

# Bureaucratic Corruption in China During the Reform Era: Current Issues and Future Decisions

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*Corruption has been an enduring issue since the onset of economic reform in the late 1970s. With greatly expanded bureaucratic power because of the weakening and erosion of administrative, ideological and legal constraints, corruption has become embedded in the very fabric of the government bureaucracy at both central and local levels. The article identifies and examines new variants of bureaucratic corruption, with particular emphasis placed on developments in the post-1989 period. It also analyzes recent initiatives by the central government to combat corruption. The implications of the introduction of a civil service system in tackling the problem of bureaucratic corruption were also examined. The article concludes by casting doubt on these attempts unless the Chinese Communist Party can face squarely the issue of separation of party and government.*

## Introduction

It is conventional wisdom that corruption has become a serious problem in China. Corruption was one of the salient issues that triggered off the Chinese political upheavals of 1989. But corruption and its related issues have been a matter of significant concern since the onset of the reform era in the late 1970s (Liu 1983, Ma 1989, Myers 1989, Oi 1989, Xie 1988 and Yeh 1987). According to a large-scale survey of 10,000 workers co-sponsored by the Chinese Academy of Social Sciences and the State Statistical Bureau in 16 major cities before the June 4th incident, 63 percent listed official corruption as China's most serious social problem. Some 46 percent of all respondents believed that embezzlement and bribe-taking by government employees were the major social problem, while some 35 percent replied that the major problem was the reluctance of people to stand up against hooliganism or other criminal offenses in public places (*Far Eastern Economic Review* 1988).

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In the context of our analysis, corruption (*fubai tanwu*) can be defined as one form of abuse of public office or public power for private-regarding purposes, including material benefits (i.e., for personal rewards and gains). The issue of cadre corruption and privilege was probably the single most prominent issue that caused the June 4th incident in 1989 (Womack 1991). In the political report presented by Premier Li Peng in the 8th National People's Congress, combating bureaucratic corruption was given a prominent position. It said: "The struggle against corruption is a crucial issue between the party and the people. Party members, in particular those in leading positions, should set an example in the struggle against corruption by exercising self-discipline and by educating their offspring" (Li Peng 1993).

This theme was reinforced in no uncertain terms in a front-page commentary by the party's official newspaper, the *People's Daily*. It warned that the party and the people should "never allow erroneous ideas, such as the exploitation of others for personal gain, putting profit first, money worship and cheating, to run rampant. If the development of such unhealthy social tendencies as bribery, embezzlement and bending of the law for the benefit of relatives and friends, is not checked . . . Our nation will never be prosperous" (*People's Daily* 1993).

One unintended consequence of economic reform has been an alarming rise in the reporting of economic crimes and corruption in urban Chinese economy. More than ten years of economic reforms have planted the seeds for the sprouting of the phenomenon of reform corruption. The Chinese bureaucracy, the main target of unprecedented public resentment in the pro-democracy movement, has become the most independent, aggressive and powerful interest group in China. With expanded bureaucratic power brought about by reform but with weaker administrative, ideological and legal constraints, this group has ruthlessly scrambled for resources at the expense of the rest of the nation. The direct consequences have been rampant bureaucratic corruption, a breakdown of central authority, and sharper social conflicts. The emergence of reform corruption is nothing more than a rational response of the bureaucrats who are losing their superior position in society vis-a-vis other non-elite groups. Reform corruption represents an attempt by the bureaucrats to divide the benefits of economic reform in an economic system with nascent market features. According to Jean Oi, the most well known of this behavior involved the circumvention of official regulations by agents of the state in the routine performance of their duties. Another common practice is to use informal personal connections to gain access to and get ahead in the system (Oi 1986 and 1989).

The purpose of this article is threefold. Firstly, it will identify and examine some of the new variants of bureaucratic corruption, with particular attention paid to developments in the post-1989 period. Secondly, recent efforts by the central government to combat corruption will be analyzed. Thirdly, attempts will also be made to examine the implications of the introduction of a civil service system in tackling the problem of bureaucratic corruption.

### **Salient Features of the Reform Bureaucracy and Bureaucratic Corruption in Deng's China**

During the heyday of the reform period, the state has placed higher priority on economic development more than class struggle. Structural reforms inevitably lead to the redistribution of interests and created winners and losers. Bureaucrats as a more educated, organized group managing resources in the front-line, have natural advantages over others. But the early reforms, with farmers being given small plots for their own use, meant that they were the main beneficiaries (Oi 1986). Most bureaucrats were in the background, generally resistant and suspicious of change. But as reforms increasingly passed authority down the line, bureaucrats were the first to benefit.

