

The Intensification of Corruption in China

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ABSTRACT Although most analysts agree that corruption has worsened since the advent of reform, this article argues that whereas the first stages of reform witnessed a quantitative increase in corruption, during the 1990s corruption underwent a qualitative change as high-level, high-stakes corruption increased more rapidly than other forms of official malfeasance. Drawing together data from the Party discipline inspection system, the state supervisory system and the judicial procuratorial system, the article examines in detail trends in forms of official misconduct broadly defined and corruption more narrowly defined as the use of public authority for private gain, charting not only overall trends in malfeasance and corruption but also trends in the number of “major cases,” cases involving senior cadres, and the amounts of corrupt monies. Its finding that corruption has intensified raises important questions about the efficacy of enforcement, the link between the deepening of reform and the intensification of corruption, and the economic consequences of intensification.

It is widely held that corruption in China has increased to epidemic or even endemic levels since the advent of reform in the late 1970s.¹ Given an apparent rise in the number of high profile cases in recent years, there seems little reason to doubt that corruption has worsened.² Yet conventional wisdom inadequately recognizes that whereas the early reform period was characterized by a quantitative increase, the later reform period witnessed an “intensification” of corruption. After increasing dramatically during the 1980s, the overall incidence of corruption actually remained relatively constant during the 1990s. This is true not only when it is narrowly defined as “the use of public authority for private gain,” but also for “official malfeasance” broadly defined as improper or illicit behaviour by public officials. The severity of corruption, as reflected in the percentage of major cases filed, the number of senior cadres charged and the amounts of corrupt monies uncovered, however, continued to increase even as the overall incidence remained relative constant during the later 1990s. Corruption thus “intensified” in the sense that high-level, big-stakes corruption increased more rapidly than “ordinary” corruption and other forms of official malfeasance.

To some, it may seem obvious that corruption has intensified. Scandals such as the Chen Xitong and the Yuanhua smuggling cases certainly

1. Michael Johnston and Yufan Hao, “China’s surge of corruption,” *Journal of Democracy*, Vol. 6, No. 4 (October 1993), pp. 80–94; Hilton Root, “Corruption in China: has it become systemic?” *Asian Survey*, Vol. 36, No. 8 (August 1996), pp. 741–757; and Minxin Pei, “Will China become another Indonesia?” *Foreign Policy*, Issue 116 (Fall 1999), pp. 94–110.

2. Ting Gong, “Dangerous collusion: corruption as a collective venture in contemporary China,” *Communist and Post-Communist Studies*, Vol. 35, No. 1 (March 2002), pp. 85–103 and Zengke He, “Corruption and anti-corruption in reform China,” *Communist and Post-Communist Studies*, Vol. 33, No. 2 (June 2000), pp. 243–270.

seem to provide sufficient prima facie evidence of increasingly serious corruption. Intensification is not, however, synonymous with the exposure of a few extraordinary cases. Rather it implies a qualitative shift from a situation of generalized or diffuse corruption along the rank and file to one in which it becomes increasingly concentrated at more senior levels. Thus while major scandals may provide anecdotal evidence of increasing corruption among senior cadres they do not necessarily demonstrate intensification. To prove intensification requires systematic data showing a discernable shift in the overall pattern of corruption and official malfeasance.

The importance of demonstrating intensification is not simply technical. If corruption has intensified this raises important and heretofore largely ignored questions about the consequences of corruption. Although the rise of corruption is widely discussed and it is widely assumed that it has negative consequences, the fact remains that the Chinese economy has performed remarkably well. Between 1979 and 2002 the Chinese economy outperformed the rest of the world by a factor of ten, with gross domestic product (GDP) growing 500.8 per cent in real per capita terms versus a global average of 44.6 per cent.³ If corruption increased in gross quantitative terms during the initial phase of reform and intensified in the later phases, then simple assumptions about its negative economic consequences clearly need to be critically re-examined and the apparent contradiction between rising corruption and rapid growth in China resolved.

Before attempting to resolve this contradiction, however, it is necessary to examine carefully the “explosion” of corruption during the post-Mao period and to develop as comprehensive and systematic picture of trends as possible. This article therefore uses data from the three agencies (the state supervisory system, the Party discipline inspection system and the judicial procuratorial system) which have jurisdiction over what Chinese law defines as corruption (*fubai*) and other forms of official misbehaviour (such as dereliction of duty, torture and so on) which Sinologists include in their definitions of corruption to assess long-term trends in corruption narrowly defined and “official malfeasance” broadly defined.

Corruption and Malfeasance

To measure corruption, it must first be defined. Scholars have long argued about this, with some favouring legally based definitions, others preferring normative based definitions and still others using functional or market-oriented definitions.⁴ In the China field, the tendency has been to define corruption as virtually any form of “improper” behaviour by either

3. International Monetary Fund, *World Economic Outlook 2003*. The gap is narrowed if we assume lower growth rates for the post-1997 period, but only slightly.

4. Anne Deysine, “Political corruption: a review of the literature,” *European Journal of Political Research*, Vol. 8, No. 4 (December 1980), pp. 447–462.

a state official or a member of the Communist Party. Ting Gong's definition, for example, includes graft (*tanwu*),⁵ bribery (*xinghui*) and misappropriation of public property (*nuoyong gongkuan wu*) along with seeking illicit benefits for relatives and friends; neglecting official duties; nepotism and favouritism; shirking; retaliation; making false accusations; filing false reports; boasting and exaggerating; banqueting at public expense; running unauthorized businesses; profiteering; housing irregularities; living lavishly; engaging in improper sexual relations; forming cliques; gambling; whoring; excessive spending on marriages and funerals; engaging in superstitious activities; smuggling; selling state secrets; engaging in insider stock trading, engaging in real estate speculation and fraud; evading taxes; engaging in financial fraud; making illegal and irregular bank loans; and diverting and selling disaster relief goods.⁶ Liu includes some of these offences in his catalogue of corrupt activities, but also lists sexual abuse of women, cheating in school examinations, promoting false models, engaging in feudal rites and irregularities in Party membership.⁷ Kwong notes that the popular definition of corrupt behaviour includes deceit, drunkenness, "impropriety," womanizing, and "offending public morality."⁸ Myer, on the other hand, argues that many such offences cannot be defined as corruption per se but are instead deviations from standards of official righteousness and so proposes that they be defined, along with corruption narrowly defined, as "unhealthy tendencies."⁹

On one level, an expansive definition is unproblematic because the Chinese public tends to view corruption in very broad terms. However, it has been commonly defined by scholars as the "use of public authority for personal gain" and includes bribery, extortion, fraud, trafficking, embezzlement, nepotism and cronyism.¹⁰ Thus defined, many of the offences included in the broad definition common in the China field are actually

5. Although, the conventional translation of *tanwu* is "corruption," I render it as "graft" in order to differentiate it from the broader term *fubai* which includes graft, bribery and embezzlement.

6. Ting Gong, *The Politics of Corruption in Contemporary China* (Westport, CN: Praeger, 1994), p. 9 and Ting Gong, "Forms and characteristics of China's corruption in the 1990s: change with continuity," *Communist and Post-Communist Studies*, Vol. 30, No. 3 (September 1997), pp. 278–286.

7. Alan P.L. Liu, "The politics of corruption in the People's Republic of China," *American Political Science Review*, Vol. 77, No. 3 (September 1983), p. 604.

8. Julia Kwong, *The Political Economy of Corruption in China* (Armonk, NY: M.E. Sharpe, 1997), pp. 12–18.

9. James T. Myers, "Modernization and 'unhealthy tendencies,'" *Comparative Politics*, Vol. 21, No. 2 (January 1989), p. 196.

