CHINA'S RECENT CLAMPDOWN ON HIGH-STAKES CORRUPTION

CHEN Gang & ZHU Jinjing

EAI Background Brief No. 490

Date of Publication: 19 November 2009

Executive Summary

1. Not long ago, mostly low and mid-level corruptive officials were punished in China, but now high-level and high-stakes cases are on the rise.

2. The Chinese government has now shifted its anti-corruption efforts towards apprehending big timers to expose big corruption events to clean up the party.

3. Although the party-state has an image problem in corruption prevention, its ranking in the global Corruption Perceptions Index compiled by Transparency International actually was the best among the four emerging economies in the BRIC (Brazil, Russia, India and China).

4. Corruption charges sometimes are interpreted as politically motivated means to remove rivals as transparency is lacking in China's judicial system dominated by the ruling party.

5. Unlike the 1980s or 1990s, more corruption cases involving dozens of corruptive officials in different departments or different localities have been reported today.

6. China's rapid marketization process after 1992 has opened up more opportunities for rent-seeking activities, and large state-owned enterprises (SOEs) and local governments are hotbeds for corruption.

7. Only the Central Disciplinary Inspection Commission, with approval from the Politburo, has the power to investigate and detain leaders of giant SOEs and provinces.

8. A significant administrative decentralization witnessed in the 1980s and 1990s had changed the fiscal central-local relations with the local governments given more power over funds and resources and thus the opportunity for corruption.

9. One obstacle for sweeping anti-corruption reforms is the high stakes held by family members of top political leaders in the corporate world.

10. Although often being criticized as ineffective, China’s anti-corruption efforts by multi-dimensional means do have a curtailing effect on corruption which threatens to become a fatal threat to the Party’s ruling status or to the country’s economic growth.

11. If China is determined to win a full-scale war on corruption, it has to gradually institutionalize an independent judiciary system with enhanced role for the media and public in supervising the government.

CHINA'S RECENT CLAMPDOWN ON HIGH-STAKES CORRUPTION

CHEN Gang & ZHU Jinjing*

Catching the Big Fish

1.1 China has always had an image problem on the issue of official corruption. Since the Tiananmen crackdown of 1989, corruption is generally believed to have worsened.[1] In the past, mostly low and mid-level corruptive officials were exposed and punished, but these days high-level and high-stakes cases (*da'an yao'an*, 大案要案, "big and major cases"[2]) are on the rise.

1.2 The average size of bribes swelled from 2.53 million yuan (US$370,000) in 2007 to 8.84 million yuan in 2008, according to the Supreme People's Court of China.[3] During the past two years, more than a dozen ministerial-level officials or SOE (state-owned enterprise) leaders were investigated or jailed by the Chinese authorities on corruption charges (See Appendix 1), many of them involving large sums of up to tens of millions of RMB.

1.3 China's top leadership apparently was using these big corruption events to clean up the ruling party ahead of the 60th anniversary of the founding of the People's Republic in October 2009.

---

* Dr Chen Gang is Research Fellow at the East Asian Institute, National University of Singapore. Ms Zhu Jinjing is Research Assistant at the same institute. The authors would like to thank Professor John Wong for his valuable comments and contributions.

1 Yang Dali, "Has Corruption Peaked in China?" *EAI Background Brief* No. 214, 21 Oct. 2004, p.i

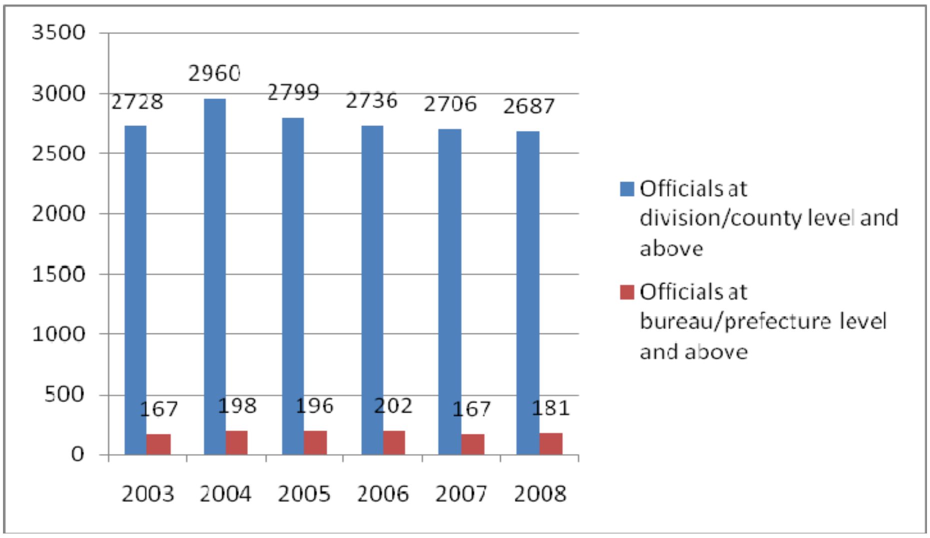
2 For early discussion on the intensification of high-level and big-stakes corruption in China, please refer to Andrew Wedeman, "The Intensification of Corruption in China," *The China Quarterly*, Vol. 180, Dec. 2004, p.895