Fiscal reform enables provincial, municipal and county governments to retain more budget revenue. Foreign-trade reform allows local state trading corporations to retain more foreign exchange. Distribution reform permits the local material supply bureau to decide the flow of more commodities. County mayors with larger local budgets, city industrial bureau chiefs deciding the use of more retained enterprise profits, and the provincial coal departments that handle more coal suddenly find that the scope of resources they deal with has expanded, and that there is the constant demand, ever-rising prices and a ready market for these resources. Administrative power has always been a ticket to privilege in communist China, but never before had bureaucrats been so aware of its potential to generate profits which do not need to be handed over to Beijing. The policy changes have transformed the previously passive and static bureaucracy into diverse interest groups protective of their own interests, and actively seeking monetary rewards for the power they enjoy. They set up companies, strike deals, travel extensively to move resources from one place to another — all for their units or for themselves but often in the name of reform. There is no binding civil service code, no independent watchdog to supervise official malpractices and no strong leadership to push through a thorough anti-corruption campaign. Chinese economists have called this phenomenon the monetization or commercialization of administrative power. This is reform corruption par excellence.

Another feature of the post-1978 Chinese bureaucracy is that there is more bargaining and negotiation at all levels, the slowing down and distorting of well-considered policies. With economic decentralization, each bureaucratic unit holds a particular set of resources, so that Beijing must seek the active cooperation of many agencies to implement a major project (Oksenberg and Lieberthal 1987). The fragmentation of authority means that consensus has to be sought vertically and horizontally. This process is very important because without it, even if a decision is forced upon local authorities and agencies, progress can easily bog down in the bowels of China's various bureaucracies. Decisions made in such a manner are often disjointed and the actual implementation is incremental, with policy in reality changing only gradually. This gives ample opportunity for lower

level officials to circumvent central policy directives and indirectly lead to more abuses of public office. As the center has emerged much weaker after the suppression of the democracy movement, provinces may become even more assertive in exchange for their loyalty. Bureaucratic agencies will continue to bargain hard, vying with each other for powers and privileges. The inland provinces want to be able to retain as much foreign exchange as the coastal and southern areas.

Another notable characteristic of the new bureaucracy is that it has become more cellular. As the power and aspirations of provincial, municipal and county-level governments grow, they increasingly defy and blunt central directives. With central policies constantly in flux, local governments have learned that the system rewards those who break the rules that are eventually nullified by widespread defiance. Even as the chain of command has been eroded, units trying to protect their own benefits see no advantage in cooperating with other local units. The increasingly consultative atmosphere and other changes in the policymaking process have exacerbated many of the dysfunctions that stemmed from the traditional size and the diffuseness of the Chinese bureaucracy, notes Harry Harding in his book, *China's Second Revolution* (Harding 1987).

According to T. Wing Lo in a recent book on corruption in China, four major types of corrupt behavior can be identified. These are described below (Lo 1993):

(1) *Bribery and obstruction of justice.* Bribery is the most typical form of corruption at all levels of the government bureaucracy. It is particularly prevalent at the level of the so-called street-level bureaucracy when low-ranking officials would seek advantage from private entrepreneurs and foreign investors (*China Daily* 1988).

(2) *Misappropriation and excessive spending.* A majority of cases reported in the official press usually involved senior cadres who indulged in extravagant, excessive spending and misappropriation of public funds for personal use. Corrupt behavior may range from the distribution of unauthorized bonuses to blatant embezzlement of public funds (*People's Daily* 1988, SCMP 1986).

(3) *Official profiteering.* This happened when cadres exploit the opportunities thrown up as a result of the introduction of a dual pricing system for some prized and scarce commodities or goods. The pricing system is now in a state of transition - to be transformed from a centrally-controlled system to one decided primarily by market forces. During the transition stage, cadres can still manipulate the system to their advantage because of their wide discretionary power in the distribution of these materials (*Hong Kong Standard* 1988).

(4) *Favoritism and nepotism.* There is an elaborate network of petty favoritism which is associated with *guanxi* or personal connections. It is the glue

which holds the system together. Most forms of favoritism are relatively minor. But the most serious is nepotism, particularly among the progeny of senior cadres (*Far Eastern Economic Review* 1983 and 1989).

