

A Strategy of the Anti-corruption of Central and Local Government to Generate Substantial Economic Development in China*

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Abstract

The main purpose of this article is to analyze the effective measure of the central and local government to curb corruption for promoting sustainable economic development in China. The phenomena of corruption in China have involved systemic, political, individual, and petty corruption as the type of black, gray, and white corruption. Corruption will generate political instability, social crisis, and the lower level of social capital, which will hinder the process of economic development. Social capital can be recognized as a significant factor for making the successful policy implementation. Trust between state and citizen for the successful policy implementation of government can increase the social capital which leads to fairness and rationality as the value of democracy. It is mentioned that the corruption in China has negatively affected the process of economic development in China. The high level of corruption, which became an obstructive factor for the sustainable development of the economy for a longer period, will limit the rapid growth of China's economy. This article will analyze the factors of China's corruptions and an effort to curb corruption for making the construction of a legal state, the policies against corrupt political power, and the effective function and role of CCDI.

Key Words: China, Corruption, Economic Development, Social Capital

I . Introduction

The measures of current systemization to curb corruption can reduce the rampant abuse of authority for pursuing private interest which will limit the effective capacity of the central and

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local government in China. The phenomena of corruption in China have generated the failure of the market, ineffective government operation, and flagrant social polarization. The corrupt public officials are using their power for the private interests and personal ends at the expense of public goods in China. Corruption will generate political instability and social crisis for the regime because of the low level of public support which is happening with the lack of the central and local government's ability for performing public interest and improving the quality of a citizen's life. The strategies to curb corruption for inducing continue economic development are necessary in China. The strategies for building of a legal state, promoting the campaign against the rampant abuse of political power, enhancing the effective role of CCDI are required. The article will analyze the strategies preventing corruption with the argument of factors facilitating and diffusing corrupt behaviors within the state, which will be an effort to reduce the high level of corruption by making the construction of a legal state, preventing corrupt political power in central and local level, and promoting the effective function and role of the state in China.

II. Theoretical Argument

Heidenheimer's three-category classification system provides a useful framework for understanding the Chinese categories (He, 2000: 244-245). The Heidenheimer's framework includes three categories: (1) Class A or "black corruption": the corrupt practices in this category, include graft, bribe, fraud, embezzlement, extortion, smuggling, tax evasion, etc., which constitute an important part of economic crimes (He, 2000: 244).

(2) Class B or "gray corruption": the key characteristics of this category are using their institutional power to increase the revenue of their institutions and improve the welfare of their staffs through various legal, semi-legal and illegal ways (He, 2000: 244). The leaders of public institutions are making organizational profit by using their power and authority in the activities of business and administration for providing organizational profit rather than public interest. Class B includes such "unhealthy practices" as the extravagance and waste, spending public money to support luxurious work conditions and lifestyle of senior officials (He, 2000: 245). Such extravagance and waste is manifested in such aspects as expensive entertainment, costly foreign cars for senior officials, opulent furnished office buildings, domestic or foreign travel in the name of official business that such unhealthy tendencies and the associated corruption, increasing the cost to the public, have led to a significant public outcry (He, 2000: 245).

(3) Class C: or "white corruption": Class C practices constitute a kind of common practice of social life, which include the nepotism and favoritism in the personnel recruitment and

promotion, bending the law in favor of relatives and friends in law enforcement and preferential treatment in resource-allocations for relatives and friends (He, 2000: 245). Such practices have penetrated into public life, influencing the behavior of government officials and ordinary citizens, contributing to the operation and existence of networks of personal ties throughout China (He, 2000: 245). Creating and maintaining the networks of personal ties in order to seek and give favorable treatment is accepted by most people, including government officials (He, 2000: 245).

Also, Bandyopadhyay (2012) explains the types of corruption: systemic, political, individual, and petty corruption. First, systemic corruption is not a special category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt individuals and groups (Bandyopadhyay, 2012:181).

Second, political corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted into private-regarding payoffs, that can be used with grand or high level corruption, distinguished from bureaucratic or petty corruption because it involves political decision-makers (Bandyopadhyay, 2012:182). Political or grand corruption takes place at the highest levels of the political system, when politicians and state agents entitled to make and enforce the laws in the name of the people, are using this authority to sustain their power, status and wealth (Bandyopadhyay, 2012:182).

