China's Surge of Corruption

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The recent petitions by 12 Chinese intellectuals and by 45 prominent scientists calling for tolerance, democratic reforms, and action against official corruption in China are not only courageous political statements. They illuminate a fundamental dilemma in contemporary China: how to define legitimate relationships and boundaries between personal interests and official power in a setting where party-state dominance has hindered the development of an autonomous civil society.

The petitions--issued in February and May of 1995--denounce corruption and its effects on Chinese society and values, portraying the problems as systemic in both origins and implications. "Corruption," says the February petition, "in the form of trading power for money, has become the principal affliction causing great public resentment and capable of leading to social upheaval." One signer added that "the party should take to heart the lesson of 1989 on the necessity of having a dialogue with society." The petition argues that "we must not rely merely on the top-down reforms that have been put forward by the ruling party; we must also rely on the bottom-up reforms that have been put forward by civil political powers." The May petition states that "corruption has become a wind blowing through our country." While advocating punishment for those involved, it adds that "it must be recognized that without the supervision of democracy, especially the supervision provided by independent public opinion, corruption cannot be eliminated."  

Neither markets nor corruption is new to China. Officials' values were a concern to Confucius, and to emperors through the centuries. The republican governments of the early twentieth century, which had market economies, were weakened politically and militarily by corruption. Corruption was rampant under the Kuomintang regime, and contributed to its fall in 1949. The PRC, too, has always experienced the problem, but in prereform days party-state domination kept it within limits. Since 1978, however, economic liberalization has made way for new and controversial connections between wealth and power. In 1989, corruption issues ranked high among the democracy movement's grievances, and in the 1990s, corruption and a
consciousness of it have spread into every corner of society, threatening social and political stability.

Corruption has often been a useful issue for critics of unresponsive or repressive regimes. But its significance in China is especially profound. We have discussed the causes of China's surge of corruption, and its links to economic reforms, in some detail elsewhere. Here we seek to go deeper, considering the way in which the prereform system left China vulnerable to corruption once reforms began, and examining the functions (and defining features) of a viable civil society. We argue that economic reforms unleashed market forces in a nation so dominated by the party-state that basic boundaries between markets and official power were weak or nonexistent. At one level, this has made for both an increase in corruption and confusion about the meanings of the term. At another level, it has produced the political crisis signified by the dissidents' petitions. The examples of other market-oriented societies suggest that the boundaries and distinctions essential to workable rules, as well as the political capacity to address corruption issues, are forged through political contention among private interests, and between them and ruling elites. This depends, in turn, on the existence of a civil society with the capacity--and opportunities--to articulate views other than those of the leadership. China's strategy of pursuing economic but not political reform has left it vulnerable to corruption both real and perceived, yet unable to address the issue in any but repressive ways. The crisis may have been preempted for a time by the events at Tiananmen Square on 4 June 1989, but it is accelerating once again.

One of the most intractable problems in the literature on corruption has been defining the concept. One school contends that definitions based on laws and formal rules are best by virtue of their relative precision and stability. Critics reply that at times the law enjoys little legitimacy, that legalistic conceptions of corruption miss the question of its social and political significance, and that cultural standards constitute a source of more realistic and subtle definitions. Still others contend that both approaches, by focusing on the classification of behavior, ignore fundamental issues of morality and justice in society at large.

We make no claim to disentangle the issue here. Indeed, we agree with Mark Philp that we will never find a satisfying "one-line definition" of corruption. Moreover, the meaning of the term is very much in flux in China: in the late 1980s and early 1990s, for example, the state encouraged officials and party groups to "create income" for themselves (chuangshou). Such official profiteering (guandao), while intensely controversial, was also defended as an aspect of economic reform. Considering corruption as a clear-cut category of behavior may thus obscure our view of the forces behind the redefinition of old standards and the creation of new scandals. We will treat corruption as the illegitimate use or appropriation of public roles or resources by public or private parties, taking note of the various and politically contested ways in which such a definition can be interpreted--for the gravest issue in China's crisis may be the struggle over who gets to decide the limits of official and market behavior.