3 "Anti-graft move expected at China's key party meeting," *The Straits Times*, 12 September 2009, p. C12

1.4 The Chinese government is now shifting its anti-corruption efforts towards catching big timers than small fries amidst growing concern among the public regarding the transparency of the 4-trillion-yuan stimulus package to revitalize the economy, which is expected to become the world's second largest by the end of this year.

1.5 Although the party-state does not have a good reputation in corruption prevention and law enforcement, China's ranking in the global Corruption Perceptions Index 2008 (CPI) compiled by Transparency International was actually the best among the four emerging economies in the BRIC (Brazil, Russia, India and China).[4]

NUMBER OF OFFICIALS UNDER PROCURATORIAL INVESTIGATIONS FOR CORRUPTION, 2003-2008



Source: Supreme People's Procuratorate of China.[5]

1.6 China's rampant corruption is attributed to a number of factors, including the one-party political system that lacks independent watchdogs, free media and

---

[4] According to Transparency International's CPI 2008, China ranked 72, followed by Brazil (80), India (85) and Russia (147). Denmark, New Zealand, Sweden and Singapore got the top four positions in the global ranking. See Transparency International: "CPI 2008 Table," http://www.transparency.org/news _room/in_focus/2008/cpi2008/cpi_2008_table

[5] The figures are quoted from the procurator-general's work reports at the annual session of the National People's Congress over the years. http://www.spp.gov.cn/site2006/region/00018.html

opposition parties, underpaid officials, media censorship, relatively low-level of economic and social development, China's vast area and large population governed by multi-layered regimes, and fast institutional changes during the reform and open-door process that have created numerous policy loopholes and ambiguities. Globalization and urbanization also complicate the whole issue, making it more difficult to detect commercial corruption in all sorts of covert forms.

1.7 China's top leaders understand that uprooting corruption is a mission impossible in the current political, economic and social context, but they also know that the party has to be high-handed to prevent the escalation of such large-scale corruption. As many of these cases have become internationalized and too excessive, the party's reputation and legitimacy are at stake with internet censorship becoming more difficult.

1.8 The sub-rosa nature of corruption has made the monitoring of corruption rate difficult. Not only is there the possibility of false reporting, official data also only measure the revealed rate of malfeasance, not the actual rate of malfeasance.[6] Changes in the revealed cases may manifest changes in the real corruption rate, or may be a result of intensified anti-corruption efforts.

1.9 To some, it may seem obvious that corruption has intensified because of larger payoffs in revealed cases. One cause is China's huge economic scale today, with rapid appreciation of state assets such as land, SOE shares and franchise rights in the hands of the government sectors.

1.10 Almost all the crimes relating to senior officials are high-stakes corruption cases running into millions of yuan; many will not take such risks if it is not worth their while. Many officials come up with ever more imaginative ways to gain wealth, like setting up private foundations or offshore accounts to accept

[6] Andrew Wedeman, "The Intensification of Corruption in China," *The China Quarterly*, Vol. 180, Dec. 2004, p. 899

bribes, encouraging entrepreneurs and companies to bankroll their children's education overseas, and obtaining pre-IPO stocks.[7]

1.11 China's special judicial system dominated by the ruling party keeps all anti-corruption investigations under wraps and makes it easy to manipulate. Usually it is the party's discipline inspection sector (see Appendix 3) rather than the procuratorate or the police that starts the investigations and detains suspects with party membership.