Third, individual or sporadic corruption is the opposite of systematic corruption. Sporadic corruption occurs irregularly, which does not threaten the mechanisms of control nor the economy as such, but it can undermine morale and sap the economy of resources (Bandyopadhyay, 2012:182).

Fourth, petty corruption (Bureaucratic) is the everyday corruption that takes place at the implementation end of politics, which is bribery in connection with the implementation of existing laws, rules and regulations, and thus different from grand or political corruption (Bandyopadhyay, 2012:182-183). Petty corruption has been called low level and street level as the corrupt level of small scale in public services such as hospital, school, police, and so on (Bandyopadhyay, 2012:183).

A simple definition of bad governance is “the abuse of public power for private gain” (World Bank, 1997:102 & Yun, 2013: 4). The definitions of corruption can be explained by three types: public-office centered, market-centered or public-interest centered (Heidenheimer, 1989: 8-11). The political officials commit a violation of duty by means of bribery with the deviated behavior of public role for private interest (Yun, 2013: 99). Briberies, kickbacks, expensive gifts, etc. are at the center of “grand corruption” such as the privatization of large state assets and “petty corruption” such as routine speed money or small bribes, etc. (Yun, 2013: 99). In addition to the

public financial domain, corrupt acts are practiced within the administrative domains, which include behavior such as nepotism and cronyism based on a spoils system, resulting from a pervasive politicization of the bureaucracy and collection of unauthorized fees (Yun, 2013: 99). Accordingly, the corrupt behaviors and practices of the bureaucracy are to perform private interest based on a self-interest rather than the rational interests based on a public value, which cannot uphold the rule of law, as the incapacity of central and local government's role and function for local economic development.

The strategies of Local Economic Development (LED), which require lower levels of corruption, are placed to address sustainability issues for two reasons: first, the approach of Local Economic Development is to provide an opportunity for residents and citizens for presenting "the principles of voice and representation, equality and inclusiveness" (Rodríguez-Pose & Tijmstra, 2005; Yun, 2015: 278); second, the participatory character of the process of the Local Economic Development is to create a more socially sustainable system, by encouraging the participation of interest groups in the policy-making process and making government more transparent and accountable, and the term "Local Economic Development" has been used to describe a wide variety of initiatives, ranging from industrial policy and regional planning for community development (Rodríguez-Pose & Tijmstra, 2005: 3; Yun, 2015: 278-279).

Local Economic Development is a process in which the function of local governments and community based groups is to perform the interest of local public interest and enter into partnership arrangements with the private sector in order to create new jobs and stimulate economic activity in an economic area (Zaaijer & Sara 1993: 129; Yun, 2015: 279). Although it is a weak correlation between the policy of decentralization and the reduction of poverty, the system of transparency, integrity, and responsibility has generated the participation of citizens in local decision making (Blair, 2000; Crook and Manor, 1998; Crook and Sverrisson, 2001; Manor, 1999; Yun, 2015: 279). Two common obstacles to rural economic development are: (1) the inability of local authorities to mobilize sufficient financial resources for embarking on a capital intensive project; and (2) lack of operational capacity to manage and deliver services in a reliable manner (Halachmi, 2010:25; Yun, 2015: 279-280).

III. The factors of China's corruptions

According to the 2016 results of Corruption Perception Index of Transparency International, China ranks 79th place out of 176 countries (Corruption in China, Wikipedia). According to the Corruption Perception Index (CPI), published annually by Transparency International, through

the use of investigations and surveys, Over two-thirds of the 176 countries and territories have a low index (Transparency International, 2006). The lower-ranked countries in its index are plagued by untrustworthy and badly functioning public institutions like the police and the judiciary; China, which is one of the countries on the 2017 watch list, was ranked low in the CPI. In 2016, and China scored 40 (on a scale from 0-100 where 0-9 is considered to be 'very corrupt' and 90-100 'very clean') and shared 79th place with Belarus, Brazil, and India, directly behind Turkey (Transparency International, 2006).

The main types of corruption in China are tax evasion, rent-seeking behavior, involvement in the underground economy with the abuse of public investment and public expenditures. Corruption is particularly egregious in the railroads, aviation, telecommunications, and electricity production sectors (Pei, Minxin. 2001). Corruption of public officials in the central and local government of China was becoming more intensified and institutionalized.