Another problem is that trends in corruption are difficult to quantify. Often it is a surreptitious activity, with no immediate "victims" to file official reports. A number of
scholars have provided evidence of a significant increase in corruption in China in recent years. But Barbara Sands questions whether it is corruption, or merely the perception of corruption, that has actually grown; as we shall see, "corruption" encompasses a rapidly expanding range of behavior. Most analysts argue for a real increase, but agree with Sands that corruption has become a "bandwagon" issue for other grievances. In this last respect, the precise amount of corrupt behavior taking place is a secondary issue.

State, Society, and Order

China's surge of corruption is a consequence not only of market reforms, but also of the politico-economic order that preceded them. That system was built on revolutionary ideology, a charismatic leader, and party-state dominance. It lacked a number of critical boundaries that make possible a viable civil society, including distinctions: 1) between public and private domains; 2) between individual and collective rights and interests; 3) between politics and administration; 4) among market, command-based, and patrimonial mechanisms of allocation; and 5) between state and society. As a result, once the reform transition began, China was unable to contain either market forces or official exploitation.

The prereform economy was controlled through a hierarchical, centralized structure in which party and state were intertwined at all levels and reached outward and downward to neighborhoods, villages, and work units (danwei). In a society traditionally emphasizing personal relationships, danwei became not just production and administrative units but the basis of a pervasive "organized dependency" of society upon the state. Regardless of their size, danwei (factories, agricultural production teams, schools, hospitals, banks, and so on) were integrated social, political, and economic entities that gave officials discretion over a wide range of goods and services and fostered patron-client networks. In addition, after the redistribution of land and the seizure of private assets in the 1950s, the state owned nearly all significant economic organizations and controlled them through command-style planning. Individual enterprises and their managers were little more than appendages of the bureaucracies that made most of the day-to-day decisions. This system was politically strong, but economically inefficient. It fostered a social hierarchy based more on political status than on economic class. While the government could set low official prices, the crucial scarce value was the right to purchase the good; even those with money could not do so without "connections." Time and bureaucratic influence were major determinants of resource allocation.

Corruption in this era was regarded as individual deviance, rather than as an institutional or systemic problem, and people were mobilized in periodic rectification campaigns to report wrongdoing and criticize decadent thoughts and behaviors. Corruption was variously attributed to feudalistic influence, bourgeois money worship, and egoism; deviance control was combined with ideological education and thought reform. The "Three Antis" (corruption, waste, and bureaucracy) and "Five Antis" (bribery, tax evasion, theft of state property, cheating on government contracts, and stealing economic information) movements in the early 1950s, and the "Four Cleans" campaign in the early 1960s (investigating how cadres determined the work credits given to laborers, kept accounts, distributed supplies, and handled warehouses and granaries), were examples of this approach. Such campaigns, along with the xiafang movement--sending cadres...
down to lower levels to remold bureaucrats' attitudes and behavior—enabled the center to
detect and, generally, to control local officials' behavior.

All of these campaigns had political dimensions, such as inter factional conflicts, moves
against perceived radicals, and conflict over scarce resources. For this reason, among
others, they "were never transformed into institutionalized legality," nor were they
directed at underlying causes of corruption. Still, the strategy was relatively effective.
Corruption did occur, but wise cadres did not push it to excess: like the right to purchase
goods, official power was conferred from above and could be withdrawn at any time.
Given the privileges that official posts conferred and the absence of alternatives, there
were few incentives—and many strong disincentives—to put them at risk. Corruption as a
political issue was also tightly controlled: evidence of official wrongdoing generally
surfaced only when it served party interests to have it do so.

Reviving the Market

In 1978, Deng Xiaoping's regime began to revive market forces while maintaining its
political monopoly. Economic reform has had three main [End Page 83] thrusts:
decentralization, increased freedom for market forces, and growth in the private
economy.