10. See J.S. Nye, "Corruption and political development: a cost-benefit analysis," *American Political Science Review*, Vol. 61, No. 2 (June 1967), pp. 407–417; Carl J. Friedrich, *The Pathology of Politics: Violence, Betrayal, Corruption, Secrecy, and Propaganda* (New York: Harper & Row, 1972), pp. 127–135; Jacob van Klaveren, "The concept of corruption," in Arnold J. Heidenheimer (ed.), *Political Corruption: Readings in Comparative Analysis* (New Brunswick, NJ: Transaction Books, 1978), p. 39; Peter de Leon, *Thinking About Political Corruption* (Armonk, NY: M.E. Sharpe, 1993), p. 25; and Michael Johnston, "The search for definitions: the issue of vitality of politics and the issue of corruption," *International Social Science Journal*, Vol. 49, No. 3 (September 1996), pp. 321–335.

other forms of abuse of power, improper conduct and degeneracy. If we assume that the primary consequences of corruption are political and hence likely to result in regime decay and crisis, then there is perhaps little need to distinguish between corruption narrowly and formally defined and corruption broadly and informally defined. If, however, we follow the conventional wisdom in economics¹¹ and assume that it also has important economic consequences, then it is necessary to distinguish between corruption in the form of the usurpation of public authority for private gain (such as bribery), non-economically based forms of official malfeasance involving for example abuse of power (such as torture) and individual misbehaviour (such as drunkenness). The reason for making this distinction lies primarily in the differences between abuse of power and corruption. When an official abuses his power, he attempts to make himself a law unto himself and hence violates his role as an agent of the state. When an official engages in corruption, on the other hand, he not only abrogates his responsibilities as an agent of the state but also attempts to transform his office into a private benefice or property. Abuse of power thus results in decay of the state while corruption transforms and privatizes public authority. Moreover, whereas abuse of power and violations of the rule of law are likely to result in the arbitrary exercise of state authority,¹² corruption can result either in the arbitrary and predatory exercise of state authority (even to the point that the state becomes a “kleptocracy”) or the formation of collusive relationships between officeholders and specific economic interests. The consequences of corruption narrowly defined may, therefore, be significantly different from those of other forms of malfeasance, with corruption most likely to affect the economy and non-corruption malfeasance more likely to affect the integrity and viability of the state.

Chinese law does, in fact, make a distinction between corruption and other forms of official malfeasance. It distinguishes between “economic crime” (*jingji zuixing*) – which includes graft, bribery, embezzlement, tax evasion and copyright fraud – and “disciplinary crime” (*faji zuixing*) – which includes criminal negligence, dereliction of duty and a variety of civil rights violations. Party regulations differentiate political offences (such as counter-revolutionary activity, factionalism and “heterodoxy”) from improper conduct (such as arbitrary and dictatorial exercise of power, insubordination, and bureaucratism) and economic offences (such as bribery, corruption and embezzlement). The state supervisory system also distinguishes between economic offences, political offences (such as

11. Paolo Mauro, “Corruption and growth,” *Quarterly Journal of Economics*, No. 110 (1995); George Abed and Hamid Davoodi, “Corruption, structural reforms and economic performance in transitional economies,” *IMF Working Paper 00/132*, 2000; Stephen Knack and Philip Keefer, “Institutions and economic performance: cross-country tests using alternative institutional measures,” *Economic and Politics*, No. 7 (1995); and Beatrice Weder, *Model, Myth, or Miracle? Reassessing the Role of Governments in the East Asian Experience* (New York, NY: United Nations University Press, 1999), pp. 145–46.

12. Murray Scott Tanner, “Shackling the coercive state: China’s ambivalent struggle against torture,” *Problems of Post-Communism*, Vol. 47, No. 5 (September/October 2000), pp. 13–30.

insubordination, leaking of state secrets and violation of democratic rights), and “administrative” misconduct (such as bureaucratism, abdication of authority and inefficiency).¹³

Thus, in accordance with the conventional definition of corruption and with Chinese administrative practice, I divide the many forms of official malfeasance listed by Gong, Myers, Liu and Kwong into two subcategories: corruption and official misconduct. Creating such a distinction allows me first to compare the rate of growth in economic offences to that of disciplinary, political and administrative offences, and then to compare the rate of growth in high-level, high-stakes corruption to that of “ordinary” corruption. I can thereby test whether official malfeasance has increased in purely quantitative terms or whether a surge in high-level, high stakes corruption has caused a qualitative increase in intensity.

The analysis relies on official data which are, naturally, subject to suspicion. Not only is there the possibility of false reporting, but even under the best of circumstances these data measure the “revealed rate of malfeasance” (RRM), not the “actual rate of malfeasance” (ARM), which remains inherently unknowable due to the sub-rosa nature of corruption. The RRM inevitably diverges from the ARM because some amount of malfeasance will go undetected and some offenders may go unpunished. Thus changes in the RRM can result from changes in the ARM, changes in the intensity of anticorruption activity, or even chance. We cannot be sure, therefore, whether the RRM is a simple linear function of the ARM – and thus a reasonable proxy for measuring shifts in the ARM – or whether variations in width of the RRM–ARM gap render the RRM a nonlinear function of the ARM and hence an unreliable proxy.

But we are not entirely blind. We can assume, for example, that if the regime announces an anticorruption drive and the RRM goes up, most of the jump can be attributed to intensified enforcement and hence a narrowing of the RRM–ARM gap, rather than a sudden rise in the ARM. Similarly, if the intensity of enforcement remains relatively constant and we see the RRM rising over a period of time, then we might reasonably assume that the ARM is also increasing. If, however, we see only a short-term jump in the RRM without an intensification of enforcement, then we might assume that the jump was due to luck.¹⁴ Ultimately, because the major source of changes in the RRM–ARM gap is likely to come from shifts in the intensity of enforcement and the most significant shifts will come from publicly orchestrated anticorruption campaigns, we can at least control for possible variations across time in the RRM–ARM

13. Zhang Kungsheng (ed.), *Dangji zhengzi yinan wenti jieda (Answers to Difficult Questions in Party and Administrative Discipline)* (Beijing: Zhongguo jiancha chubanshe, 1998); Zhang Qiang (ed.), *Tanwu huilu, duzhi, “qinquan” fanzui anjian li’an baozhun jingshi (An Explanation of the Criteria for Filing Criminal Charges in Corruption, Bribery, Dereliction of Duty and Violation of Rights Cases)* (Beijing: Zhongguo jiancha chubanshe, 2000); Ministry of Supervision, *Xingzheng jiancha jichu (The Foundations of Administrative Supervision)* (Hangzhou: Zhejiang renmin chubanshe, 1989); and Lu Kuiming (ed.), *Jicha gongzuo jiben guifan (Essential Standards for Disciplinary Work)* (Shanghai: Shanghai yuandong chubanshe, 1994).

14. Although it is tempting to assume that “luck” (random chance) would have a major affect on the RRM–ARM gap, this is not likely to be true because “luck” will probably be balanced out by “ill luck.”

gap. As a result, while the RRM is not a wholly accurate measure of the underlying ARM and is inevitably a fractional part of it, when used judiciously it can provide a reasonable indicator of trends in the ARM.

The Supervisory System

Set up by the State Council in 1987, the Ministry of Supervision was responsible for monitoring government departments, state organs and public officials, and maintaining administrative discipline.¹⁵ It had the authority to impose administrative sanctions (*xingzheng chufen*) in cases involving less than 2,000 *yuan* ranging from reprimands to discharge. Cases of more of 2,000 *yuan* or involving criminal activities were to be referred to the procuratorate for investigation and possible criminal prosecution. Following the establishment of the Ministry of Supervision, provincial governments set up their own supervisory bureaus during 1988, with offices extending down to the county level. The central ministry, meanwhile, set up specialized bureaus responsible for supervisory work in industry; finance, banking and foreign affairs; government, education and public health; agriculture; and construction and transportation; as well as three regional bureaus and offices within the various government ministries and state-owned enterprises.¹⁶

From its inception, the jurisdiction of the supervisory system was unclear. Prior to the establishment of the Ministry of Supervision, the Party's Central Discipline Inspection Commission and lower level discipline inspection committees (DICs) had exercised jurisdiction over disciplinary infractions involving Party members holding governmental positions. With the establishment of the supervisory system, the Central Committee and the State Council formally transferred primary authority for cases involving state officials to the Ministry of Supervision, regardless of whether the accused was a Party member or not. Under this arrangement, the DICs could no longer impose administrative sanctions, but were limited instead to imposing Party disciplinary sanctions (*dang-ji*).¹⁷ In theory, therefore, because the supervisory system was concerned with enforcement of administrative discipline while the DICs focused on Party discipline, the two agencies operated in separate spheres, although an individual accused of wrongdoing might face both administrative and Party sanctions.