Although the Chinese government has tried to enforce the anti-corruption policies and major anti-corruption campaigns to curb a large-scale systematic anti-corruption, Corruption is becoming one of the most serious problems faced by China. The factors of China's corruptions are explained as follows. First, the coexistence of dual economic systems during the whole transition period provides plenty of incentives and opportunities for corrupt practices; with the goal of establishing a socialist market economy having been settled in 1992, the long term co-existence of the planned and market economies will be an important feature of economic transition which will contribute to the large-scale growth of corruption (Zengke He, 2000: 248). The coexistence of dual economic systems in China is one of the main causes that lead to China has a high rate of corruption. Economic activities through regulating in the period of the co-existence of the planned and market economies was a new task and serve as a major challenge for the Chinese government. The utilizing administrative controls to restrain the autonomy of economic activity has become less effective. With this type of transformation, the loopholes and weakness in economic regulation will facilitate and diffuse corruption.

Second, there is the breakdown of the prior distribution of national income among different social strata, i.e. the relative reduction of officials' income, drives government officials and public institutions to seek extra income to supplement their own or their staff's relative low and fixed official salaries (Zengke He, 2000: 251).

Third, the weakness of regulatory policies and institutions, certain policy failures, and a lack of experience and technology in the anti-corruption agencies tackling the new forms of corruption have contributed to the growth of corruption (Zengke He, 2000: 251-252). In short, one of the major sources of corruption is a lack of policy and regulation. Some new forms of corruption have arisen in the process of establishing the market economy. Anti-corruption agencies have

never addressed the new forms of corruption such as insider trading or manipulation of the stock market (Zengke He, 2000: 252).

Fourth, the incompleteness of political reform and the weakness of the current political system had undermined anti-corruption efforts which, in turn, promote the further proliferation of corruption in China (Zengke He, 2000: 253). The weakness of the political system of central and local government has increased the problem of rising corruption that the lack of an effective mechanism of checks and balances is not effective to supervise corrupt senior officials. Although the top leadership has emphasized anti-corruption efforts, the lack of independence of existing anti-corruption agencies has weakened their anti-corruption efforts with the limited role of the news media. In general, the news media in central and local level has not played an important role to make the spread of the strategy of anti-corruption with the lack of the moral and ethical education among public and government officials. The traditional ideology and cultural heritage based on "the social customs and practices of agricultural society" had contributed to the growth of corruption.

Consequently, in coexistence of the dual economic system, breakdown of the prior distribution of national income, the weakness of regulatory policies and institutions, and the incompleteness of political reform and weakness of current political system are to be considered facilitating and proliferation corruption in China.

While local governments enhance their capacity to derive fiscal resource in the process of fiscal decentralization reform, corruption frequently occurs in infrastructure investment, public service supply and investment attraction; statistics show that since the beginning of this new century, the overall incidence of corruption in China has dropped by about 30% than 1990s, but the number of group corruption led by officials of the department or bureau level, even provincial and ministerial level has increased (Luo, 2016:54). There are many factors which can cause corruption, but the most direct factors are local officials' private abusing of state power and personal behaviors centered on the swap of benefits (Luo, 2016:54).

IV. The Relationship between Corruption and Economic Growth

China had achieved an unprecedented rate of economic growth, which becomes one of the world's major economic powers in the 21st century. China adopts the "five-year-plan" strategy for economic development, including the 9th Five-Year Plan (1996-2000), the 10th Five-Year Plan

(2001-2005), and the 11th Five-Year Plan (2006-2010) with rapid economic growth, a marked improvement in quality of life, and an upgrade of traditional industrial structure. In 1949, China designed and carried out economic development policies that led to an annual average economic growth rate of about 4 percent from 1953 to 1978, among the highest in the developing world at the time (World Bank, 1978). In 1978, China began post-Mao economic reforms that have achieved per capita economic growth of 8 to 10 percent annually, among the highest rates in economic development history (World Bank, 1997). China's economy has grown at an average annual rate of 8-10 percent annually since 1978. As the high rate of economic growth continues, it is mentioned that China will become the largest economy in the world by about 2030.