#### **New Variant of Bureaucratic Corruption in the 1990s: Cadre Capitalism or the Commercialization of Power**

Since the visit by Deng Xiaoping to China's southeastern provinces in January 1992, tens of millions of government and Communist Party officials are plunging into the sea or the so-called *xia hai*, which has become the new slang in China for going into business by former government employees. They were responding to calls by the party which authorized party and government departments to run enterprises on the side in order to augment their income. As a result, more goods and services are available for the people to buy, and the bloated public sector is rapidly augmenting its revenues. The burgeoning marketplace reflects a major reallocation of resources from the state sector to hybrid organizations that are neither private nor socialist but a mix of both. The official documents authorizing such a move were passed in early 1992 (SCMP 1993 and MP 1993).

In early 1993, the China News Service reported that the government has issued a new set of policies which were more relaxed and preferential to former cadres who want to start up their own businesses. The 20 new regulations were formulated by the State Administration of Industry and Commerce (CNS 1993). The surplus workforce incurred by streamlining departments can go into private business, but they have to apply for official withdrawal from the government organs concerned and get documentary proof from their original work units. Party and government officials have been banned from joining private business because of fears of conflict of interest. However, the central government has apparently decided to relax the ban in the face of difficulties in providing jobs for an estimated two million redundant cadres. Under these new rules, the CNS report said the central government supported the *getihu* or individually-run businesses and the privately-run firms to seek business partnerships with their counterparts in other regions. They were also encouraged to cooperate with other businesses and sectors such as state-owned enterprises and joint ventures.

One significant change is that support and backing have been given to the *getihu* and the privately-run firms to lease, contract out or even purchase the state-owned and collective enterprises. The legal rights of the *getihu* and the privately-run firms will be protected, it said, adding that any abuses and malpractices on the property ownership would be strictly prohibited. The rationale for such policy is twofold: Firstly, the establishment of new business ventures can provide employment opportunities for redundant government officials as a result of the streamlining and downsizing of the government

bureaucracy. Secondly, this can stimulate the development of the nascent service sector. Fragmentary statistics suggest that about one-third of China's 103 million government employees have leapt into the sea, or at least waded enough to get a second, part-time job (IHT 1993). It says something about the giddiness of the economic and social revolution under way in China that the Communist Party is hailing its officials for abandoning their posts to the temptations of capitalism.

More fundamentally, the rush to plunge into the sea reflects the growing sense among China's ruling elites that power, comfort and prestige in the coming years will no longer derive from political position, but rather from hard cash. One measure of the trend is that the number of registered companies in China soared 88 percent in 1992 alone. The registered capital of private enterprises surged 79 percent in the year, to US\$3.9 billion (IHT 1993). According to government statistics, more than 300,000 companies were registered in 1992 alone. Among them were 100,000 private entrepreneurs, with a total employment of more than 20 million persons (SCMP 1992). The decision to lead to the formation of these hybrid economic organizations, mainly in large cities, has added a dynamic dimension to the Chinese economy.

The key to this development is contracting, a Chinese art going back many centuries. For example, an automobile plant in Beijing converted a small number of cars to taxicabs, contracted some of its poorest workers to drive them and assessed each a monthly income quota of 6,000 yuan. The cabdriver pays around 1,000 yuan for fuel and earns 1,000 yuan or more a month, around three times what his factory colleagues get. Many state enterprises are building apartments, thus extending private property rights to millions of city dwellers in exchange for a monthly rental or a hefty down payment for a loan, which will fatten the coffers of financially strapped state enterprises. The wave of contracting by the state greatly expands employment opportunities, especially in the service sector, which at present employs 18 percent of the work force compared with at least 50 percent in Japan, South Korea and Taiwan.

Nevertheless, the trend toward leaping into the sea raises some troubling questions. Some people worry, for instance, that China is becoming a nation of money-grabbing materialists, in which intellectuals are obliged to sacrifice more important work just to keep up with the Wangs. A much broader question is whether those leaping into the sea are unfairly taking advantage of their *guanxi*, or connections. *Guanxi* are of paramount importance in gaining privileged access to proximate decisionmakers in clinching a deal or concluding a contract.