In actual practice, the jurisdiction of the DICs and supervisory bureaus could not be neatly segregated because most state officials are also Party members. As a result, in most cases both agencies became involved in the investigation process. Because it made little sense for both to conduct independent investigations, there were often joint investigations. In some cases, particularly politically sensitive cases involving key Party members, the DICs claimed primary jurisdiction and sought to prevent the supervisory bureaus from becoming involved until they deemed it appro-

15. Ministry of Supervision, *The Foundations of Administrative Supervision*, pp. 42–55.

16. *Ibid.*

17. Kolenda, "One party, two systems."

priate for the case to be handed over to the supervisory system for further action.¹⁸

After six year of parallel operation, the supervisory bureaus and DICs were effectively merged in 1993–94. Although each retained a separate organizational identity, after 1994 they conducted joint investigations. In theory, the supervisory system retained control over the handing down of administrative sanctions and the DICs handled Party sanctions. The annual reports on supervisory activity found in provincial yearbooks indicate, however, that for all intents and purposes the DICs assumed responsibility for conducting disciplinary actions against individuals while the supervisory system assumed responsibility for dealing with institutional malfeasance.

According to regulations, the supervisory system was responsible for maintaining political, economic or administrative discipline.¹⁹ Political offences included:

- Insubordination
- Spreading of lies and falsehoods
- Acting in an aristocratic and monopolistic manner, suppressing democracy, and engaging in retaliation
- Selling economic intelligence and damaging the national interest
- Revealing state or Party secrets

Economic offences included:

- Wasting public resources and causing losses
- Graft
- Bribery
- Theft
- Smuggling
- Fraud
- Blackmail
- Holding or trading in foreign exchange
- Seeking private gain while engaging in foreign inspections and visits
- Signing foreign contracts without appropriate investigation
- Failing to seek compensation for defective imports or exports
- Colluding with foreigners to manipulate prices and cause losses to China

Administrative offences, finally, included:

- Bureaucratism
- Errors in policy making
- Dereliction of duty
- Negligence

18. Keith Forster, "The 1982 campaign against economic crime in China," *The Australian Journal of Chinese Affairs*, No. 14 (July 1985), pp. 1–19 and Chang I-huai, "An analysis of the CCP's role in mainland China's state supervisory system," *Issues & Studies*, Vol. 34, No. 1 (January 1998), pp. 38–78.

19. Ministry of Supervision, *The Foundations of Administrative Supervision*, pp. 97–98.

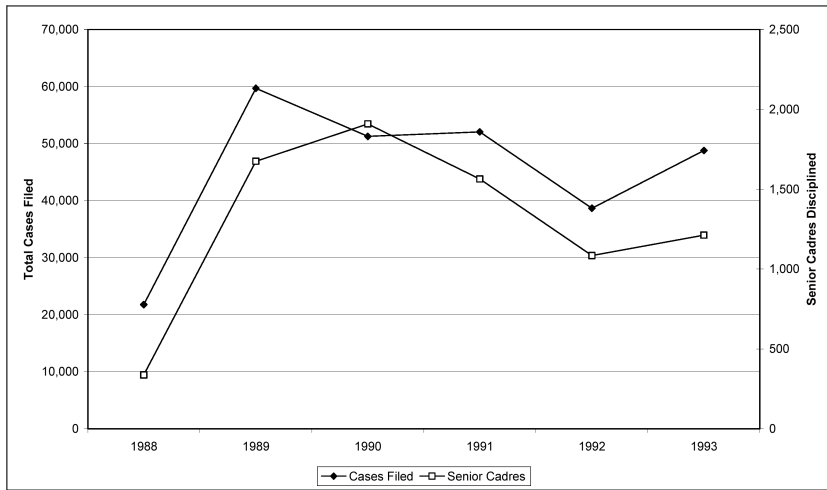


Figure 1: Index of Cases Filed by the Supervisory System

Source:

Zhongguo jiancha nianjian (China Supervisory Yearbook) 1987-1991 (Beijing: Zhongguo zhengfa daxue chubanshe, 1992) and *Zhongguo falü nianjian* (China Law Yearbook), various years.

- Abdication of authority
- Unsatisfactory management
- Indiscriminate use of authority for private gain
- Use of public funds for banqueting, entertaining guests, giving gifts and holidaying

In practice, supervisory bureaus dealt with several additional categories of offences. The first is what is loosely termed “degeneracy” (*fuhua duoluo, daode baihuai*). The term, which the DIC system also uses, refers broadly to problems such as womanizing, drunkenness and sloth, offences which in some instances intersect with those formally defined as disciplinary (such as dereliction of duty) but in other instances have no clear grounding in administrative regulations (such as womanizing). The second is cases involving the “use of authority for private gain” (*yiquan muosi*) or what Young in his analysis of the DICs describes as “privilege seeking.”²⁰ These are considered distinct from graft and other forms of economic crime because they do not necessarily involve the theft of state property or funds. Thirdly, the bureaus dealt with violations of the one child policy, including instances where officials have more than one child, fail to register second or third children, file false reports about birth quotas or force pregnant women to have abortions.

Although the ministry was established in 1987, most provincial level

20. Graham Young, “Control and style: discipline inspection commissions since the 11th Congress,” *The China Quarterly*, No. 97 (March 1984), p. 34.

Table 1: Distribution of Supervisory Cases, National-level Data 1990–1991

	<i>Number of cases</i>	<i>Percent</i>
Total	103,814	
Graft	16,289	15.7
Bribery	13,830	13.4
Financial	12,316	11.9
Degeneracy	7,393	7.2
Favour seeking	7,438	7.2
Bureaucratism	5,210	5.1
Other/Unspecified	41,338	40.0

Source:

Zhongguo jiancha nianjian (China Supervisory Yearbook) 1987–1991.

supervisory bureaus did not begin operations until 1988. The following year, the number of cases filed almost tripled, rising from nearly 22,000 in 1988 to close to 60,000 in 1989 (see Figure 1). Thereafter, the number of cases fell to an average of around 50,000 per year until 1993, when the supervisory and discipline inspection systems began to merge. The number of “senior” officials disciplined rose from 337 in 1988 to 1,675 the following year and then to 1,782 in 1990.²¹ Thereafter, however, the number fell to 1,470 in 1991 and 1,143 in 1993, the last year for which independent data for the supervisory system are available. An examination of provincial level data reveals some divergence from the national pattern. Henan and Hubei, for example, witnessed a surge in cases in 1991 when they cracked down on violations of the one child policy by government cadres.

Aggregate data on the breakdown of offences are limited. According to national level data in 1990–91 (the only years for which national level data are reported), economic offences accounted for 41 per cent of all cases (see Table 1). Provincial level data yield a breakdown in which graft and bribery cases made up approximately 32 per cent of the cases filed by supervisory bureaus, violations of financial regulations 13 per cent, degeneracy 14 per cent, privilege seeking 7 per cent, and bureaucratism 5 per cent, leaving 29 per cent of the cases in the “other” category.²² Provincial level data also suggest that over time economic crimes (graft, bribery and violations of financial regulations) increased from less than 20 per cent of the supervisory caseload in 1988

21. In standard practice, “senior” refers to those officials holding positions as chief and deputy chief (*fuzhi*) at the county and department levels. These would normally be officials holding civil service ranks grade eight and above and the Party equivalent.

22. Based on data for Beijing (1990), Jiangsu (1991 and 1992), Hubei (1988, 1989 and 1992), Hunan (1989, 1990, 1991 and 1992), Sichuan (1990 and 1993), Shaanxi (1992) and Yunnan (1991 and 1992).

to 52 per cent in 1990, then fell to 41 per cent in 1991 and 36 per cent in 1992.²³

Data on the disposition of cases are also limited. Those available, however, prove quite interesting because of what they suggest about the relationship between the supervisory system and the other institutions involved in discipline and law enforcement. Once a case had undergone a preliminary investigation (*chucha*) and been accepted (*shou'an*) for further investigation, the supervisory bureau could decide that the facts did not support allegations of wrongdoing or that the offence was sufficiently minor that only "criticism and education" (*piping jiaoyu*) – the functional equivalent of a good strong talking to – was warranted. If, however, it determined that punishable wrongdoing had occurred the case was "filed" (*li'an*) and disciplinary proceedings begun. Those found guilty could then receive administrative punishments directly from the supervisory system, have their cases referred to their home departments for disciplinary action, or forwarded to the legal system for investigation of possible criminal culpability. In the case of Party members, the supervisory system could also recommend to the appropriate DIC that an official receive Party disciplinary sanctions, either in addition to administrative sanctions imposed by the state or in lieu of such action.