1.12 Party disciplinary officials are given the power to summon suspects at a specified time and place, a house-arrest process abbreviated as "*shuanggui*" (双规) that in most cases becomes a form of extralegal detention in which suspects can face food and sleep deprivation and round-the-clock interrogations.[8] Due to the lack of transparency of disciplinary inspection, anti-corruption investigations may be used by top leaders to purge officials of rival factions.[9]

1.13 Due to the controversies over the application of the death penalty to corruption cases, China is hesitant to execute corruptive officials even though the involved sums in many cases have reached or exceeded the standards in China's law for the capital penalty.[10]

---

7 "Being charged with corruption has many means in China," *International Herald Tribune*, 4 Sept. 2009, p. 16

8 For comments on *shuanggui*, see Flora Sapio, "Shuanggui and Extralegal Detention in China," *China Information*, Vol. 22, No. 1, 7-37 (2008)

9 The two corruption investigations that put former Beijing Party Secretary Chen Xitong and Shanghai Party Secretary Chen Liangyu into jail were seen by some observers as obvious political purges by incumbent top leaders to weaken the opposition factions of Beijing Clique and Shanghai Gang.

10 In 2000, China executed Cheng Kejie (成克杰), former vice chairman of the Standing Committee of the National People's Congress, and Hu Changqing (胡长清), former vice governor of Jiangxi province. In 2004, China executed Wang Huaizhong (王怀忠), former vice governor of Anhui province and in 2007, Zheng Xiaoyu (郑筱萸), director of the State Food and Drug Administration, was executed.

High-stake Commercial Corruption

2.1 Corruption these days often involves high-level officials and high-stake commercial activities. Government statistics show that from July 2003 to December 2008, a total of 881,000 corruptive cadres were disciplined, of whom 2,386 persons were at or above bureau and prefecture level (地厅级, *ditingji*), and 29,905 persons at or above division and county level (县处级, *xianchuji*). About 24,700 persons received judicial punishments. [11]

2.2 Of the recent high-profile commercial corruption cases, the Huang Guangyu (黄光裕, former chairman of GOME Electrical Appliances Holding Limited) case and the Chen Tonghai (陈同海，former Sinopec President) case made the most shocking impact. In November 2008, China's richest tycoon Huang Guangyu was detained and investigated for charges on stock manipulation, money laundering, bribery and insider dealing. The Huang Guangyu case is a nation-scale chain of corruption that involves high-rank officials in both central and local governments.

2.3 The first wave of arrests in Huang's case involved Guo Jingyi (郭京毅, counsel, Department of Treaty and Law under the Ministry of Commerce), Huang Songyou (黄松有, Vice Chief Justice, Supreme People's Court), and Xu Mangang (许满钢, Chief of Department of Administration and Inspection, State Administration of Foreign Exchange). It then went into a second wave involving officials such as Zheng Shaodong (郑少东, Assistant Minister, Ministry of Public Security), Xiang Huaizhu (相怀珠, vice police chief of the Economic Crime Investigation Department of the Ministry of Public Security), as well as high ranking provincial officers such as Chen Shaoji (陈绍基, president of the Chinese People's Political Consultative Conference,

[11] "881,000 persons identified as violating party disciplines since the 16th party congress", *People's Daily*, 2009 April 23, http://www.nbcp.gov.cn/article/zxxw/200904/20090400002341.shtml

Guangdong province) and Wang Huayuan (王华元, secretary of the discipline inspection commission, Zhejiang province). [12]

2.4 Huang's omnipotence in the capital market was reportedly related to his deep connections with central and local government officials through frequent briberies. It is speculated that Huang utilized billions of RMB to bribe officials at different levels to build up his business empire. [13]

2.5 Huang Guangyu's case involved not only ministries in the central government, including Ministry of Commerce, State Administration of Foreign Exchange, Ministry of Public Security, but also senior officials in localities, indicating that commercial corruption in China has deeply penetrated the Chinese government both horizontally and vertically.

2.6 Some media interpret high-profile corruption cases like Huang's as the outgrowth of power struggles within the Communist Party, with competing factions using the "war on corruption" as a tool to eliminate or weaken rivals and their corporate supporters. [14] A number of senior officials who are Cantonese and have longstanding ties with Huang, a Cantonese himself, have been removed from office in what looks like a party power shuffle that has weakened the Cantonese Faction (*Guangdong Bang*) in China's bureaucracy.