1) Decentralization. In December 1978, the Third Party Plenum of the Eleventh Central
Committee launched a gradual decentralization—first in selected regions, ministries, and
industries and then throughout the country—aimed at increasing productivity. Decision
making was delegated to regions, major cities, and individual enterprises. As long as
quotas were met, managers could control the production and distribution of above-quota
output, investment of certain profits, and the hiring, pay, and dismissal of workers. By the
summer of 1987, a "managers' responsibility system" had been implemented in most of
China's large and medium-sized state-owned enterprises. They were allowed to retain 39
percent of total profits, a threefold increase over 1979 (the figure has since increased to
67 percent). Furthermore, smaller state enterprises and many collectively owned
operations were subcontracted out to their managers or other bidders, who run them
virtually as private businesses. In some cases, managers have indulged in speculation,
buying materials or products at low planned prices and reselling them at market rates.
Some have engaged in trading import permits, business licenses, currency on the black
market, and even value-added tax (VAT) invoices.

Decentralization did more to change the distribution of official power than to reduce its
scope. Delegation of some controls over finance, tax revenues, foreign trade,
investment, raw materials, and capital construction to lower-level bureaucracies left both
the center and local enter-prises dependent on them for the implementation of policy,
while the ability of the center to detect the behavior of local officials was reduced—a
situation ripe for corruption. The malpractice in this respect has been so serious that the
mayor of Shanghai publicly acknowledged the trend. "At present, the masses have
reacted strongly to the phenomenon of 'no service without money, and poor service with
little money,'" said Wu Bangguo. "This practice is still spreading and is very likely to
penetrate all trades and professions." 10

http://muse.jhu.edu.ezp-prod1.hul.harvard.edu/journals/journal_of_democracy/v006/6.4johnston.html
Decentralization also produced corruption in banking. In the past, capital had been allocated to enterprises through the ministries; now, specialized banks are major sources of loans. Officially, applications are evaluated on their merits, but in reality bankers are subject to local political pressures, and have proved unable to discipline investment or to force the orderly repayment of loans. Bribery and the embezzlement of public funds occur on a regular basis.

2) Market prices. Chinese leaders acknowledged that prices needed to be adjusted to reflect the real costs and relative scarcity of goods. As a result, a two-track price system was created in the early 1980s. While low planned prices remained an element of policy, the number of industrial products sold at fixed prices was reduced from 356 to 30, and [End Page 84] the number of agricultural products from 113 to 25. Prices of nonplanned materials and products were to be set by market mechanisms. The two price structures were theoretically separate, but commodities produced above or off the plan began to sell at two to three times the planned prices, creating opportunities to buy cheap and sell dear. China Daily reported that 250,000 of the 360,000 new companies established by 1987 engaged in dual-price profiteering. 11

3) Private economy. Government encouraged the collective and privately owned sectors to compete with the state in both industrial production and services. As a result, private shops, family-run restaurants, and individual vendors have sprung up all over China's cities, offering superior service and creating an entrepreneurial fever. In 1979, 140,000 individual household enterprises (geti hu) run by self-employed entrepreneurs were operating in cities. By the early 1980s, private enterprises (siying qiye) run for profit began to reappear for the first time since 1956; they were legalized in 1987. The total for both grew to 3.4 million in 1987, and to 15.3 million by 1992. A 1993 survey by the State Commission for Restructuring the Economy found that "private and foreign-funded ventures accounted for 13.5 percent of China's total industrial output value in 1992." 12

Private businesses have made life more convenient for urban residents, but have also created a class of nouveaux riches who are the target of both admiration and envy. Many newly licensed companies were formed by officials, their relatives, or government agencies themselves; some were simply "briefcase companies" created for speculation, while others engaged in actual trade. Although many bureaucrats initially resisted market reforms, their power to buy and sell planned goods, issue production and foreign-trade licenses, and obtain bank loans put them in a far better position than ordinary citizens to exploit the new mixed economy. Official profiteering thus became a growing problem, as many administrators engaged in moonlighting and stock dealing, as well as in giving and accepting bribes. In Liaoning Province, for instance, the Liaoxing Shiyie Company was set up by 12 provincial officials who purchased and resold steel, chemicals, and petroleum. In Nanjing, the same 1,000 tons of steel were purchased and resold 223 times among 83 companies and danwei over a period of several months, with the price increasing from 1,663 to 4,650 yuan per ton.