On average, provincial supervisory bureaus turned only 6 per cent of those found guilty of disciplinary infractions over to the legal system.²⁴ Data on the number of persons referred to the Party for disciplinary action are very limited. Those available suggest that about 7 per cent of individuals found guilty of disciplinary infractions by the supervisory system were forwarded on to the DICs for Party disciplinary action.²⁵ Of those subjected to administrative action, over half (53 per cent) received minor sanctions (warnings or demerit) while 19 per cent were ordered to be removed from office. However, a majority of those "sacked" actually received the lesser punishment of conditional dismissal (removal in the event of further unsatisfactory behaviour).²⁶

That the bulk of cases handled by the supervisory system resulted in administrative punishments and hence remained within the system implies only limited overlapping between supervisory data and data for the discipline inspection and procuratorial systems. This in turn suggests that most of the roughly 40 per cent of supervisory cases involving economic malfeasance (cases involving bribery, graft and violations of financial

23. Based on data from Anhui (1990), Beijing (1990), Hainan (1991, 1992 and 1994), Hubei (1988, 1989 and 1992), Hunan (1989, 1990, 1991 and 1992), Jiangsu (1991 and 1992), Shaanxi (1990 and 1992), Shandong (1990, 1991, and 1992), Shanxi (1991), Sichuan (1990 and 1993) and Yunnan (1991 and 1992).

24. Based on data from Hainan (1990, 1991, 1992 and 1993), Shandong (1990 and 1992), Hunan (1989, 1991 and 1992), Sichuan (1989, 1990, 1991 and 1992), Shaanxi (1990 and 1991), Yunnan (1989, 1990 and 1991), Xinjiang (1990, 1991 and 1992), Shanxi (1989 and 1991), Henan (1989, 1990, 1991 and 1992), Guizhou (1990 and 1991), Guangxi (1990 and 1991) and Anhui (1990 and 1991).

25. Based on data from Hunan (1989 and 1992), Sichuan (1989), Shaanxi (1989) and Yunnan (1988).

26. Based on data from Shandong (1989), Henan (1989, 1990, 1991 and 1992), Hunan (1989), Shaanxi (1989 and 1990) and Yunnan (1990).

regulations) were resolved within the supervisory system rather than forwarded to the procuratorate for prosecution.²⁷ Because supervisory regulations stipulate that cases involving petty corruption (sums of less than 2,000 *yuan*) can be dealt with administratively, most of these should have been low-level cases and hence did not require a criminal referral.

The Disciplinary Inspection System

In key respects, the mission of the discipline inspection system mirrors that of the supervisory system, with the latter having jurisdiction over malfeasance by state functionaries and the former responsibility for cases involving violations of Party discipline and state law by Party members. Lacking judicial authority, both are formally limited to investigating allegations of malfeasance and dealing with non-criminal violations of administrative and Party discipline. Because only the procuratorate and the people's courts can formally charge and prosecute violations of criminal law, state supervisory and Party disciplinary authorities are supposed to turn these cases over to the judicial system. But whereas the purview of the supervisory organs is formally defined by administrative regulations, the jurisdiction of the discipline inspection system is rather loosely defined.

Originally created in 1949 and then reorganized as control commissions in 1955, discipline inspection commissions reportedly played a relatively minor role as de facto intra-Party tribunals prior to the Cultural Revolution, at which time they ceased to function.²⁸ In 1977, the 11th Party Congress ordered the re-establishment of DICs down to the county level. The following year, the 11th Party Congress's Third Plenum approved the formation of the Central Discipline Inspection Commission, with Chen Yun as its First Secretary, thus creating a hierarchical system of discipline inspection commissions parallel to the Party's basic organizational structure. In 1982, provincial level and lower DICs were placed under the dual leadership of their immediate superiors within the discipline inspection system and the local Party committee.

The jurisdiction of the DICs is less well defined than that of the supervisory system or the procuratorate. According to the 1982 Party constitution, Party members must:

Resolutely implement the Party's basic line, principles, and policies ... correctly exercise the powers entrusted to them by the people, be honest and upright, work hard for the people, make themselves an example, carry forward the style of hard work and plain living, forge close ties with the masses, uphold the Party's mass line, accept

27. The upper bound of 50% for economic cases is derived from provinces reporting the total number of economic cases filed rather than breaking down cases into graft, bribery, etc.

28. Young, "Control and style." Data from the Hebei and Shanghai DICs contradict Young's claim of relative inactivity prior to the Cultural Revolution. *Shanghai tongzhi* (*Shanghai Circular*) and *Hebei tongzhi* (*Hebei Circular*).

criticism and supervision by the masses, oppose bureaucratism, and oppose the unhealthy trend of abusing one's power for personal gain.²⁹

Young characterized the DICs responsibilities as including deal with four types of offences³⁰:

- Work mistakes
- Political mistakes
- Line mistakes
- Counter-revolutionary actions

In practice, the discipline inspection system deals with problems relating to:

- Arbitrary and dictatorial exercise of power
- Anarchism
- Factionalism
- Favouritism
- Insubordination
- Heterodoxy (such as bourgeois spiritual pollution, leftism)
- Privilege seeking
- Nepotism and use of Party authority to advance their families, friends and relatives
- Bureaucratism
- Administrative inefficiency
- Commandism
- Hoarding
- Petty corruption
- Fraud
- Embezzlement
- Theft
- Smuggling
- Bribery
- Illegal acquisition of and dealing in foreign exchange
- Wasting and squandering public funds³¹

With the obvious exception of political mistakes and those relating to the Party line, the list of Party disciplinary offences essentially replicates that of administrative offences under the supervisory system's jurisdiction, with the important caveat that the DICs' jurisdiction is considerably broader because it includes all Party members, not only those holding official positions.

Time series data on DIC operations are not available at the national level, except for five-year aggregates published at the time of the national Party congress. According to these data, 650,141 Party members were disciplined between 1982 and 1986, an average of 130,028 per year;

29. Quoted in Kenneth Lieberthal, *Governing China: From Revolution Through Reform* (New York: Norton, 1995), p. 398.

30. Young, "Control and style," pp. 33–39.

31. List of offences based on annual reports by provincial DICs contained in provincial yearbooks.

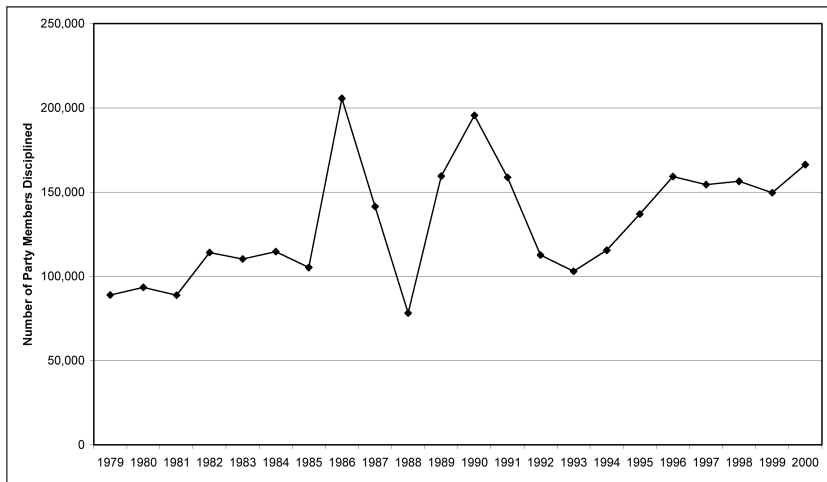


Figure 2: Discipline Inspection System

Notes:

Estimated using a provincial level index and data on the five-year totals for the number of Party members disciplined reported to the Party congress by the Central Discipline Inspection Commission. Only very limited number of provinces (Hebei, Heilongjiang and Shanghai) reported data for the pre-1987 period and so estimates for this period should be considered less reliable.

733,542 were disciplined between 1987 and 1991, an average of 146,709; and 669,300 were disciplined between 1992 and 1997, an average of 133,860. Although the aggregate data suggest a fairly constant rate of disciplinary actions, the rate has not been constant. On the contrary, an index based on the available provincial-level data shows spikes in 1986, when the Party initiated a general clean-up, and 1989, when the Party and state launched a crackdown of corruption (see Figure 2). The apparent upsurge in DIC activity after 1993 is, however, misleading because it results from the merger of the disciplinary and supervisory systems and the reporting of their combined caseloads by the disciplinary system.

Based on the available data, economic offences accounted for approximately 37 per cent of the cases filed by provincial DICs between 1986 and 2000. As a share of total cases, however, they increased from a low of 22 per cent in 1987 to a peak of 48 per cent in 1997, while the number of cases described as “major” jumped from approximately 6 per cent in 1987–88 to over 30 per cent in 2000 (see Table 2).³² Cases involving violations of family planning regulations accounted for approximately 25 per cent of DIC cases, degeneracy accounted for 12 per cent and bureaucratism accounted for 4 per cent.