During the just concluded first meeting of the 8th National People's Congress, China's legislators and government advisers have expressed shock and dismay at the extent to which the "socialist market economy" has been distorted by the marriage of power and business. In an unusually frank commentary, the official China News Service (CNS) quoted unnamed deputies to the National

People's Congress and the Chinese People's Political Consultative Conference as saying that economic reforms would be derailed unless political power was barred from the marketplace (CNS 1993). The delegates were worried about an unintended byproduct of efforts to streamline the central government, which involved closing down a number of government departments and laying off one-fifth of the existing staff as part of the initiative in re-structuring the bloated bureaucracy. Some deputies had noted that some government units have formed the so-called "flip-over" companies, in the process taking over powers which used to belong to private enterprises. Flip-over companies refer to the practice of a government unit seeking a reincarnation as a company which nonetheless retains its former powers and prerequisites. Moreover, congress and conference members said a number of government officials had begun treating power as a commodity such as selling licenses and giving tenders to whoever offered them the best advantage. The China News Service quoted deputies as characterizing the evils of the marriage of power and business in this way:

Resources cannot be optimally distributed; competition can never become equal; the burden on enterprises will increase; the order of the marketplace will be disrupted; corruption will mushroom; and the social atmosphere will be poisoned (CNS 1993).

The legislators and advisers gave seven recommendations on how to prevent the "marketing of power." These included boosting anti-graft measures; further opening up the markets; strict orders against government units running businesses on the side; and the strengthening of supervision by auditing departments, the mass media and the masses. Chinese analysts were of the opinion that the bold views expressed by the unnamed deputies showed that they distrusted Beijing's efforts to stamp out wheeling and dealing by officials. The analysts said the congress and conference members did not take these promises seriously because Beijing had done nothing to stop the senior cadres or their descendants from running businesses. Two recent cases which were widely reported in Chinese newspapers in the mainland showed that the worries of these delegates were not unfounded.

The first case involved Mr. Yu Zho-min, the Chairman and Party Secretary of the Daqiu Zhuang Agriculture, Industry and Commerce Corporation, which is about two hours' drive from Tianjin. He was detained for allegedly sheltering culprits who tortured an employee to death last December. The disgrace of Yu, described as a close friend of Deng and such other power-brokers as former National People's Congress chairman Wan Li, has triggered calls for investigation into how the village became a multi-billion yuan fiefdom of the Yu clan. While there is no evidence linking Deng, Wan or their households with the Daqiu Zhuang mess, it is well known in business circles that Yu, an NPC member and a veteran proletarian hero, was on extremely good terms with the heads of several government ministries. Persistent reports in the Hong Kong and Taiwan press said Yu had acquired state-rationed raw materials, including steel and building

materials from the ministries and then sold them at a huge profit to units that do not have access to government-controlled supplies. Yu also built Daqiu Zhuang into a fortress for his family, many of whose members held senior positions in the corporation (SCMP 1993).

Another case in point involved the much heralded Capital Iron and Steel Works in Beijing, known as Shougang. Noted for its contract responsibility system, Shougang has been hailed by Deng as the pace-setter for state enterprises that have learnt how to swim in the sea of supply and demand. No allegations of corruption have so far been leveled against Shougang executives, including chairman Zhou Guanwu, a former NPC member and a long-time Deng associate. Since the patriarch paid a much-publicized visit to the steel mill on 22 May 1992, however, there have been innuendoes galore about possible influence peddling. A Chinese source said one of Deng's three daughters, an informal consultant to Shougang, was instrumental in persuading the ailing patriarch to call on the company. After the visit, Deng personally approved several autonomous powers to be granted Shougang. They included permission to set up a bank, to open branches in Hong Kong and to invest overseas. Informed sources said several government ministries, including the People's Bank of China and the State Planning Commission, were puzzled by the Deng dispensation; no other enterprise in China has been given such freedoms (SCMP 1993).

Proponents of clean government and clean business have been particularly disturbed by signals that Deng might have given up his long-standing battle against bureaucratic corruption. As late as 1988, the patriarch condemned the mixture of party and mercantile interests. He ordered that outfits run by cadres or princelings be closed down. Since late 1992, however, Deng has advocated the fusion of the party, government and business, which he saw as a prerequisite for the CCP's survival. During the 14th Party Congress held in October 1992, Deng reportedly had laid his goal of party functionaries taking up senior posts in government (and) corporations: "A key reason why the former Soviet Party disintegrated was because it was divorced from the government process and from business interests" (Cheng Ming 1993). Equally problematic is the fact that the leadership has put the police-judicial apparatus even more firmly in the hands of the party, whose Political and Legal Commission calls the shots in big legal cases. Party predominance even in the judicial process would seem to militate against much vaunted efforts by Beijing to step up its anti-corruption campaign.

