

THE “NAKED OFFICIAL” PHENOMENON IN CHINA

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Executive Summary

1. “Naked officials” (*luoguan*) are party-state cadres who are still in office but have managed to move families and assets abroad; he or she stays in China alone and is ready to quit and join family members overseas.
2. While it is true that not all “naked” officials are corrupt, the potential causality between “nakedness” and corruption is too obvious: The high costs of settling the family abroad would often compel the official to engage in corruption and the lower opportunity cost of having one’s family safely abroad emboldens him to do so.
3. The Chinese authorities have not released official figures of naked officials, though a general survey was conducted in 2011 and again in 2014. Only Guangdong province released its figure from the 2014 survey, which uncovered 2,190 “naked officials.”
4. Unofficially, Lin Zhe, a professor at the CCP’s Central Party School disclosed at the National People’s Congress session of 2010 that between 1995 and 2005 there were about 1.18 million “naked officials” including their family members.
5. The study abroad, either by the children of the officials or the officials themselves, has been the most important source of naked officials. The children who obtain citizenship or permanent residence of other countries after graduation are often used by their cadre parents to move assets out of China to establish their future homes for retirement. The higher the rank, the more capacity they have in doing so.
6. A second major channel is the growing overseas investments of state-owned enterprises (SOEs) since the turn of the century. Leading cadres are in a position to send their family members to work in these new or branch companies abroad.
7. Once outside supervision they are in a position to strip the assets of these companies or launder money through the bank accounts of these firms. The

investor immigration programmes of many developed countries, Singapore included, have also become a popular route.

8. New regulations since January 2014 have disqualified “naked officials” from promotion. Neither can they hold leading or sensitive positions in the party committee, the people’s congress, the government, the political consultative conference, the disciplinary inspection commission, the court, the procuratorate and SOEs.
9. In the 2014 purge, “naked officials” were required to make a choice between recalling their family members from abroad and accepting job reassignment to lesser or less sensitive positions or early retirement. If they are willing to recall their families, they have to fill in a form to pledge renouncement of foreign citizenship or permanent residence status.
10. Like the anti-corruption campaign, the fight against “naked officials” runs into resistance. A poll found that over half of the cadres believed that it was all right for the spouse or the children of public employees to have foreign citizenship or permanent residence. So far Chinese law does not prohibit public officials from holding assets abroad.