The dramatic economic expansion and growth since 1978 was achieved by domestic and global factors with substantial adoption of socialist market economy, allowing greater participation in global economy of the 20th century. First, like the examples of successful export-led economic development by South Korea, Singapore, and Taiwan, global economic factors, which are crucial for China's post-1978 growth, have included the global economic trade opportunities, foreign investment, foreign loans, foreign industrial technology, export-lead development opportunities, investment and assistance by Chinese from Hong Kong and other parts of "greater China," (World Bank, 1997). Second, domestic factors had included China's economic development policies, high savings rates, a control of investment capital guided by the state. Social capital in the form of a high level of conformity and "motivated low-wage workers" had been mentioned as a significant factor in China's post-1978 economic development (World Bank, 1997). However, the highest level of corruption has induced the decrease of social capital, which will be an obstructive factor for attaining continued economic development.

In developing countries, corruption is an important problem in the process of local development which local governments at all levels have to face. Corruption caused by abusing political power for private benefits and interests has negative effects on regional economic growth.

However, by measuring the influence and social cost of corruption on economic growth in a country or a region, corruption is lubricant or a stumbling block in economic growth (Luo, 2016:55). The scholars who back the theory that corruption boosts economic growth believe that: as a way of resource allocation which replaces market competition, corruption can avoid bargaining mechanisms in a liberal economy to save a lot of transaction costs (Luo, 2016:55). Moreover, as a way of forming alignment of interests, it is frequently used between the private and public sectors in developing countries with immature market economy for lower running costs of institutions (Luo, 2016:55).

However, it is generally argued that there is a correlation between the effects of corruption and

economic growth as a negative impact on economic development in the empirical studies (Mo, 2001 & Pellegrini and Gerlagh, 2004). According to the study about the effect of corruption on the growth rate of GDP by applying cross section analysis, a one unit increase in corruption (measured on a 0 to 10 scale) reduces the average annual growth rate of GDP by 0.55 percentage points; the most important channel through which corruption affects economic growth is political instability, which accounts for 52 % of the overall decline in the growth rate, and negative effects on human capital formation and private investment have contributed 15 and 21 percent to the overall reduction in growth respectively (OECD, 2013: 25 & Yun, 2015: 280).

Also, in the study of Pellegrini and Gerlagh (2004), the overall effect of corruption on per capita output growth is a 0.38 percentage point reduction in the average annual growth rate (OECD, 2013: 25 & Yun, 2015: 280). Ugur and Dasgupta (2011) represent a synthetic narrative of the correlation between corruption and growth in the theoretical literature after the review of many empirical studies: “The overall effect of corruption on per capita GDP growth in low income countries is -0.59”; “a one-unit increase in the perceived corruption index is associated with a 0.59 percentage-point decrease in the growth rate of per capita income, and most of this impact operates through the negative effects of corruption on the operation of the public sector, including the levels and composition of both taxes and expenditures and government effectiveness” (OECD, 2013:25 & Yun, 2015: 281). In the analysis of all countries, including higher income countries, “the corresponding overall impact of corruption on the per capita GDP growth rate is a decrease of 0.91 percentage points, and corresponding estimate for the complete sample is a decline in per capita GDP growth by 0.91 percentage points per unit increase in the perceived corruption index” (OECD, 2013:25 & Yun, 2015: 281).

Accordingly, corruption has constrained economic development due to the distortion of efficiency on resource allocation and damage on equilibrium condition of social welfare; it is the long-term negative effects brought by the absence and lack of effective government function and role generated by serious corruption (Luo, 2016:55).

In the effect of corruption on growth in the relationship between corruption and growth, the results of the significant studies are summarized; the research of Mo (2001), Pellegrini & Gerlagh (2004), and Ugur & Dasgupta (2011) have analyzed a negative overall effect of corruption on growth. The summary of the empirical studies in terms of the total effect on an annual growth rate of GDP is as follows.