### **Combating Bureaucratic Corruption During the Reform Era**

Since the establishment of the Ministry of Supervision in June 1987, the Chinese government has instituted various measures to tackle the problem of bureaucratic corruption, often with mixed results. These measures included the stationing of price inspectors to local governments to increase control of prices;



rectifying state enterprises by investigating suspected cases of profiteering; curbing corruption of retired cadres who might use their personal connections to gain personal advantage; curbing corruption in the army; establishing economic crime reporting centers and hotlines; curbing unnecessary conferences and banquets; halting unauthorized public spending; increasing supervision and scrutiny by the press; and introducing an income declaration system (Lo 1993).

Over the last few years, the Chinese government has waged periodic campaigns to rid out corruption or the so-called unhealthy tendencies in the government bureaucracy. One of the most well-known and large-scale campaigns was the one initiated in early 1989. In the minutes of the Secretariat of the Party Central Committee published by the *People's Daily*, the then General Secretary Zhao Ziyang called for the establishment of a nationwide network of corruption-reporting centers (*Far Eastern Economic Review* 1989). The public should be encouraged to report corrupt activities, and various supervisory bodies should be strengthened. In another related move, government and party officials have been given a deadline to resign from their commercial posts or face severe disciplinary action. But there are exceptions. Officials serving in non-profit oriented companies designed to improve the working and living conditions of their own staff are exempt from that promulgation. Also exempt are those under contract in foreign-funded joint ventures. One economist noted the exceptions are broad enough to render the ban almost meaningless, particularly as the definition of non-profit organizations cover the gamut of non-manufacturing firms. Both moves, though designed to cut back on opportunities for corruption in what is termed the new environment, do not fit the realities of that new environment.

Another new initiative is the introduction of a pilot scheme in six major cities early this year to check the growth of so-called unhealthy tendencies among cadres by promoting good work ethics. This scheme was launched by the newly-established Office for Checking Unhealthy Tendencies under the State Council. Among the unhealthy tendencies mentioned were extravagances in dining and corruption among cadres. The pilot scheme for the building of work ethic had also been introduced in the Ministry of Public Hygiene and the Civil Aviation Administration of China (SCMP 1993). The report said the communist leadership was determined to build up a system of work ethic that meet the needs of the development of a socialist market economy.

The reason why most of these attempts had failed is plain to see. Given that economic crimes had been so rampant in China, the rulers' political openness and the people's supervision are effective weapons to keep them under control. However, when the power of the ruling party is absolute and there is no democratic system of checks and balances, it is almost certain that those who possess the power can abuse it to serve their ends.

**Towards a Clean Administration:  
The Plan to Set Up a Civil Service System**

Some people had suggested that the reforms have been set back repeatedly not just because of the opposition of the conservative interests within the party or the corrupt behavior of bureaucrats and party functionaries but also the bloated and inefficient administrative structure. The existing administrative structure is considered to be inadequate, and if not rejuvenated, will pose a constraint on economic modernization. The overriding objective is a professional, efficient, flexible and above all relatively corruption-free bureaucracy. Reformers realized that the ultimate success or failure of institutional reform hinges to a large extent on the reform of the state personnel system. According to Burns, the total number of state employees in all levels of government numbered 4.2 million at the end of 1988, of whom 100,000 worked for the central government; 400,000 for the provinces; 1.1 million in cities and prefectures; and 1.85 million in counties and townships (Burns 1983 and 1989).

Over the past ten years, two attempts have been made by the Chinese authorities to reform the personnel system in 1982 and 1988. The 1982 reforms were primarily aimed at the reform of the State Council. In 1988, the idea of establishing a civil service system was first mooted in the 13th Congress of the Chinese Communist Party. Recruitment of a better educated class of personnel possessing more experience with modern technology and methods of management would help promote economic modernization. So would be the allocation of rewards and promotions according to performance.

The goals of the reform of the personnel management system have been to end the system of lifetime tenure for officials, break up concentrations of administrative power by establishing fixed terms of office and provisions for rotation of cadres, provide clear definitions of responsibilities of each administrative assignment, and procedure for evaluating, rewarding, and punishing the performance of cadres. At the local level, Harbin and Shenzhen had been chosen to launch some pilot schemes.