Of those subject to disciplinary action, 25 per cent were expelled from

32. Based on provincial reporting, it appears that a case is considered “major” if the accused holds a country or department-level or higher position and the amount of illicit monies exceed 10,000 *yuan*.

Table 2: **Economic and Major Cases, Discipline Inspection System (%)**

	<i>Economic cases</i>	<i>Major cases</i>
1986	29.99	11.08
1987	22.40	5.89
1988	27.10	5.85
1989	32.51	2.48
1990	39.04	—
1991	35.47	—
1992	33.82	10.21
1993	40.66	8.45
1994	44.21	12.45
1995	42.59	16.01
1996	42.77	19.52
1997	48.31	23.00
1998	43.05	25.11
1999	49.24	26.72
2000	40.35	28.84

Source:
Provincial yearbooks.

the Party and 6 per cent of cases were forwarded to the judiciary for criminal investigation. The remaining 69 per cent resulted in various form of Party reprimands and sanctions.³³ As a percentage of total Party membership, the number disciplined each year was actually quite low (see Table 3). In Hebei and Shanghai, for example, less than a quarter of

Table 3: **Party Members Disciplined (%)**

	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>
Beijing	0.26	0.16	0.11	—
Anhui	—	0.43	—	—
Hunan	0.42	0.37	0.3	0.2
Hainan	0.39	0.26	0.29	—
Guizhou	0.51	—	0.37	—
Shaanxi	—	—	0.14	—
Average	0.395	0.305	0.242	0.165

Source:
Provincial yearbooks.

33. Estimated based on data from Anhui (1994), Beijing (1993), Chongqing (1992, 1993, 1994, 1995 and 1999), Gansu (1992, 1993, 1995, 1997, 1998 and 2000), Guangxi (1987, 1988, 1989, 1993, 1994, 1995, 1999 and 2000), Guizhou (1992, 1998 and 1999), Hebei (1993, 1994 and 1995), Heilongjiang (1994, 1995 and 1999), Henan (1988), Hubei (1999 and 2000), Hunan (1998), Jilin (1993, 1996 and 1998), Shaanxi (1993, 1994, 1995, 1996, 1999 and 2000), Shanxi (1986), Xinjiang (1993 and 1998) and Zhejiang (1994).

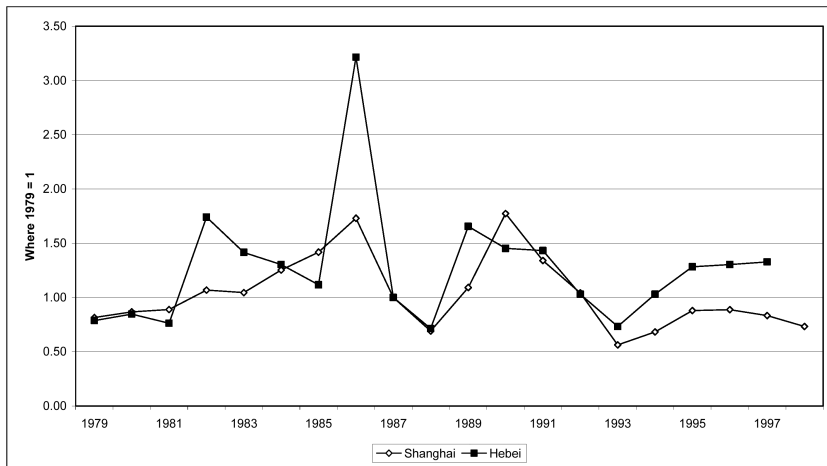


Figure 3: Shanghai and Hebei DICs, Index of Party Members Disciplined

Sources:

Shanghai jiancha zhi (Annals of the Shanghai Procuratorate) and Hebei shengzhi di 72 juan jiancha zhi (Hebei Provincial Annals, Vol. 72, Procuratorial Annals).

one per cent of Party members were disciplined each year and even in 1986, when the Hebei DIC conducted a major crackdown, less than one per cent of Party members were disciplined (see Figure 3).

Although the incidence of disciplinary actions remained low, the number of senior cadres disciplined apparently increased. Data are quite limited. According to the five year sums reported by the Central Discipline Inspection Commission, a total of 16,108 cadres holding positions at the county and department levels or above were disciplined between 1987 and 1991, an average of 3,221 per year, while 20,295 were disciplined between 1993 and 1997, an average of 4,059, an increase of 26 per cent. The average number of total disciplinary actions in the latter period was, however, 9 per cent less, which suggests a much more rapid increase in high-level malfeasance. Data in the *China Law Yearbook* show the number of senior cases rising to a peak of over 7,000 in 1997 then falling significantly during 1998 and 1999, before increasing to over 6,000 in 2000 and 2001 (see Table 4). Estimates based on provincial-level data, on the other hand, suggest that the number of cases involving senior cadres began to increase rapidly in 1992, while the amounts of monies reportedly recovered as a result of DIC actions increased even more dramatically (see Figure 4). Once again, however, increases in the years following 1993 are potentially misleading because the merger of the DIC and supervisory systems and hence an increase in the number of cases reported by the DIC system. Thus, whereas the 1990s saw a dropping-off in the total number of disciplinary actions, these years witnessed a clearly discernible intensification of malfeasance as more senior Party members were charged with malfeasance and the amounts of money associated with malfeasance increased significantly.

Table 4: Senior Cadres Punished by the DIC System

	<i>Provincial</i>	<i>Prefectorial</i>	<i>County</i>	<i>Total</i>
1995	24	429	4,880	5,333
1996	–	490	5,868	6,358
1997	7	583	6,585	7,175
1998	11	293	3,970	4,274
1999	17	327	4,092	4,436
2000	22	488	5,628	6,138

Source:

Zhongguo falü nianjian (China Law Yearbook), 1996–2001.

Because systematic time-series national-level data for the DIC system are unavailable, the preceding data are estimates. As such, they must be viewed with caution. Nevertheless, they at least give a sense of the range of Party disciplinary actions and overall trends. They reveal the extent of the Party's pre-1989 crackdown on malfeasance, suggesting that the 1986 campaign was of slightly greater magnitude than the 1989–90 campaign. They also reveal that, although the number of Party members disciplined fell after the 1989–90 campaign, in its wake the number of senior cadres and the amounts of money linked to malfeasance increased rapidly. It should be noted, however, that the 1994 merger of the supervisory and DIC systems resulted in the combining of data from these two systems.³⁴ This undoubtedly resulted in increases in the number of senior cases and the amounts of monies reportedly recovered. Nevertheless, the contrast between the relatively constant level of malfeasance, as measured in purely quantitative terms, since the end of the 1989–90 anticorruption campaign and rising intensity of malfeasance after 1992 appears quite significant.

The Procuratorate

Unlike the supervisory and discipline inspection systems, data on the procuratorate are reasonably accessible. Established in 1951, but then allowed to cease functioning during the Cultural Revolution, the procuratorate was re-established in 1978. As part of the judicial branch of government, it serves both investigatory and prosecution functions. In the case of ordinary criminal activity, it works in conjunction with the public security system, which deals with basic police and investigatory functions while the procuratorate acts as the public prosecutor. In the case of economic crime and criminal violation of discipline, the procuratorate is

34. In some cases, provincial DICs and supervisory bureaus reported the same data. In most cases, however, the data on disciplinary cases were reported by the DIC, while the supervisory bureaus reported data pertaining to "organizational corruption" (e.g. reduction in peasant burdens (*nongmin fudan*), the "three disorders" (*sanluan*), excessive expenditures on banqueting and official travel, etc.).

responsible for both investigation, and prosecution. In these cases, it conducts an initial investigation to determine if the available evidence merits formal investigation. If it does, then the case is formally “accepted” (*shou’an*). If after a complete investigation, the procurator believes that a crime has been committed, then the case is “filed” (*li’an*) with the People’s Court. Should the procurator decide that a non-criminal violation has occurred the accused may be “exempt” from criminal prosecution (*mianyu qisu*), and administrative sanctions imposed instead. The procurator may also dismiss the case altogether if there is insufficient evidence of wrongdoing. If a case is filed with the People’s Court and the court “accepts” the case for trial, then the procurator serves as prosecutor.³⁵

The procuratorate’s jurisdiction includes two areas that fall within the parameters of official malfeasance: economic crime and disciplinary crime. Economic crimes include:

- Graft
- Bribery
- Misappropriation of public property
- Copyright theft and fraud
- Tax evasion and tax resistance

The first three offences clearly fall under the narrow definition of corruption.³⁶ The latter two, however, do not as either may be committed by members of the public at large and need not involve the improper use of public authority. Economic crime is thus not exactly congruent with corruption. In practice, however, graft, bribery and misappropriation accounted for an average 92 per cent of economic crime cases filed by the procuratorate each year between 1989 and 2000, thus making economic crime a close proxy for corruption.

