

Corruption

IS CORRUPTION THE END OF THE PARTY?

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Background

- In tandem with China's stellar economic growth, corruption has increased dramatically. According to Transparency International's Corruption Perceptions Index 2007, China scored a 3.5 (up from 3.3 in 2006) on a scale of 1 to 10, with 10 being least corrupt—ranking 72nd out of 179 countries surveyed, on par with Brazil, India, and Mexico.
- The Central Commission for Discipline Inspection reported that as of June 2007, it had investigated 24,879 cases involving bribes totaling over RMB6 billion.
- In March 2008, it was reported that the Supreme People's Procuratorate investigated more than 209,000 officials from 2002 to 2007, down 13.2 percent from the previous five years, in almost 180,000 cases of embezzlement, bribery, dereliction of duty, and violation of rights, down 9.9 percent during the same period; the number of those convicted rose 30.7 percent to almost 117,000.
- In 2006, a total of 178 police officers were convicted on criminal charges, and 273 members of the procuratorate were disciplined for corruption and misconduct. Of these, 47 officials were prosecuted for involvement with organized crime.
- Half of corrupt officials who flee China are heads of state firms. Corruption is rife in the construction and real estate sectors, where huge investment in new infrastructure projects creates numerous opportunities for corruption, and where the shady requisition of land for such projects has become a major source of growing social unrest in rural China. In 2008, it was reported that 2,700 officials had been referred for prosecution on land-use violation charges and that over 31,000 cases were under investigation.
- More broadly and troubling, the main causes of corruption may be structural, arising from economic distortions as society shifts from a state-centric to a more market-oriented system.
- More worrisome still is new evidence of two forms of corruption—rising venality in office and alliances between corrupt officials and organized crime, as well as indications that younger officials are increasingly involved—which could corrode the state's viability as a governing institution and threaten the legitimacy of the Chinese Communist Party.

NOTABLE CORRUPTION CASES

- **June 2006:** Liu Zhihua, the vice mayor of Beijing and supervisor for Olympic construction, was fired for corruption, reportedly taking "several million yuan in bribes and [helping] his mistress to seek profit in projects."
- **April 2008, Yunnan Province:** Six villagers were shot, one killed, and more than 20 injured by police during a protest against plans for a tungsten mine in Saixi village. Villagers were protesting the amount of compensation offered by the government for their land.
- **September 2006:** Former Shanghai mayor Chen Liangyu was fired and arrested for corruption. Along with two dozen other Shanghai officials, he has since been charged with "lending" RMB4.3 billion from the municipal social security fund to real estate speculators.
- **October 2006:** Former National Bureau of Statistics head Qiu Xiaohua was arrested for suspected involvement in a huge social security fund scandal and was expelled from the Communist Party for taking bribes and having more than one wife.
- **July 2007:** Zheng Xiaoyu, former chief of the State Food and Drug Administration, was executed for accepting \$850,000 in bribes and kickbacks from eight companies. He had been the top regulator of food and drug safety from 1998 to 2005. His corrupt practices allowed many pharmaceuticals, including six fake drugs, to be sold in China.

Current Situation

- Since 1989, the Party has launched a series of high-profile anticorruption campaigns. In 2005, it began an old-style rectification campaign partly to address corruption but also the “moral degeneration” of its members. In March 2008, the Party unveiled a five-year plan for anticorruption work. That said, lack of enforcement continues to stymie the central authorities’ anticorruption efforts, especially at local levels. These campaigns can also serve to undercut the institutionalization of the legal system in China, as Party censure and disciplinary measures often replace criminal prosecution.
- In 2007, China established a National Bureau of Corruption Prevention (NBCP), which circumvents local governments and reports directly to the State Council. Focusing on prevention rather than punishment, the NBCP inspects anticorruption work at various levels, closing loopholes in the current system and standardizing policies for anticorruption work. When the NBCP launched its Web site soliciting input from the public in December 2007, the site crashed due to the overwhelming response.
- A 2008 Pew survey reported that nearly 8 in 10 Chinese believe corrupt officials are a big problem in their country. Corruption persists because officials and powerful businesspersons can get away with it: The Chinese political and legal system lacks across-the-board accountability, checks and balances, and competency (let alone independence) or even a quasi-independent anticorruption agency.
- Although economic losses from corruption are astonishing—estimated to be as high as 5 percent of GDP—China’s economy pays a small price and foreign direct investment (FDI) continues to pour in. FDI for 2007 amounted to \$82.7 billion.

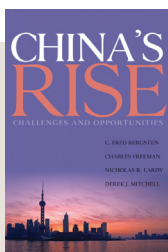
Implications

- The Party’s inability to control corruption has undoubtedly damaged its reputation; however, the problem does not yet pose an imminent threat to the Party’s ruling status. The central leadership, with its open appeals to combat corruption, has been largely successful in casting itself as an opponent of corruption and defender of the “little guy” who bears the brunt of local-level malfeasance.
- However, as long as the Party remains above the law and free to police itself, particularly at the local level, corruption will remain rampant. This approach can probably be sustained as long as economic prospects are good for the majority of citizens, the Party continues its high-profile anticorruption campaigns, and disgruntlement arising from official wrongdoing remains localized and contained.
- The United States can certainly play a constructive role in China’s anticorruption battle. Indeed, the U.S. government and nongovernmental organizations have been instrumental in the construction of China’s legal system and the ongoing implementation of the rule of law. A number of Chinese intellectuals compare present-day China to nineteenth-century America—with its robber barons and Tammany Hall politics—and acknowledge that China can learn a lot from the U.S. experience in combating corruption and establishing clean government.

“RESOLUTELY PUNISHING AND EFFECTIVELY PREVENTING CORRUPTION BEARS ON THE POPULAR SUPPORT FOR THE PARTY AND ON ITS VERY SURVIVAL, AND IS THEREFORE A MAJOR POLITICAL TASK THE PARTY MUST ATTEND TO AT ALL TIMES.”

—HU JINTAO, OCTOBER 15, 2007

VETERAN CHINESE LEADER CHEN YU SUMMED UP THE DILEMMA FACING THE PARTY: “FIGHT CORRUPTION TOO LITTLE AND DESTROY THE COUNTRY; FIGHT IT TOO MUCH AND DESTROY THE PARTY.”



FOR FURTHER INFORMATION:
SEE CHAPTER 5: “CORRUPTION IN CHINA: CRISIS OR CONSTANT?” & CHAPTER 3: “DEMOCRACY WITH CHINESE CHARACTERISTICS? POLITICAL REFORM AND THE FUTURE OF THE CHINESE COMMUNIST PARTY” IN *CHINA’S RISE: CHALLENGES & OPPORTUNITIES*
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