On balance, the reform of the personnel management system had occurred at a glacial pace. In the recently concluded 8th National People's Congress, the civil service system was given renewed attention and impetus. It had been reported that the Provisional Civil Servant Regulation had been submitted to the premier, Mr. Li Peng, for final approval. Under the final draft of the regulation (i.e. the 26th), the ruling party would retain strong control over the recruitment and dismissal of cadres. Mr. Xu Songtao, head of the policy and regulation bureau of the Ministry of Personnel, talked at length at a meeting on the distinction between China's civil service and those in Western democracies (SCMP 1993 and MP 1993). The regulation insists that the socialist country's civil service is a constituent part of the Communist Party's management and control of cadres.

Both political attitude and merit are stressed to be major criteria in the recruitment and assessment scheme for civil servants. Political attitude apparently is seen as more important than capability.

The regulations made no distinction between political and administrative officials. This contradicted Zhao Ziyang's earlier position at the 13th Congress in 1987 which stipulated that civil servants should be categorized as political and administrative officials. That was in line with the Western democracies' separation between political appointees and career government officials. Mr. Zhao's package was seen as a step towards the separation between the Party and government. But what has emerged under the present regulation could be seen as a token measure to have a system of cadre management which only paid lip service to the all-important principle of separation of government and Party.

If the civil service reform initiative is to succeed, the government must also address some of the issues in the unfinished agenda of administrative reform. They can be summarized as follows (J. Lo 1993):

- (1) Separation of enterprise from government. This the crux of the whole reform exercise. Administrative management (*xingzheng guanli*) and economic management (*jingli guanli*) would be separated or distinguished. Various departments, especially those handling economic matters will be turned into corporations that will be financially sufficient. Government functions that result in the excessive and stultifying control of enterprises should be abolished.
- (2) Clear differentiation between the power and function of government and party bureaucracies with the former giving more latitude and responsibility in policy implementation.
- (3) Downsizing and cutback of bloated government bureaucracies at all levels by means of closer control of the establishment and strength of official positions and the streamlining of the machinery of government through reorganization, retrenchment and restructuring.
- (4) Improving management effectiveness in government, with particular emphasis on the management of financial and cadre resources.

A guiding principle of administrative reform is that it should take place in the overall context of improving the macro-economic management power of the central government. Although administrative reform is usually considered as a part of political reform, the central government has deliberately downplayed this point throughout the reform process. A dispatch of the New China News Agency indicated that the reason behind the civil service reform initiative was the promotion of efficiency and cost-saving, not the undermining of the Communist

Party's authority (SCMP 1992). It went on to advocate the further strengthening of the leadership role of the Communist Party. The situation would be problematic as the Chinese Communist Party strived to maintain its political influence and monopoly of power, while the government streamlined its bloated structure. Seasoned observers have pointed out that the reform could backfire because of public discontent, as the majority of cadres were unprepared to see their iron rice bowls smashed.

### Conclusions

As seen from the above discussion, the Communist bureaucracy wants to keep a monopoly of political power while giving freer rein to market forces. The party officials want to preserve their claims to moral and ideological leadership while feeding greedily at the trough filled by capitalist forces unleashed by the market. They want to allow the natural economic dynamisms of the southern coastal provinces to flourish while they maintain tight central control of the political institutions of government. This policy stance certainly will aggravate the problem of bureaucratic corruption. Without the economic growth that the market forces have brought, albeit very unequally, *Dengism* has no legitimacy. But it is so enmeshed in the nexus of money-making and corruption that stems from huge bureaucratic power in a quasi-capitalist economic environment that its own long-term legitimacy is undermined.

It may be difficult for Beijing to control bureaucratic corruption. These unhealthy tendencies, says the current doctrine, unavoidably go hand in hand with free markets. Perhaps so. But the people are increasingly aware that the senior leadership has not been notably successful in combating corruption. It has had some degree of success in creating a climate for economic growth, but being wedded neither to communism, capitalism nor confucianism, it seems increasingly guided by two factors that have impeded China's development under various regimes — bureaucratism and nepotism. Economic liberalization will inevitably undermine the hitherto monolithic control of the political structure in China. Maybe it is now too far advanced to be stopped and the Beijing leadership is simply going with the flow. As things stand, there is no cogent system of beliefs, laws or institutions to underpin it. There is merely a party and bureaucracy that no more believe in the socialist market economy than they do in Maoism. They are plainly interested in their own survival.

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