 17 best indicated the public's indignation; amid expressions of support for students, the mass of protesters gave warm approval to slogans and shouts from staff members of the Central Bank and the General Customs Office: "Freeze the bank accounts of official racketeers"; "No loans to official racketeers"; "We have ironclad proof of official corruption"; and "Hard currency belongs to the people."

The corruption issue sheds light on why those least likely to participate did so—cadres and professionals from various organs of the central party, government ministries, and other state and city agencies. Many are known for their political caution and conservatism. It is hard to imagine that they would openly rally for any cause, however heroic, were it not politically legitimate and safe. A related factor was the level of detachment from corruption, namely, whether those who demonstrated were among the uncorrupt cadres or from agencies less associated with corruption. Some participants underscored the intolerable scale of abuse, unfair opportunities, and increasingly inadequate income levels, and they were generally concerned with the larger question of the country's future should the present climate continue.[40] Conversely, the question of who did not participate was equally important. A major corporation, qualifying as an "official corruptor," was the financial sponsor of the Tiananmen sit-ins as it was headed by Zhao's close allies. Others kept a low profile. Of the few colleges that refrained from initial involvement, the case of the school affiliated with the Ministry of Economy and Trade was curious because cadres under the ministry were likely targets of corruption bashing. Another school inhibited from initial participation was affiliated with the Ministry

40. Interview in China, 1989.

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of Foreign Affairs. When its students and faculty were finally allowed to march, their placards stated their motive for taking to the streets: "With domestic politics so corrupt, why bother about foreign policy?"

The corruption issue must be emphasized to understand why social groups that were politically inactive but reputedly corrupt supported the protest movement. One such group was the railway workers, among whom occupational corruption is frequent. The most active in this category though were the urban private entrepreneurs. Often resented for "having got rich first" by lawless means, younger people in this grouping were among the most staunch supporters of the protests in Beijing and elsewhere. They made generous donations and used their motorcycles, both signs of unusual wealth, to assist the protesters. Many of them were also typical types of the so-called "hooligans" who were blamed for turning the movement violent in its last stage. Some local newspapers even blamed this group of "ruthless nouveau riches" (*bao fu*) for having created the social inequalities that led to the protests in the first place; likewise they wondered why the well-intended popular movement ended with such supporters.[41] The question, indeed, is what was this group protesting against since many of those actively involved did appear to be well-to-do? One campus poster may have suggested an answer: "Small corruptors go to jail. Middle-level corruptors make self-criticism. Big corruptors continue to chair meetings. Small corruptors cry out, this society is so unfair! Big corruptors laugh, might makes right!" Small corruptors or unofficial types, moreover, were frequent victims of official corruption as well.

Finally, the size and composition of provincial support were influenced by the corruption factor. Impressionistic evidence suggests that where corruption was more acutely felt or better reported, support from the noneducational community tended to be more pronounced. In commercialized and open Shanghai, where corruption was pervasive, the degree of nonstudent support was notably larger and more vocal than in nearby, less developed Suzhou. Shanghai citizens were likely to identify both national and localized distress, whereas the anger in Suzhou was directed at the more remote corruption of Zhao's and Deng's sons. In comparison with Beijing, less enthusiasm for the protests and greater willingness to cooperate with the city government among Shanghai citizens may be explained by the fact that the most hated level of corruption was at the center, i.e., Beijing, and also that the exceptional popularity of Shanghai's mayor rested on his tough stand on corruption. In Sichuan Province, the capital city of Chengdu saw the worse violence outside of Beijing, but nearby Chongqing, larger yet less powerful and open, only witnessed brief mass

41. E.g., *Lianhe shibao*, June 23, 1989.

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rallies during the hunger strike in Beijing. As in Shanghai, prolonged student activity came to be resented by some citizens.[42] In Guangzhou and Shenzhen, the two places most reputed for speculative activities (legal or illegal), limited citizen support may be tentatively attributed to two factors. First, trading activities are routinized there and often cannot be differentiated from corruption, and second, such activities tend to earn profits from interior provinces to the benefit of local residents.

Zhao's eventual success at winning over nonstudent protesters can be largely attributed to his approach of treating the movement as an outlet for the legitimate discontent of a majority. His compromise solution to the crisis, reportedly defeated in the Politburo, proposed disclosure of financial information about officials above the ministerial level and investigation of high-ranking cadres' children, starting with his own. The move was much more sincere than the earlier arrangement by city officials to disclose their financial backgrounds. Other moderate leaders also played down the role of instigators and stressed the legitimate call for democracy to end corruption. In contrast, despite his efforts to remind students of his untainted children and hint at Zhao's impediments to anticorruption drives, Li Peng's confrontational style alienated students during his dialogue with them on May 19. As for Deng Xiaoping, who sees order as the highest political good and the precondition for economic development, the increasingly disruptive situation no doubt required a forceful crackdown.

Conclusion

In one of his post-June 4 internal speeches, Deng summed up the lessons of the 1989 turmoil by admitting that the party's negligence on corruption had sowed the seeds for social discontent. Accordingly, he proposed a temporary halt to discussion of controversial reform theories and the immediate tackling of a few "concrete" problems that concerned the people, i.e., corruption and inflation.[43] Deng's assessment of the impact of corruption may be adequate but his proposed treatment of the symptoms suggest a persisting blindness to deeper causes. Recent corruption, as I have noted, is rooted in the order and nature of Deng's reform program. One-sided reform has added market functions to an administrative apparatus that was already plagued by overconcentration of power and lack of institutional control. The resulting massive abuse and social cost were passed on to citizens who were not involved in the political process. This created a crisis of political legitimacy that brought together the education commu-

42. Interviews and observations in China, 1989.

43. Informants who attended the report sessions, June 1989.

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nity and the general public, and combined in the Chinese protests of 1989 the goals of fighting corruption with those of enhancing democracy.

This is the reason why the difference between a discontented majority and an opposition-motivated minority was less than clear, and it determined both the nature of the movement and the difficulty of subsequent de-legitimation. As the cutting edge of the 1989 mass uprising, the combination of discontent and opposition was a new element in post-Mao protest movements. Likewise, the two types of turmoil envisioned by Chinese leaders and intellectuals—the instability of hasty political reform and the instability that the lack of urgent political reform will cause—combined to haunt China during the demonstrations. Not only intellectuals but the general public rose to challenge the validity and cost of Dengist stability. The crackdown was justified on arguments of restoring that stability, but it created an additional legitimacy question of why protesters rather than corruptors were penalized for causing instability. Post-June 4 ideological work has focused on a distinction between a well-intended majority and a subversive minority. Its success will depend on how convincingly it can separate political change from the eradication of corruption. The media has highlighted the inciting role of exaggerated corruption stories and the sensational Western media. Both may well be true, but this fails to locate the ultimate cause of misinformation. The emphasis on stability has played effectively on fears of anarchy and memories of the Cultural Revolution, but ultimate success will depend on how the real roots of social turmoil are handled.

Post-June 4 campaigns against corruption, economic crimes, and the "six evils" have helped contain deterioration in these respects. The resort to campaign methods, however, suggests that any success can be temporary. Short of attacking systemic causes, a resumption of the reform momentum and relaxation of the political climate will lead to a resurgence of old problems. The Chinese leadership and people face an unavoidable task: sooner or later, the political aspects of reform will have to be addressed and the choice between the instability of political change and the instability of social unrest will have to be made.

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