2.7 In the 1980s or 1990s, most cases only identified one or a couple of officials as corrupt; today, corruption cases involve dozens of corruptive officials in different departments or localities. It is reported that the relationship between Chen Shaoji and Huang Guangyu was bridged by Zheng Shaodong. Both townsmen of the Guangdong Province, Zheng and Huang were good friends. As for Wang Huayuan, he was a colleague of Chen for eight years in Guangdong, and it was likely that Chen could be the bridge between Wang

---

[12] "How many corrupted officials hidden behind the Huang Guangyu case", 2009 June 11, Sina blog, http://news.cnfol.com/090611/101,1596,6014050,00.shtml

[13] "China's No. 1 tycoon Huang Guangyu's power-money corruption", *World Finance Report* (Chinese version), 2009 July 06, http://finance.icxo.com/htmlnews/2009/07/06/1393755.htm

[14] "The politics of corruption in China," *International Herald Tribune*, 4 September 2009, p. 1

and Huang. It is reported that these officials were invited to the gambling boat owned by Lian Chao (连超), a casino tycoon in Hong Kong, and probably received bribes through gambling on the boat. The networking among Huang, Zheng, Chen, Wang and Lian was probably based on their countryman relationship in the Guangdong province.

2.8 In Chen Tonghai (陈同海)'s case, Chen is the son of Chen Weida (陈伟达), former Tianjin party secretary. During his tenure in the Sinopec from 1999 to June 2007, Chen Tonghai abused his position in the areas of corporate management, land acquisition, and project assignment, taking bribe amounting to 196 million RMB. According to the official claim, Chen returned all the bribes to the authorities upon the disclosure of this case before he was given a suspended death penalty. The death penalty will usually be converted to life imprisonment and finally, release on medical parole.[15]

2.9 It is said that Chen's arrest was caused by the disclosure from his friend Du Shicheng (杜世成, former deputy secretary of the Shandong provincial committee, former secretary of the municipal party committee of Qingdao). Both Chen and Du shared the same mistress named Li Wei (李薇), who ran many companies in Hong Kong, Shenzhen and Qingdao. The three manipulated hundreds of millions of state fund for personal interest. Using financial resources derived from Chen and Du's power in Qingdao, Li Wei succeeded in obtaining lands and project contracts in Qingdao at low prices.

2.10 What Chen Tonghai was abusing were bountiful financial and land resources in the hands of giant SOEs. In China's property market, these two most important resources usually come with political and economic power. In today's China, corruption is prevalent because relatively low-paid government officials and SOE managers wield enormous power over businesses and resources.

15 "Chen Tonghai case 1st judicial report", xinhuanet, 2009 July 15, http://news.xinhuanet.com/politics/2009-07/15/content_11711240.htm

Socioeconomic Causes of Corruption

3.1 Corruption is not a new phenomenon in the 60-year history of the People's Republic, which is often explained from the perspective of a lack of an independent judiciary system and media supervision. After 30 years of gradual economic reform, the party-state remains deeply entrenched in the partially marketized economy, a hotbed for more high-stake and high-level corruption cases under new circumstances.

3.2 Three decades of economic liberalization do not mean the significant withdrawal of the state from the economy, which is still securely in the control of state sectors and strongly intervened by government policies. The speedup of China's marketization process after 1992 has opened up more opportunities for rent-seeking activities. Large SOEs and local governments are places where corruption is most likely to take place.

3.3 Sectors such as energy, financial services, transportation, telecommunications, tobacco, iron and steel and non-ferrous metal, where SOEs are either monopolists or dominant players, are breeding grounds for bribery, embezzlement, squandering and other rent-seeking activities. The government-granted monopoly or oligopoly has helped key SOEs to reap soaring after-tax profits, which remain mostly in the coffers of the SOEs rather than flow to the public purse in the form of dividends.[16]

3.4 Owning monopolistic power and vast assets, large-scale SOEs act just like "independent kingdoms," with their leaders usually nominated by CCP organization departments and enjoying higher (or same) administrative ranks than local judicial and party disciplinary officials. Heads of many centrally controlled SOEs are vice-ministerial/provincial-level (副部级, *fubuji*) officials

[16] China once collected such dividends from SOEs before halting the move in 1994 as part of efforts to help troubled firms use profits for their own growth. In 2007 China started to consider collecting dividends from the 150-plus state firms under the central government's direct control to finance the nation's strategic plans and for social security purposes. State energy, telecommunications and tobacco companies are required to pay 10% of their net profit as dividends to the state, the highest rate among all major SOEs.

and a few such as presidents of Sinopec Corp, China National Petroleum Corp, and China National Nuclear Corporation (CNNC) are at the ministerial level (正部级, *zhengbuji*).