The procuratorate also has jurisdiction over disciplinary crime. The

35. Du Xichuan and Zhang Lingyuan, *China’s Legal System: A General Survey* (Beijing: New World Press, 1990), pp. 109–123.

36. The 1980 Criminal Code defined bribery as: “when state personnel, personnel of collective economic organizations, or other personnel handling or managing public property take advantage of their positions to extort property from others or unlawfully to receive property from others and to seek to obtain benefits from others.” Graft is defined as “when state personnel, personnel of collective economic organizations, or other personnel handling or managing public property take advantage of their position to embezzle, steal, obtain by fraud, or by other means unlawful to take possession of public property.” Misappropriation is defined as: “when state personnel, personnel of collective economic organizations, or other personnel handling or managing public property take advantage of their position to embezzle, steal, obtain by fraud, or by other means unlawful to take possession of public property ...” and fail to return these funds within three months. As Kolinda points out, the difference between graft and misappropriation is not entirely clear. It appears to be that if misappropriated funds are returned, then only an administrative punishment is stipulated, but if the funds are not returned or if the amount is large, then the criminal charge of misappropriation applies. The law, however, indicates that in these circumstances, prosecutors may also level charges of graft. See Kolinda, “One party, two systems,” pp. 209–215 and 221–23.

1980 Criminal Code listed 16 specific crimes under this heading. It is possible, however, to differentiate between general offences such as:³⁷

- Dereliction of duty
- Criminal negligence
- Leaking state secrets
- Disrupting elections
- Favouritism and malpractice

and civil rights violations, including:

- Use of torture to extract confessions
- Illegal imprisonment
- Trumping up, false or malicious accusations
- Making false allegations for purposes of retaliation
- Perjury
- Illegal surveillance, search and entry
- Unauthorized release of prisoners
- Inflicting corporal punishment or mistreating convicts
- Violating freedoms of religious beliefs or infringement on minority people's customs
- Violating citizens' freedom of correspondence
- Destroying or tampering with the mail

Although overlaps exist in areas such as leaking state secrets and favouritism, the scope of disciplinary crime clearly differs from the disciplinary offences that come under the jurisdiction of either the discipline inspection system or the supervisory system. In particular, disciplinary crime includes violations that result in serious loss to the state, death or injury (dereliction of duty and criminal negligence) or which involve abuse of power by the police and other judicial authorities (such as torture, false imprisonment, perjury).³⁸ These are relatively serious forms of abuse of power which fit neither the classic definition of corruption nor the common definition of degeneracy.

Data on the number of economic crime cases handled by the procuratorate show significant spikes in 1982, 1986 and 1989 when the regime launched anticorruption campaigns (see Figure 5).³⁹ After 1989, however, there was a marked drop in cases that continued until the start of the 1993 anticorruption campaign. The volume of cases also decreased in 1997 when revision of the criminal code changed the legal definition of corruption. The volume of disciplinary crime, on the other hand,

37. *Jiancha yewu jiaocheng (Lectures on Procuratorial Functions)* (Beijing: Hongqi chubanshe, 1988), pp. 138–196.

38. Du and Zhang, *China's Legal System*, pp. 112–13.

39. It should be noted that the number of public employees has also increased since the advent of the reform period, rising from 5.27 million in 1980 to 11.02 million in 1999. The number of potentially corrupt officials thus almost doubled. Controlling for increases in the number of public employees, however, reveals that the long-term trend in incidence roughly parallels the trend in the number of cases. Thus incidence (cases per 10,000 public employees) rose from 0.0017 in 1980 to 0.0070 in 1989 but then fell to 0.0049 in 1997 and 0.0028 in 1998.

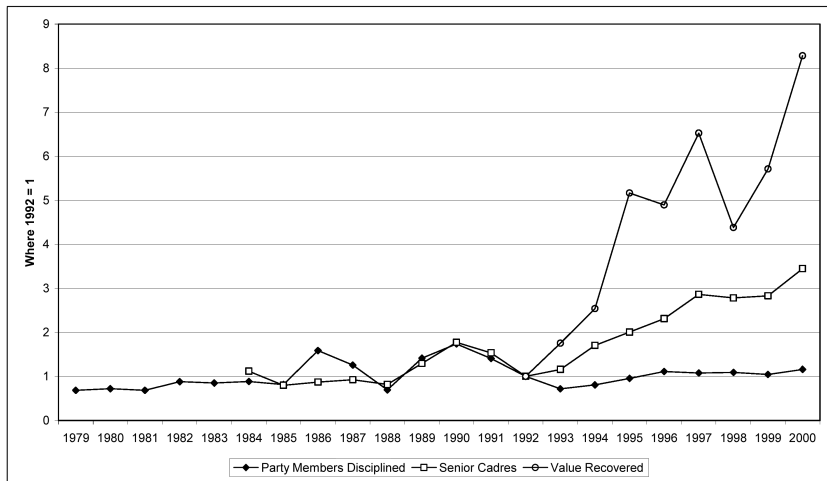


Figure 4: **Intensification of Party Misconduct**

Note:

1992 used as base year because this is the first year for which data on value recovered were available not because the trends diverge after 1992.

Sources:

Estimated based on data in provincial yearbooks.

remained relatively constant from 1987, the first year for which data are available, until the 1997 revision of the criminal code.

Economic crime accounted for an average of 78 per cent of all cases handled by the procuratorate and over 90 per cent of economic crimes involved graft, bribery or misappropriation. On average, graft accounted for 41 per cent of economic crime cases, bribery 24 per cent and misappropriation 28 per cent (see Table 5). Among disciplinary crime, dereliction of duty and criminal negligence accounted for an average of 44 per cent of the cases. During 1988 and 1989, the only years for which data are available, civil rights cases accounted for 28 per cent and 45 per cent of disciplinary cases. Bigamy accounted for 13–14 per cent during these same two years. Bigamy was, however, reclassified as an ordinary crime in 1989 and thus ceased to fall under the rubric of disciplinary crime.

Data from Hebei province provide a more detailed picture of the distribution of disciplinary cases and thus, even though the data cannot be assumed to be representative and cover only part of the reform period, shed addition light on this often overlooked form of official malfeasance. The data show that civil right violations constituted 41 per cent of disciplinary crime, roughly the same share as dereliction of duty and criminal negligence (see Table 6). Among civil rights violations, the bulk involved either trumping up false charges, illegal detention or illegal search. Bigamy cases also accounted for a substantial percentage of disciplinary cases.

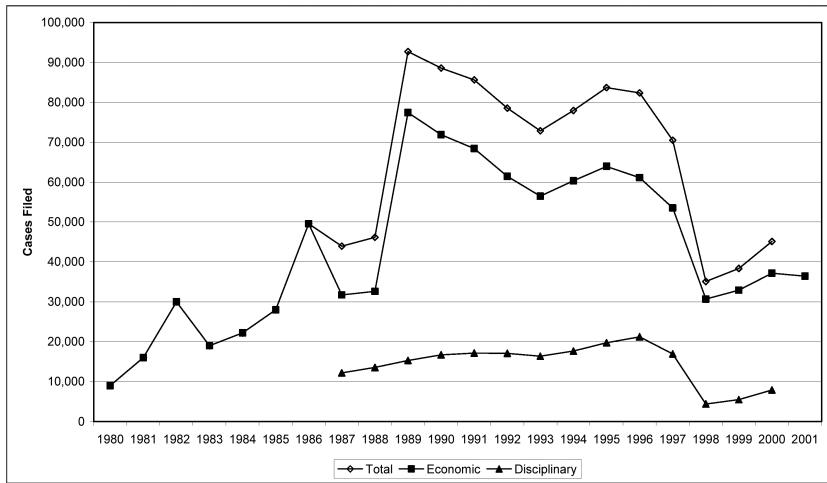


Figure 5: Procuratorial System

Source:

Procuratorial Yearbook, various years and *Law Yearbook*, various years.