The Corruption-Reform Connection
Market-oriented reforms have led to a proliferation of entrepreneurs in both the public and private arenas, as well as in the extensive gray area in between. Local officials and cadres have acquired more power—and more opportunities for exploitation. Cash has partially supplanted connections as the means of access to consumer goods and production inputs. From a policy standpoint, corruption is a subset of "economic crime." But reform created a broader "incoherence of values" that has threatened both traditional political culture and the party’s claims to legitimacy. As the petitioners note, reforms have created incentives for people to enrich themselves, decentralization has given many more people the means with which to do so, and privatization has legitimized personal wealth. Connie Squires Meaney wisely reminds us not to attribute all corruption in China, or all of its growth, to economic reforms. But corruption in prereform days was relatively discreet, relying on traditional guanxi connections, while recent trends have been toward more socially and politically disintegrative forms.

The corruption-reform connection is complex. Planned and market processes are tightly intermingled, with many market players still dependent on powerful remnants of the planned economy. Indeed, the state economic apparatus has grown more rapidly since the initiation of reform than it did before. The most controversial corruption issue has been guandao by officials and private partners through "laissez-faire socialism." Dorothy Solinger finds little evidence of sharpening boundaries between state and society, nor of any significant "repluralization" of public life; if anything, such distinctions have blurred. In the end, many analysts accept for the whole of China Jean Oi’s contention that much of the corruption that has occurred in rural China since the launching of reforms has resulted not from the introduction of market systems per se, but from the incompleteness of the reforms, resulting in a system that is doubly plagued by problems attributable both to the plan and to the market. These problems reflect a system that has failed to remove all the sources of corruption inherent in the socialist planned economy while opening new opportunities for malfeasance with the addition of a partial market.

It is impossible to measure precisely the growth of corruption since the initiation of reform. While press reports may constitute useful evidence, they are part of a larger struggle in which allegations of corruption are political weapons. Nonetheless, the official numbers are impressive. Between 1982 and 1986, the party's Central Discipline Inspection Commission investigated 230,000 cases in which 148,163 party members were disciplined for bribery and theft, and an average of 22,000 cases of corruption were tried per year. From 1988 to 1993, the Discipline Inspection Committee of the National People's Congress investigated more than 870,000 violations at various levels; 730,000 members were disciplined and 150,000 expelled from the party. Supervisory bodies received nearly 3 million complaints during that period. In the 224,000 cases subsequently investigated, more than 192,000 persons were punished or recommended for punishment. In eight coastal cities, economic crimes accounted for 65 percent of all violations of party discipline and state law between 1987 and 1990. In the
fall of 1994, officials of the Supreme People's Procuratorate told us that citizen reports of corruption were being received at a rate of about 1.25 million per year by that agency alone.

The stakes of corruption have also grown. In the early 1980s, bribes and embezzlement typically yielded a few hundred to several thousand yuan; now the proceeds often run into the hundreds of thousands, or even millions. In 1982, the largest embezzlement case involved 69,700 yuan, while in 1993 the largest case was the theft of 33 million yuan by Xue Gen and others from the Dongfeng Branch of the Haikoa Industrial and Commercial Bank. The largest bribery case involved 7 million yuan received by Zeng Lihua, deputy manager of the Shenzhen Engineering Consultative Company.

Changing Conceptions of Corruption

Reform has also significantly broadened the scope of corruption as a political issue by fostering new behavior and values, changing the significance of older ones, and giving rise to new grievances related to growing inequalities. Conceptions of corruption have been affected in the past by official campaigns, but in the late 1970s official corruption generally still meant three things: tanwu, shouhui, and tequan. Tanwu (malpractice) was the misappropriation of public property by state officials through embezzlement, theft, or swindling. Shouhui referred to the use of official positions to take in bribes. Tequan (privileges) encompassed a range of privilege-seeking activities by officials. By the early 1990s, however, "corruption" had broadened to include fubai (a generic term, meaning "decay and putrefaction," that is used as a metaphor for corruption) and guandao (official speculation or profiteering). Traditional guanxi has been joined by new forms. Other patterns surviving from Mao's era have changed: local cadres who once used bureaucratic evasions to protect (or feed) their neighbors now do so to enrich themselves, while clientelism has shifted somewhat from lower-level to higher-level cadres.