3.5 Only the Central Disciplinary Inspection Commission, with approval from the Politburo, has the power to investigate and detain leaders of giant SOEs like Chen Tonghai and Kang Rixin (former CNNC President). Currently there are no sufficient means to supervise government management of state-owned assets, and no report on state-owned assets is required during the annual parliamentary session of the National People's Congress for deliberation and discussion.

3.6 Almost all top political leaders have family members who have substantial stake in the corporate world.[17] The family of former premier Li Peng, for example, controls the country's energy sector.[18] The family of former Chinese president Jiang Zemin has moved into telecommunications,[19] while the offsprings of former premier Zhu Rongji are prominent players in banking.[20] Wen Yunsong, son of Chinese Premier Wen Jiabao, is the CEO of Beijing-based Unihub Global Networks, a telecoms services provider for telecommunications facilities and networks for banks, stock agencies and insurance companies.

3.7 Hu Haifeng, son of Chinese President Hu Jintao and former president of the Nuctech Co., was asked by the Namibian government to "cooperate and assist" in a graft probe involving his company that sells equipment such as

---

17 "China's corporate world ruled by princes," *The Straits Times*, July 25, 2009, p.A28

18 Li Peng's daughter Li Xiaolin is chairman of China Power International Development, an electricity monopoly. His son Li Xiaopeng used to head Huaneng Power, another energy heavyweight. Li Xiaopeng is now Vice-Governor of the coal-rich province of Shanxi.

19 Jiang Mianheng, son of Jiang Zemin, co-founded Shanghai-based Semiconductor Manufacturing International Corporation (SMIC), which became one of the leading semiconductor foundries in the world.

20 His son Levin Zhu is the chief executive of China International Capital Corp.

radioactivity monitors and X-ray inspection systems.[21] Yet, in China, hardly anyone knew of the case because the censors had blocked the news both on the Internet and in traditional media.

3.8 A significant administrative decentralization in the 1980s and 1990s has changed fiscal central-local relations with more power over funds and resources vested on local governments, thus offering local officials more chances for corruption. During the pre-reform era, everything was subject to the prevailing central-planning system. In the 1980s, local governments were granted certain degree of fiscal autonomy including the putting up of independent budget expenditures and sharing of budget revenues as proposed by the central government.

3.9 The 1994 tax-sharing system (TSS) reform[22] on the one hand recentralized Beijing's economic management power by increasing its role in fiscal redistribution among provinces; on the other hand, it gave local governments the jurisdiction to collect business tax, urban land using tax, house property tax, land value-added tax and some other taxes relating to local development as local revenues.[23]

3.10 The new tax system after 1994 incentivized local governments to put much emphasis on developing urban construction and real estate, acquiring land from farmers at low cost and selling at high prices and sharing the profit made with developers.[24] Given the fact that the GDP index is still the most important criteria for the promotion of local officials, developing real estate and infrastructure in the process of urbanization is one of the most effective ways for local governments to boost economy. Local land transaction and credit

---

21 "Namibia Seeks 'Cooperation' From Hu's Son in Graft Probe," *Bloomberg News*, 22 July 2009

22 The 1994 reform divided taxes into three categories: national tax, local tax, and joint tax revenues shared between the central and local provincial governments.

23 Su Ming & Zhao Quanhou, "China's fiscal decentralization reform," http://www.econ.hit-u.ac.jp/~kokyo/APPPsympo04/China.pdf

24 Wang Bai-ling, Li Hui, "Reforms on China's Fiscal System and Its Impact on Local Government Behavior," *Chinese Business Review*, p. 39

markets have become hotbeds for corruption in China. Officials make the rules and arbitrate the land game. The government maintains tight control over most investment projects through the issuing of long-term bank credit and granting of land-use rights.[25]

3.11 Local government now possesses the power to make the rules and arbitrate the local economic games. Local officials are granted the authority to regulate access to market and to redistribute fiscal benefits and burdens, investment fund, access to foreign investment and trade, etc.[26] Given these powers to interfere in business, local officials have large room for all sorts of rent-seeking activities.

3.12 Besides local officials' monopolistic and discretionary powers over budgets, resources and investment decisions, local party officials also retain authority over the judicial system through the political-legal committees (政法委, *zhengfawei*) and the selection of personnel through the nomenklatura system.[27] Judicial corruption cases[28] and selling-official-post scandals have been exposed from time to time.