〈Table 1〉 Total Effect on Annual Growth Rate of GDP

Study	Total effect on annual growth rate of GDP(percentage points)
Mo (2001)	-0.55
Pellegrini and Gerlagh (2004)	-0.38
Ugur and Dasgupta (2011)	-0.59
low income countries only	-0.91
all countries	-0.91

Source: OECD, 2013:27 & Yun, 2015: 282

Consequently, corruption is becoming the factor of hindrance to achieve a continuous economic development in China. It is assumed that the developing countries with the highest level of corruption, such as the case of China in the past period, can lead to economic growth in the short term: The process of economic development can be achieved by the authoritarian regimes in the short period, but there has, in essence, been a substantial correlation between the existence of democratic governance and economic growth in the long term(Yun, 2015:284). A product of economic development will be possible by the high level of the accountability and integrity of governmental institutions which has induced reasonable and rational choice in the decision and implementation of policies: The process of democratization is necessary to attain economic growth for promoting the increase of educational opportunity and the expansion of middle class, and a democratic mechanism without the high level of corruption can provide the process of economic development including economic equality (Yun, 2015:284). Accordingly, for the supporters of the positive correlation between economic growth and lower level of corruption, even if authoritarian corruptive regimes had led to economic growth for the short period in the analysis of empirical studies which represent the positive correlation between corruption and economic growth, the process of substantial economic development without the reduction of corruption will not be feasible in the long term (Yun, 2015:284).

V. An Effort to Prevent Corruption

Since economic reforms began in 1978, political corruption in the central and local government of China has grown significantly, which has involved trading bribes for political favors to secure large government contracts or subordinates seeking promotions for higher office (Bloomberg, 2013). At the 18th Party Congress, both outgoing General Secretary Hu Jintao and incoming party leader Xi Jinping emphasized that corruption is a threat to the party's survival

(Bradsher, Keith. 2012).

Xi's leadership and the issuance of the "Eight-point Regulation" are regarded as the start of the anti-corruption campaign in China, focusing on rejecting extravagance and reducing bureaucratic visits and meetings: (1) Leaders must maintain close contact with the grassroots, which is to understand the real situation facing society through in-depth visits at the grassroots level, and leaders should work and listen to the public and lower level officials in the practical problems facing ordinary people; (2) Meetings and major events should be regulated, and Politburo members are not allowed to attend ribbon-cutting or cornerstone-laying ceremonies, or celebrations and seminars, unless they get approval from the Central Committee; (3) The issuing of official documents should be reduced; (4) Officials' visits to foreign countries should be arranged when absolutely necessary, with fewer accompanying members; on most occasions; (5) There should be fewer traffic controls when leaders travel by car to avoid unnecessary inconvenience to the public; (6) The media should seek to reduce the number of news reports related to the work and activity of the Politburo based on private interest rather than public activity; (7) Leaders should not publish any works by themselves or issue any congratulatory letters in their own name unless an arrangement has been made by the central authorities, and official documents without much meaningful content and without much actual importance should be withheld; (8) Leaders must practice thrift and strictly follow relevant regulations on accommodation and cars (The Content of Eight-point Regulation, 2012).¹⁾

Over 1,500 officials have been publicly investigated in criminal corruption cases since Xi Jinping assumed office in 2013 and Wang Qishan, Xi Jinping's senior-most official in charge of the anti-corruption campaign, said 282,000 officials were punished for "discipline violations" and 82,000 faced severe punishment in 2015 (CSIS, 2017). As of 2016, the campaign has 'netted' over 120 high-ranking officials, including about a dozen high-ranking military officers, several senior executives of state-owned companies, and five national leaders, and more than 100,000 people have been indicted for corruption (Wikipedia, 2017).

According to the Central Commission for Discipline Inspection of the Communist Party of China, major corruption prosecutions have been on a rise since 2013; China's prosecuting authorities investigated 27,236 embezzlement and bribery cases between January and November 2013, sentencing 36,907 people, and of those cases, 80 percent were considered as embezzlement and bribery cases involving more than 50,000 yuan (\$8,270) or earmarking public funds over 100,000 yuan (Sedhain, 2017). In 2012, there were 20,442 major and important cases, compared with 18,464 in 2011 and 17,594 in 2008, according to the Supreme People's Procuratorate. 198,781 people were investigated in graft cases from January 2008 to August 2013 (Sedhain,

1) http://cpcchina.chinadaily.com.cn/2012-12/05/content_15991171.htm

2017).