As a whole, data on malfeasance cases handled by the procuratorial system show a general upward trend from the early 1980s onward, driven primarily by increases in the number of economic crimes and hence by increases in corruption-related offences. The data, however, also reveal significant increases in the number of “major cases,” the number of senior cadres charged with corruption and the amounts of money involved (see Figures 6 and 7). The definition of what constituted a “major” case varies by offence. In general, it was one involving in excess of 10,000 *yuan*. Because this definition remained fixed even as inflation reduced the real value of the *renminbi* and incomes rose substantially, part of the increase in major cases can be ascribed to “inflation.” This also probably explains in part the increase in monies reported.⁴⁰ But inflation alone does not account for the steep increases in the amount of corrupt monies reported recovered, which rose from an average per case of 4,054 *yuan* in 1984 to 112,492 *yuan* in 2001.⁴¹ Nor can inflation explain the jump in the number of “senior cadres.”

Intensification

It is clear from the data that whereas there is a jump in the total number of cases associated with the 1989–90 anticorruption campaign, the appar-

40. Between 1981 and 2000, inflation averaged 6.5% annually, with the result that prices increased a total of 340%. A 10,000 *yuan* bribe in 1980 was thus equal, in real terms, to a 2,839 *yuan* bribe in 1997 when the criteria for defining a major case were finally revised.

41. By comparison, in 1996–97, the combined DIC–supervisory system reported recovering funds equal to 17,000 *yuan* per case.

Table 5: **Distribution of Procuratorial Cases (%)**

	<i>Economic crime</i>	<i>Graft</i>	<i>Bribery</i>	<i>Misappropriation</i>	<i>Other economic</i>	<i>Disciplinary</i>
1987	72.23	59.16	15.15	–	25.69	27.77
1988	70.65	49.94	14.83	–	35.23	29.35
1989	83.50	43.50	32.60	3.55	20.35	16.50
1990	81.14	40.61	34.69	21.62	3.08	18.86
1991	79.93	41.72	25.82	23.03	9.43	20.07
1992	78.23	40.00	19.48	25.89	14.63	21.77
1993	77.51	36.92	17.74	39.59	5.75	22.49
1994	77.37	35.94	24.53	37.29	2.24	22.63
1995	76.42	33.84	26.32	32.24	7.60	23.58
1996	74.19	31.95	26.10	29.63	12.33	25.81
1997	75.96	35.08	24.13	34.47	6.32	24.04
1998	87.42	42.09	28.56	27.01	2.34	12.58
1999	85.75	43.67	24.89	30.56	0.88	14.25
2000	82.42	45.09	26.55	27.35	1.01	17.58
Average	79.67	38.81	25.35	29.88	5.96	20.23

Note:

Because misappropriation was not a fully independent reporting category until 1990, the “average” is for the years 1990–2000, not 1987–2000.

Source:

Hebei Provincial Annals, various years.

ent fall afterwards masks an intensification of malfeasance in the 1990s. In particular, these data reveal rapid increases in the number of “major” cases, increases in the number of senior cadres charged with malfeasance, and a dramatic jump in the amounts of corrupt monies. The extent of intensification can be seen when data from the three systems are combined. Because the data from the DIC system are incomplete, I have estimated the number of disciplinary actions based on a combination of provincial and national level data and factoring out referrals.

Several important points emerge from these estimates. First, when the data for all three systems are merged, the magnitude of the 1989–90 crackdown increases, with the total number of disciplinary actions rising to almost 281,000 in 1989 and 301,000 the following year (see Figure 8). In large part, this increase was due to the establishment of the supervisory system, which began operation in 1988. Secondly, the overall trend since the winding down of the 1989–90 campaign has been relatively flat.

Although it is possible to estimate the total number of malfeasance cases and to adjust for cases referred from one system to another, estimating the total number of “corruption” and “major” cases is more difficult. It is, however, important at least to attempt to make such estimates if we are to affirm that the trends observed for the individual agencies reflect the overall trend. The problem lies in how to adjust for cases initially investigated by the supervisory and DIC system but then

Table 6: Disciplinary Cases filed by the Hebei Procuratorate (%)

	1984	1986	1988	1990	Average
False accusation	11.26	2.33	2.74	1.74	4.52
Illegal detention	9.96	16.78	21.07	19.33	16.78
Illegal search	4.33	13.29	16.55	25.46	14.91
Retaliation	0.87	0.23	0.14	0.31	0.39
Violation of religious freedom	0.00	0.00	0.00	0.00	0.00
Perjury	1.30	1.17	1.09	2.66	1.55
Violation of right to correspondence	0.43	0.93	0.96	0.20	0.63
Favouritism, perversion of the law	1.73	1.86	0.14	0.10	0.96
Dereliction of duty	14.29	23.08	17.24	23.62	19.55
Serious negligence	13.85	18.65	18.88	16.56	16.99
Disrupting elections	2.60	0.00	0.00	0.61	0.80
Leaking state secrets	1.30	0.23	0.00	0.00	0.38
Illegal release of criminals	0.43	0.00	0.14	0.10	0.17
Destruction of mails	4.76	2.33	0.55	0.41	2.01
Bigamy	20.35	11.89	17.78	0.00	12.50
Other, unspecified	12.55	7.23	2.74	8.90	7.85

Source:

Hebei shengzhi, di 72 juan, jiancha zhi (Hebei Provincial Annals, Vol. 72, Investigation Records) (Beijing, Zhongguo shuji chubanshe, nd.), pp. 240–41.

referred to the procuratorate. The available data do not specify what sorts of cases are referred. It might be assumed, however, that a substantial portion probably involved corruption-related wrong-doing and were classified as “major.” Based on that assumption, I have estimated the extent of overlaps in economic cases by generating a low estimate based on the overall referral rate, a high estimate based on the assumption that 90 per cent of all referrals were economic cases, and then taken the average of these estimates. Because the number of economic cases reported by the supervisory system is much less than the number of referrals to either the DIC or procuratorial systems, I have assumed that all these cases were forwarded to the other systems for action.

Although assuming different referral rates yields different estimates of the total number of economic cases, the pattern both in terms of the total number of economic cases and economic cases as a percentage of all malfeasance cases is roughly the same. Over time, the number of economic cases has increased, rising from an estimated 49,000 in 1987 to 126,000 in 1990 (see Figure 9). Thereafter, it fell to 81,000 during 1992–93 but then increased to 107,000 in 1997. Following the revision of the Criminal Code, the number again fell. As a percentage of all malfeasance cases, however, economic cases steadily increased, rising from approximately 30 per cent of the total in 1987 to more than half by 1994.



Figure 6: Severity

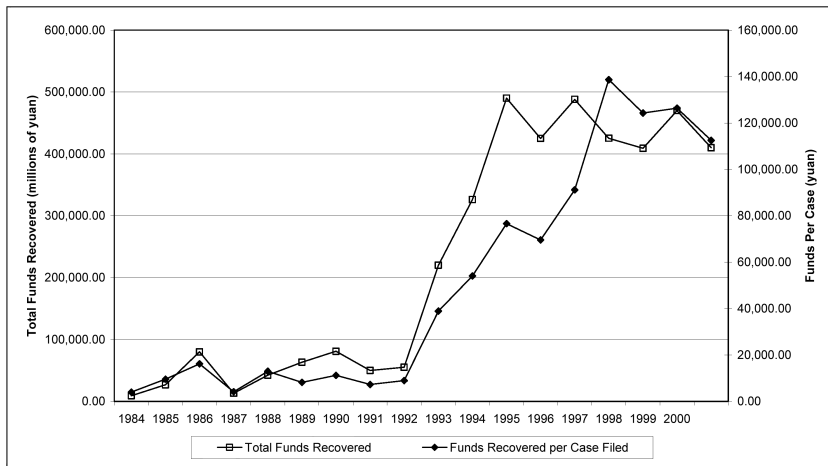


Figure 7: Funds Recovered

Using assumptions and means similar to those used to estimate the total number of economic cases I derived several estimates of the total number of major cases based on both high and low referral rates. Although these estimates vary in absolute terms, the pattern is consistent and suggests that the number of major cases increased dramatically