Moreover, the forms of conduct labeled "corrupt" have multiplied. A collation of corruption reports in the Chinese press between June and November 1993, for example, included not only instances of embezzlement and bribery, but also offenses against financial and economic discipline, swindling, and indiscriminate collection of fees from peasants; blackmail, smuggling, and black-market currency exchanges; establishing illegal businesses, resale profiteering, and substitution of defective or counterfeit goods; illegal price increases, indiscriminate issuance of bonuses, and malpractice in assigning jobs and promoting cadres; work [End Page 87] units' "small treasuries" or slush funds (xiao jinku); and gambling, ticket scalping, visiting prostitutes, decadent behavior, and usury. This expansion of the range of behaviors identified as "corruption" points to perceptual shifts that have accompanied new relationships between wealth and power.

Reforms have contributed to a pervasive consciousness of corruption in China, and to the political crisis symbolized by the recent petitions. But markets and extensive corruption need not go hand in hand: other societies with mixed or market economies have managed to keep corruption within relatively low (Britain, the Netherlands) or moderate (the United States, Germany) ranges. Thus China's corruption problem cannot
be attributed solely to the spread of markets; rather, it must be understood in the context of the country's broader transition in relationships between state and society. This transition is similar in some ways to that taking place in Russia and elsewhere but, unlike Russia's, has emphasized economic change while preempting the political. Moreover, it is a transition for which China--with its weak boundaries and distinctions among key concepts and interests--was ill prepared. The result has been considerable normative confusion. If corruption is the illegitimate use or appropriation of public roles or resources by public or private parties, how do notions such as "illegitimate," "public," and "private" acquire stable meanings and social acceptance?

In market-oriented societies, stable relationships between wealth and power rest on an institutionalized separation between state and society--a prerequisite for any notion of public and private roles, resources, and interests. The coexistence of legitimate private interests and a bounded state in turn raises the question of relationships between market and command-based mechanisms of allocation, both of which may compete with patrimonial traditions. It further implies a distinction between politics, with its personal or group agendas and incentives, and impersonal principles of administration and legality. The idea of limits on what people may do to enrich themselves rests on an accepted distinction between individual and collective interests, and raises the question of proper relationships between them.

These boundaries and distinctions are important lines of political conflict, drawn and redrawn through contention among individuals and groups, and between them and the state. But they also help define both the domain of civil society and any coherent conception of corruption. It may seem paradoxical to assert that conflict can be a source of order, or that self-interested parties may come to reject corruption as a tool for advancing their interests. But if people can argue over where boundaries should be drawn, they may reach settlements that they can enforce by keeping watch over officials and one another. And corruption, after all, is an expensive and risky form of influence, while accepted rules can foster more orderly competition. Agreeing that private parties should not bribe officials may make it more difficult for those officials to demand payoffs through extortion. From accepting that there are public domains where market forces may not intrude, it is not such a great leap to agreeing that there are private affairs from which public power is similarly barred. Different societies draw these boundaries in different ways, and settlements are rarely permanent. Without opportunities for political contention, however, they are unlikely to emerge at all.

Political development in many market-oriented societies was marked by the emergence of "intermediary groups" with interests of their own and the political resources to advocate them. At times their activities made for more corruption, but they also helped define the working rules of politics and business. They did this less out of reformist zeal than from a desire to protect their own interests. The standards that they helped forge were matters of contention and were adjusted as new groups and issues arose.

Political contention can play a major role in the development of new systems of order. Indeed, it may be especially in the course of conflict that contending parties will invoke higher political values as reasons to restrain each other. Moreover, rules and standards
do not automatically win compliance. Where the state dominates society, compliance can be maintained through coercion or its credible threat. But where the forces of a civil society possess some autonomy, rules with little legitimacy will be ineffective. In China, reform and rapid growth are creating new and potentially powerful intermediary groups; will they find a legitimate political outlet?