The Chinese government is taking many measures to curb corruption. For example, the many economic, administrative or political reforms have been carried out in recent years in order to prevent official corruption in the central and local level. The main countermeasure in China is the punishment of corrupt officials. There are the following three kinds of punishment (Wang, 2005: 3).

First, as a political punishment, the Discipline Inspection Committee of the Chinese Communist Party (CCP) regulates and punishes corrupt party members. This committee has great authority to make rules, investigate cases of corruption, and punish corrupt members by expelling them from the Party (Wang, 2005: 3).

Second, as an administrative punishment, the Administrative Inspection Agency of the Chinese Government regulates and punishes its members. This agency has great authority to make administrative rules, to investigate cases of corruption, and to impose administrative sanctions on corrupt officials of central and local government (Wang, 2005: 3).

Third, as a criminal punishment, criminal punishment is the most important countermeasure in China and most forms of corruption are classified as serious crimes in the Chinese Substantive Criminal Law (Wang, 2005: 3). The serious penalty as a criminal punishment has been applied to curb the high level of corruption. Consequently, the severe punishments for preventing corruption are implemented as the type of political, administrative, and criminal punishment in China.

China's anti-corruption provisions are contained in the Anti-Unfair Competition Law of the PRC and the Criminal Law of the PRC: (1) in the Anti-Unfair Competition Law of the PRC, the Anti-Unfair Competition Law prohibits commercial bribery punishable by economic and administrative sanctions. Serious offenses may be subject to criminal investigation and prohibited acts of commercial bribery include giving bribes for the purpose of selling or purchasing goods, and receiving bribes in the course of selling or purchasing. Fines range from RMB 100,000 to twice the amount of the fine and illicit income is confiscated; (2) in the Criminal Law of the PRC, the Criminal Law prohibits giving and receiving money or property - including cash, items and proprietary interests - to obtain an undue benefit. Bribery is distinguished by 'official bribery' ('working personnel of the State') and 'non-official bribery' ('personnel of state organizations not engaged in public services' or 'working personnel of private companies'). Penalties for the offense of bribery include fines and the confiscation of property and imprisonment and the death penalty (Chinese Anti-Corruption Laws - Business Anti-Corruption Portal, 2016).²⁾

2) <https://www.business-anti-corruption.com/anti-corruption.../china>

1. Building of a legal state

On February 23, 2013, Xi Jinping said that the function of the central and local government by the rule of law would maintain solidarity with the public. Judicial officials are expected to standardize judicial activities and to deepen the education of publicity in the legal system to raise the spirit of socialist rule in society as a whole (Xi Jinping, 2015: 184-185). Also, on Jan. 7, 2014, Xi Jinping emphasized "promoting fairness and justice in society and ensuring a comfortable life and pleasant working life for the people." (Xi Jinping, 2015: 186-187). It is emphasized to combat corruption based on law.

In July 2015, Deputy Chief Prosecutor General Guo Boo-Heung was detained for corruption and imprisoned for life imprisonment. Since 1949, senior officials such as the Politburo Executive Committee have been punished for corruption (Young Nam Cho, 2015: 142). This is an unusual case of applying strict law to senior officials and the legislative plan for mandating public servants' property was set up as a law (Monthly Chosun, Feb 2013). A guideline was issued to the court to punish those who handed over 10,000 yuan bribes to public officials and Chinese media have seen these measures as an effort to prevent corruption in advance (Monthly Chosun, Feb 2013). On the whole, the building of a legal state will generate the stability and development of Chinese society, economic fairness and political accountability, and the realization of social justice.

2. The Campaign against Corruption and Political Power

The relationship between the grand or petty corruption and political power is related to the problem of the political system and structure which is not the purity of public officials. The authority provided by the political system and structure has induced the lack of political responsibility, social instability, unequal opportunities, and the restriction of social justice, which leads to a corrupt society with the limitation of social, economic, and political development.

Between 2012 and 2015, it investigated 90 high level officials, disciplined over 336,000 party cadres, and probed 49,000 officials for suspected violations of anti-extravagance rules (Fabre, 2017: 14). A dual leadership structure has been created, that sees local inspectors no longer monopolized by their local party committees, but also needing to answer to higher authorities (Fabre, 2017: 15). The political authority provided by central government is to supervise and find the corrupt officials of local government. A new political atmosphere tends to emphasize the plan and scheme against corruption caused by authoritarian political power in the local government.