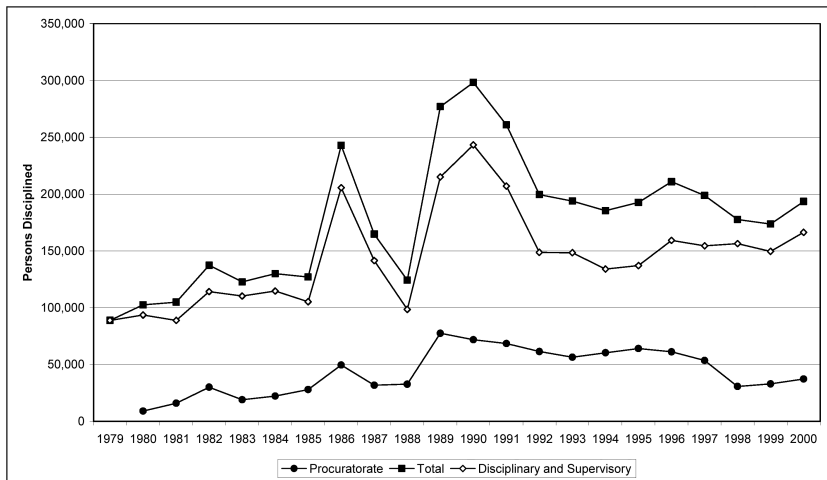


Figure 8: Overall Trends in Official Malfeasance

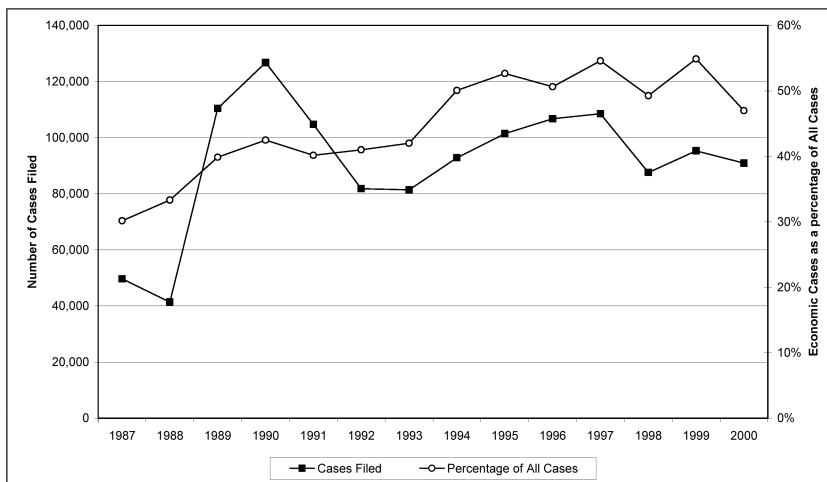


Figure 9: Trends in Economic Cases

during the 1990s, nearly nine-fold between 1988 and 1997, while as a share of total malfeasance cases they increased from 8 per cent in 1987 to 44.5 per cent in 1997 (see Figure 10). The number of “ordinary” economic cases, meanwhile, rose dramatically during the 1989 anticorruption campaign but then dropped back to pre-1989 levels in 1991 and



Figure 10: Ordinary versus Major Corruption

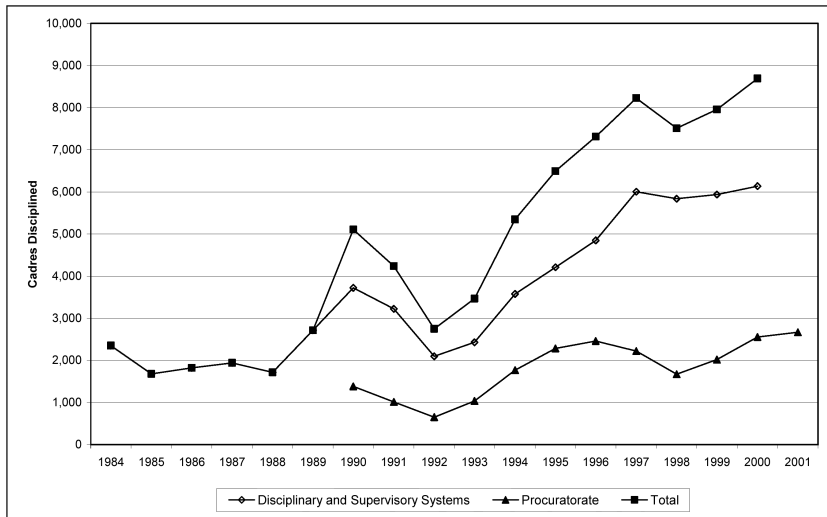


Figure 11: Senior Cadres Disciplined

ultimately fell to less than half the number in 1987 by 1996. Following the revision of the criminal code, the number of major cases filed by the procuratorate fell from over 32,000 to approximately 8,500, while the number of ordinary cases increased from 8,600 to 18,300. The number of major cases handled by the combined supervisory and disciplinary

tems, meanwhile, also fell, from an estimated 56,400 to 38,000, while the number of ordinary disciplinary cases doubled from an estimated 11,400 to 22,600. The pattern of increases in the number of major cases and decreases in the number of ordinary cases, however, re-emerged in 2000.

Ascertaining how the total number of senior cases varied over time is difficult because there are no annualized data on the number of senior cadres disciplined by the disciplinary system prior to the merger of the DIC and supervisory systems. Nor are data on the extent of overlaps between the disciplinary and judicial systems resulting from the referral of disciplinary cases to the procuratorate for criminal prosecution available. Estimates of the total number of senior cadres disciplined by the Party and state systems, however, suggest a sharply upward trend (see Figure 11).

Conclusion

Because they are based on incomplete data, the preceding estimates of trends in malfeasance, economic and major cases must be viewed with caution. Nevertheless, the data generally confirm the conventional wisdom that corruption worsened after the advent of reform. Thus on a superficial level all I have done is to provide a more detailed and nuanced picture than previous analyses. The data, however, suggest that the “worsening” occurred primarily in the form of intensification, rather than in simple quantitative terms. Thus, while the revealed rate of malfeasance levelled off in the 1990s, the revealed rate of corruption – measured herein in terms of economic offences – continued to increase to the point that by the late 1990s half of all malfeasance cases were economic in nature. Moreover, the number of “major” cases, most of which might be assumed to involve economic offences, rose even more rapidly such that by the late 1990s close to a third of all malfeasance cases were classified as major. Both these trends, as well as rapid increases in the number of senior cadres and officials charged with misconduct and the monies linked to corruption, reveal a pattern of intensifying corruption wherein growth in high-level corruption has outstripped growth in other forms of malfeasance and, perhaps more critically, growth in “ordinary” corruption, which appeared to decrease during the 1990s, even before revision of the criminal code in 1997 led to the decriminalization of low-level corruption.

Although the evidence clearly suggests that corruption has spread upwards into the more senior ranks of the regime while ordinary corruption and other non-economically based forms of official malfeasance have remained at relatively stable levels, the implications of intensification are less clear. On the one hand, if we equate abuse of power and official misbehaviour with evidence of state decay and corruption and the transformation of the state into a mechanism for private gain, then the evidence suggests that state decay is less serious than the “privatization” of public authority. It is not, however, clear to what extent political encroachment on the economy is predatory or collusive. Nor are the

consequences of intensified high-level corruption clear. According to Shliefer and Vishny, the negative consequences of hierarchically organized high-level corruption ought to be less than anarchic low-level corruption because high-level corruption is generally more predictable and hence reduces risk and transaction costs.⁴² If so, then the apparent contradiction between “worsening” corruption and China’s extraordinarily high rate of growth might be, in part, a function of reductions in low-level corruption and the forging of a collusive relationship between high-ranking cadres and the emerging business community, wherein those with political power have material incentives to facilitate profit-making by their “business partners.” China is, in fact, not unique in experiencing a combination of serious high-level corruption and rapid growth, another example being the United States during the late 19th century.⁴³ Nor is it clear whether intensification is a function of China’s campaign-style anticorruption strategy which appears to be more effective in deterring low-level corruption,⁴⁴ the deepening of reform and hence the progressive elimination of the structural causes of low-level corruption, or a combination of both. It remains to be seen, therefore, if corruption will continue to rise or if it will abate as the economy becomes increasingly marketized. It is clear, however, that there is a pressing need to pay attention to the consequences of corruption and the articulation of a model which resolves the paradox of intensification and rapid growth in China.

42. Andrei Shliefer and Robert Vishny, “Corruption,” *Quarterly Journal of Economics*, Vol. 108, No. 3 (1993), pp. 599–617.

43. Andrew Wedeman, “Great disorder: the paradox of endemic corruption and rapid growth in contemporary China,” *China Review*, Vol. 4, No. 2 (Fall 2004), pp. 599–617.

44. Andrew Wedeman, “Anticorruption campaigns and the intensification of corruption in China,” *Journal of Contemporary China*, forthcoming.