**Costs, Benefits, and Values**

Endemic corruption, and political reactions to it, have been serious concerns for the party leadership--notably in April-June 1989, but also more recently. Despite the changes of the past 17 years, however, the leadership still relies on top-down political measures. One such effort was the anticorruption "rectification" campaign of 1982-83. In 1988, the leadership launched another campaign depending mainly on citizen reports and deviants' own confessions. Yet there is little evidence that corruption has significantly abated. The leadership has moved against elites as well: in the spring of 1995, Jiang Zemin removed the Beijing City Party leadership, citing corruption as a reason.

China's corruption would be difficult to control by any means. Rapid inflation has hit officials and intellectuals particularly hard, and their incomes have fallen even further behind the incomes (legitimate and otherwise) of entrepreneurs. Continued inflation will encourage corruption, which in turn may contribute to more inflation by adding costs and inefficiencies to the economy. Likewise, housing and energy shortages continue to create temptations to find illegal income. Moreover, current law enforcement and penalties are ineffective. A corrupt official, once discovered, is punished not only by law but also by loss of reputation. But the probability of being caught is low, owing in part to the difficulty of policing 40 million cadres. For those who are caught, punishments are often lenient: for some party members, the penalty may be simply expulsion from the party and removal from office. For a midlevel functionary making 300 yuan a month, one corrupt deal bringing in 100,000 yuan--not unusual by current standards--would provide nearly 30 years' salary. Penalties may well be stiffer at the peak of rectification campaigns and in times of political tension: consider the recent executions in Guilin Province and the investigation of Deng Xiaoping's niece, Deng Peng. For many engaged in ordinary corruption, however, laws and penalties are weak deterrents.

Yet the fundamental difficulties in China run much deeper. In societies where government and markets coexist in relatively orderly fashion, the decision not to engage in corruption rests not just on cost-benefit calculations, but also on an acceptance that certain behavior violates important rules. China's state of uncertainty in these terms is illustrated not only by statistics on investigations and discipline, but also by the new terms in the vocabulary of corruption and the extreme range of activities being termed "corrupt." It is clear to many that something is wrong, but there is much less consensus as to what rules apply. In fact, it is difficult to draw a line between public and private:

> The differentiation of social forces that is accompanying reform is quite a partial one. . . . The result is a continuation (if in quite altered form) of the state's social hegemony, under which a business sector that is still largely incorporated and captured has appeared. . . . There is as yet no true
autonomy of economic power for a private sector, nor any genuine division of labor between economic and political power in the cities. . . . The bribery, extortion, corruption, and bargains that have frequently been the object of at least rhetorical opprobrium do not, at the analytical level, really occur between two distinct groups. One could rather claim that because doing business often involves the participation of both formations, such exchanges in fact take place within a single, blended class. 20

Indeed, it has become difficult to distinguish between "corrupt" and "reformed" behavior. This is apparent in the controversy over guandao, where the dealings of public agencies, officials, and private entrepreneurs intermingle. Legitimate market activity for some is corruption in the eyes of others. Just when China needed stable standards, "the reforms created a crisis of institutionalization by turning existing official norms [End Page 90] upside down (getting rich was now 'glorious', etc.) and changing the rules to permit new economic activities. In this context it was frequently unclear just which activities were legal and which illegal." 21

The Political Dilemma

In market societies, anticorruption efforts typically change the structure or management of public institutions, or the rules governing their contacts with private interests. Improved auditing and recordkeeping, and careful recruitment and training of personnel, are examples of the former; regulations governing lobbying and political contributions typify the latter. These approaches can succeed if there is some agreement as to who and what is "public" or "private," and as to desirable relationships between the two. But in China there now exists a large and active "gray area" in which public and private concerns, individual and collective interests, politics and administration, and state and society themselves intermingle. The political processes essential to any differentiation have not been allowed to develop. What is needed now is political reform--not institutional changes alone, but new relationships between the state and a viable civil society. It is tempting, at times, to think that open markets are a sufficient basis for democratic politics. But in large and complex societies, at least, a legitimate role for markets seems to require a measure of democracy.