Multi-Dimensional Measures against Corruption

4.1 Corruption poses serious threat to the image and legitimacy of the ruling CCP, which has used tough measures to check corruption in the past two decades. China today still retains the death penalty for corruption and other economic offenses, with high-ranking officials being executed occasionally.

---

25 Minxin Pei, "The Dark Side of China's Rise," *Foreign Policy*, March/April 2006

26 Wang Bai-ling, Li Hui, "Reforms on China's Fiscal System and Its Impact on Local Government Behavior," *Chinese Business Review*, p. 39

27 C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy, Derek, J. Mitchell, *China's Rise: Challenges and Opportunities*, Washington, DC: Peterson Institute for International Economics, 2008, p. 99

28 In 2008, a total of 712 court staff members were investigated and punished, including 105 who were found to be criminally liable. See "Fighting judicial corruption tops agenda," *China Daily*, 1 May 2009

4.2 The Party has launched a number of high-profile campaigns and designed new mechanisms against corruption since the early 1990s. Every year about 150,000 officials are punished for bribery, corruption and other offenses.[29] To clamp down on the rise of collective corruption and rampant smuggling in the l990s, the incumbent Jiang Zemin-Zhu Rongji leadership cracked a multibillion-dollar smuggling operation led by Lai Changxing (head of the Yuanhua Group) in east China's Fujian Province, with hundreds of people involved and arrested.

4.3 The tough action in the Yuanhua case has effectively stemmed smuggling activities along the coastline since then, but it did not prevent corruption from spreading to new areas such as land transactions, privatization of state assets and infrastructure construction.

4.4 Since 2003, China has decided to subject the annual state audit report to public scrutiny. The report by the State Audit Office, a cabinet department within the State Council, has formed the basis for judiciary investigations into graft, with the state press following up on report findings in what has come to be known as China's "audit storm" (审计风暴). Almost all government departments and state-funded institutions have to go through the annual auditing, which usually uncovers misappropriated funds worth billions of yuan each year.

4.5 In 2005, under the new leadership of Hu Jintao, the CCP launched a rectification campaign partly to address corruption and partly to address the "moral degeneration" of its officials. The campaign is primarily targeted at abuses that undermine the economy, such as illegal privatization of state assets and extraction of illegal fees from residents.[30] Although a large number of corrupt officials were investigated and jailed, it did not change the whole situation fundamentally.

---

29 "Being charged with corruption has many means in China," *International Herald Tribune*, 4 Sept. 2009, p. 16

30 C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy, Derek, J. Mitchell, *China's Rise: Challenges and Opportunities*, Washington, DC: Peterson Institute for International Economics, 2008, p. 98-99

4.6 In 2006, Chen Liangyu, former party secretary of Shanghai and Politburo member, was dismissed from public offices for his alleged involvement in a large-scale social security fund scandal in Shanghai.[31] Chen and a number of officials in Shanghai were jailed. He was the highest-ranking official charged with corruption in the new century.

4.7 In 2007 the Chinese government established the National Bureau of Corruption Prevention (NBCP, 国家预防腐败局), which reports directly to the State Council. The bureau is said to supervise and regulate the use of power, adopt effective measures to prevent the abuse of power, find loopholes in new policies that may give rise to corruption and study countermeasures, and push for the sharing of information among prosecutors, police, banks, and courts and the NBCP.[32] As the bureau has no power to investigate individual cases, its establishment is more or less symbolic.

4.8 In April 2008, the CCP Political Bureau passed a five-year anti-corruption plan (2008-2012) to prevent corruption using punitive measures such as combining punishment with education, supervising officials and improving China's judicial system.[33] Top leadership frequently reshuffles local officials among different provinces to check collective corruption in local governments. To address public resentment over official corruption, the CCP started to recognize the supervisory role of the public and media, especially the Internet, in its anti-corruption fight.

4.9 Although western observers often criticize China's anti-corruption work as being ineffective and superficial, the CCP's long-time adherence to high-handed actions with multi-dimensional means does prevent corruption from being a fatal threat to the Party's ruling status or the country's economic

---

[31] For details of Chen Liangyu's case, please refer to Bo Zhiyue, "Chen Liangyu's Fallout: The Demise of the Shanghai Gang?, *EAI Background Brief*, No. 351

[32] "National Corruption Prevention Bureau Established," *Xinhua News*, 13 September 2007

[33] "Political Bureau ratifies CPC's five-year anti-corruption plan," *Xinhua News*, 28 April 2008

growth. Punishing big timers severely is an efficient way to checking corruption if total eradication is unachievable in the current context.

