

**TAKING STOCK OF XI JINPING'S
ANTI-GRAFT CAMPAIGN**

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Executive Summary

1. Chinese President Xi Jinping's war on corruption is going on unabated, after having netted more than 40 officials and executives of state-owned enterprises equivalent to ministerial and provincial-governor rank.
2. With the investigations of Zhou Yongkang and Xu Caihou, Xi has broken the two-decade old informal rule of immunity from anti-graft investigations for Politburo Standing Committee members and Central Military Commission leaders.
3. There is no sign that Xi will put a halt to his anti-corruption campaign against mid-level bureaucrats in the near future; however any further investigation of other Party elders would be too risky politically and Xi may prefer to seek compromises with former leaders for the time being.
4. In the developing world, China stands out as the single case of having achieved high economic growth amidst widespread corruption. China was ranked by the Transparency International (2013) as the 80th cleanest among 177 countries, less corrupt than countries like Indonesia, Vietnam, Thailand, the Philippines and India.
5. Most corrupt activities in China are "rent seeking" activities, which refer to how a person takes advantage of his political power to enrich himself or his family through the market, usually with no direct victims.
6. The gravity of the anti-corruption movement has been expected to shift from taking down "tigers", or powerful senior officials, to institutional building and implementing the rule of law at the 4th Party Plenum in October 2014.
7. Studies have shown that corruption in China through most of the 2000s had improved on account of better governance, but ex-Premier Wen's huge stimulus package of 4 trillion yuan during the global financial crisis in 2008 opened the floodgate to massive corruption and rent-seeking activities.

8. All signs show that Xi is dead serious about his anti-corruption mission. He is convinced that corruption has been so wide-ranging and has so corroded the state and the Party that he must wage a “life-and-death” struggle against it.
9. Corruption investigations have created a kind of “witch-hunt” fear in the bureaucracy, leading to inaction of government officials and a political paralysis that has, in turn, stalled project implementation and cut back on domestic investment.
10. While the anti-corruption campaign may produce short-term economic problems, its overall long-term impact is positive. Getting rid of corruption would inevitably improve governance and transparency, and therefore lower transaction costs and raise economic efficiency.