The goal is to forge what Arnold Rogow and Harold Lasswell called a "system of public order." Such systems rest on "the 'realities' as well as the 'formalities' of a political system." 22 Their vitality is in large measure politicial, and people may argue over specifics while preserving an underlying consensus. As Harry Eckstein has argued, what "develops" in the course of political development is politics itself. 23

No one array of institutions will in itself assure such a development. Competitive elections, civil liberties, and a legitimate opposition are critical, but before they can emerge there must be a willingness on the part of the leadership to allow a real political opening--to create opportunities for the routine expression of grievances, and for contention among those with differing points of view. In that setting, state and society can attain a degree of mutual autonomy, and groups and interests within society can develop
greater strength and more freedom of action. Indeed, some of the very groups now involved in corruption could become forces for reform, for corruption bears long-term costs and uncertainties even for its immediate beneficiaries. For those costs to become decisive, however, safe and reliable alternatives to corrupt influence must be perceived as available. Private interests must not only support the law but believe their competitors will do likewise.

Difficulties abound with any scenario for political reform: apart from the fundamental unwillingness of the leadership to tolerate challenges and disorder, it may be difficult to transfer legitimacy from the monolithic old order to the many (and potentially confusing) forces of a new one. The persistence of traditional cultural values in some regions and segments of society adds to this problem, and poses real obstacles to distinctions between individual and collective interests. A more codified system of rules would be a major change in a nation and culture that have generally not conceived of order in legalistic terms. The cozy guandao system will also create powerful enemies of reform. Indeed, political reform might lead to increased corruption in the short run, as private interests gain more political access. Thus institutional corruption controls will be just as essential as political reform.

But the present crisis offers opportunities as well, and while a full set of prescriptions lies beyond the scope of this discussion, first steps can be identified. Greater independence for the bureaucracy would take political pressures off decision makers and be a step toward more predictable, less arbitrary treatment of citizens. This would encourage the growth of a distinction between politics and administration and a new esprit de corps among bureaucrats. A similar independence for the courts would be a first step toward replacing sporadic "rectification" campaigns with predictable legality, and might provide an institutional foundation for individual as well as collective rights. A genuine autonomy for enterprises, in place of the current hybrid system, might differentiate between public and private roles and resources, and between market and command-based allocation, further strengthening the distinction between politics and administration.

Strengthening groups and interests in society is crucial. There are opportunities at this level for outside groups--not just governments and official aid partners, but also the businesses and nongovernmental organizations now establishing their presence in China's new economy. They can (and, in many cases, already do) work closely with business partners, trade associations, and citizen organizations on questions of how to deal with official agencies, on replacing the short-term temptation to pay up with a broader view of the costs of such tactics, and on the limits of what the groups can do (or be asked to do) to advance their own interests. While such efforts may have an anticorruption agenda at times, the more fundamental task is enhancing those groups' ability to articulate and defend their interests, which is essential to drawing clearer boundaries between state and society.

Developing a new sense of property is also in order. Such a recommendation might seem out of place for a society that is still formally communist, but market reforms have already raised this issue, whether it is officially recognized or not. Official and social recognition of private as well as social property is essential to a stable conception of corruption, and can help solidify the distinction between individual and
collective interests and rights. The incentive system that would thereby be ratified would energize the social groups and interests (and the contention among them) that are essential to democratic reform.

All of these steps are difficult and long-term in nature. Because they are interlocked in many ways, there is no neat sequence of reform. What is clear, however, is that the strategy of economic without political reform is reaching its limit: political liberalization is long overdue. The authors of the February and May petitions have not only made a clear statement of China's current problems. They have also pointed to basic lessons to be learned by considering the development of market-based societies elsewhere. Whether or not China's leadership can grasp and act on those lessons--both during the difficult succession process now under way and in the years to come--may well make the difference between progress and catastrophe for a quarter of humanity.

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Notes

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4. Mark Philp, "Defining Corruption: An Analysis of the Republican Tradition" (paper presented at a meeting of the International Political Science Association research committee on political finance and political corruption, Bellagio, Italy, 14 May 1987), 1.


10. FBIS-CHINA, 28 September 1993, 47.