4.10 High-ranking officials will soon have to declare all their assets and investments, along with the jobs of their spouses and children, according to a new rule announced by the Party's Central Commission for Discipline Inspection in September 2009.[34] Observers doubt the effective implementation of this rule as family members of many top leaders themselves control the lucrative sectors of finance, telecommunications, energy, foreign trade and property development.

4.11 In the long run, if China is really determined to win a full-scale war on corruption, it has to gradually institutionalize an independent judiciary system with enhanced role for the media and public in supervising the government. Catching the tigers alone is not enough to make the regime fully accountable, transparent and responsive. Selective enforcement in a politicized process only leads to more corruption cases in anti-corruption campaigns that are likely to lose their credibility.

---

34 "Party demands full asset disclosure to curb graft," *China Daily*, 21 September 2009

APPENDIX 1 LIST OF CORRUPT SENIOR OFFICIALS (VICE-MINISTERIAL-LEVEL OR ABOVE) UNDER INVESTIGATION OR PUNISHED FROM SEPTEMBER 2008 TO OCTOBER 2009

Name	Position	Punishment & Dates
Yu Youjun (于幼军)	Former Secretary of the Party Leadership Group and Vice Minister, Ministry of Culture	Dismissal, under party observation for two years (Sept. 2008)
Zhu Zhigang (朱志刚)	Former Vice Chairman of the Financial and Economic Committee and Former Chairman of the Budget Committee of the Standing Committee, National People's Congress	Dismissal and "*Shuanggui*" (asked to confess at a specified time and place) (Oct. 2008)
Huang Songyou (黄松有)	Former Vice President of the Supreme People's Court	Dismissal and "*Shuanggui*" (Oct. 2008)
Liu Zhihua (刘志华)	Former Vice Mayor of Beijing	Death sentence with a two-year reprieve (Jan. 2009)
Du Shicheng (杜世成)	Former Deputy Secretary of the Shandong Provincial Committee and Party Secretary of Qingdao City	Life Imprisonment (Feb. 2008)
Chen Shaoyong (陈少勇)	Former Secretary General of the CCP Fujian Provincial Committee	Dismissal and "*Shuanggui*" (July 2008)
Wang Yi (王益)	Former Vice President of China Development Bank, former Vice President of China Securities Regulatory Commission	Arrested by the police (Jan. 2009)
Zheng Shaodong (郑少东)	Former Member of the Party Committee and Minister Assistant, Ministry of Public Security	Dismissal and "*Shuanggui*" (Jan. 2009)
Mi Fengjun (米凤君)	Former Vice President of the People's Congress, Jilin Province	Dismissal and "*Shuanggui*" (March 2009)
Wang Huayuan (王华元)	Former Secretary of the Disciplinary Inspection Commission, Zhejiang Province	Dismissal and "*Shuanggui*" (April 2009)
Chen Shaoji (陈绍基)	Former President of the People's Political Consultative Conference, Guangdong Province	Dismissal and "*Shuanggui*" (April 2009)
Xu Zongheng (许宗衡)	Former Mayor of Shenzhen	Dismissal and "*Shuanggui*" (June 2009)
Chen Tonghai (陈同海)	Former General Manager, China Petrochemical Corporation	Death sentence with a two-year reprieve (July 2009)
Kang Rixin (康日新)	Former General Manager, China National Nuclear Corporation	Dismissal and "*Shuanggui*" (Aug. 2009)
Sun Yu (孙瑜)	Former Vice Chairman of Guangxi Zhuang Autonomous Region	18-year prison sentence (Aug. 2009)
Li Tangtang (李堂堂)	Former Vice Chairman of Ningxia Hui Autonomous Region	Dismissal and "*Shuanggui*" (Oct. 2009)
Huang Yao (黄瑶)	Chairman of Guizhou Provincial Political Consultative Conference	Dismissal and "*Shuanggui*" (Oct. 2009)

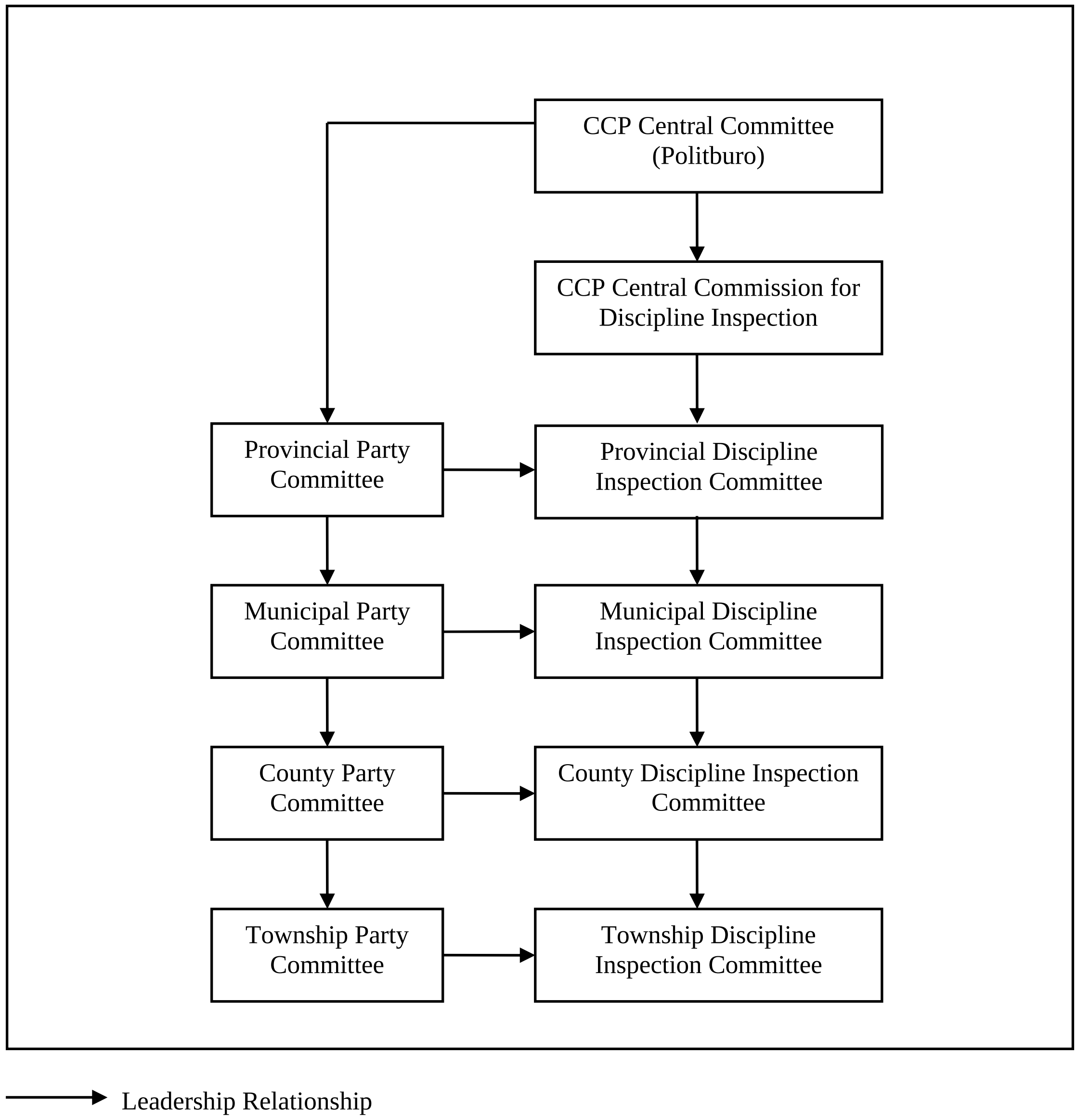
APPENDIX 2 CHINA'S RANKING IN THE CORRUPTION PERCEPTION INDEX (CPI)* BY *TRANSPARENCY INTERNATIONAL* (2001 - 2008)

Year	2001	2002	2003	2004	2005	2006	2007	2008
China's Rank	57	59	66	71	78	70	72	72
No. of Countries Surveyed	91	102	133	146	159	163	179	180
Ratio of China's Position to the Total Number**	62.6%	57.8%	49.6%	48.6%	49.1%	42.9%	40.2%	40.0%

* The annual *Corruption Perceptions Index (CPI)*, first released in 1995, is the best known of Transparency International (TI)'s tools. The CPI ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

** The higher the ratio of its position to the total number, the more corrupt a country is. From this category, it is clear that China's anti-corruption performances may have improved with the ratio dipping from 62.6% in 2001 to 40% in 2008. However, the downward slide of this index may also be attributed to the increasing number of countries surveyed by *Transparency International* over the years.

APPENDIX 3 CCP'S DISCIPLINE INSPECTION (纪委) APPARATUS



Source: Compiled by the authors