3. The Function and Role of CCDI (The Central Commission for Discipline Inspection)

The Central Commission for Discipline Inspection (CCDI) is the internal agency of the party, which, at the time of the campaign, was headed by Secretary Wang Qishan, a politician known for his work in the financial sector and one of the seven members of the Politburo Standing Committee of the Communist Party (Wederman, Andrew, 2004). The CCDI's official mandate is to enforce party discipline, combat malfeasance, and punish party members for committing offenses, which does not have judicial authority (Wederman, Andrew, 2004). In general, the CCDI investigates officials and forwards evidences gathered to judicial organs, such as the Supreme People's Procuratorate (in charge of investigation and prosecution), who proceeds to charge the accused with criminal wrongdoing and move the case to trial (Wederman, Andrew, 2004)

The CCDI is intended to be an independent agency from a constitutional standpoint (Guo, 2014). Xi, who is President, directs anti-graft efforts of the military through his holding the office of Chairman of the Central Military Commission (i.e., commander-in-chief) (Guo, 2014). The majority of reporting on the campaign by media sources has highlighted Xi Jinping's direct involvement in managing the campaign, which has become a central hallmark of his term in office (Guo, 2014). Coordination of anti-corruption efforts in the provinces and state-owned enterprises have been carried out by "central inspection teams" which reports to the Central Leading Group for Inspection Work (Wikipedia, 2017).

On May 17, 2013, the Central Commission for Discipline Inspection (CCDI), which is the highest internal-control institution within the party system, made an announcement that it will conduct several rounds of inspections. In the first round of inspections, the CCDI will send inspection teams to the five provinces of local government, including Chongqing, Guizhou, Jiangxi, Inner-Mongolia, and Hubei. Inspection teams are responsible to examine every ministry and government agencies for each province. As leaded by a CCDI's secretary, Wang Qishan, the inspection teams have the unlimited power to investigate, detain, and interrogate anyone that may involve in bribery, embezzlement, trading power for profit and other personal favors. Compared to previous anti-corruption measures, the CCDI inspection has a concrete plan and emphasizes on fighting corruption at all levels of governments. This announcement is an unexpected shock and a wake-up call for both government officials and the market participants. The inspections are interpreted as the symbolic event of the start of China's recent anti-corruption campaign (Haoyuan Ding, Hanming Fang, Shu Lin, Kang Shi, 2017). Consequently, the function and role of internal administrative control, such as The Central Commission for Discipline Inspection (CCDI), will contribute to the effective strategy of

anti-corruption.

VI. Conclusion

Transparency International announces that China is ranked as the 79th out of 176 countries in 2016, which will generate the decrease of social support and the lack of institutional capacity to pursue the public value. China makes a constant effort to execute the strategy of anti-corruption. It is recognized that the corruption in China has negatively affected the process of political and economic development in China. China was achieving the rapid economic growth in the world. The corruption will limit the rapid growth of China's economy. The reduction of corruption may promote the sustainable development of the economy because of the elimination of ineffective policies based on the high level of corruption.

Corruption became an obstructive factor for both the market and planning economy in the process of economic development for the long period. In the long period, the reduction of corruption is in essence required for sustainable and continuing economic development in China. Trust, which is a kind of social capital, can be recognized as a significant factor making the decision and implementation of successful policy for public interest. Systemized and well-designed strategies to curb corruption can generate and expand the means of successful policy for substantial economic development through a mutual network based on trust relationship between the state and people. Building network and trust between government and citizen for the successful policy implementation of government can increase the social capital which leads to fairness, rationality, and transparency as the value of democracy. The establishment of strong state is achieved by the high level of social capital. Social support is happened by promoting government transparency and pursuing public value in preventing the type of black, gray, and white corruption.

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국문 초록

지속적인 경제발전을 위한 중국의 반부패 전략

윤 은 기
임 성 범

이 논문의 주된 목적은 중국의 부패 현상과 상황의 논의와 함께 부패를 축소하기 위한 최근 중국정부의 역할과 기능을 분석하는 것이다. 부패는 정치적 불안정, 사회적 위기, 사회자본의 감소를 야기하고 궁극적으로 경제발전의 과정을 저해하는 요소로 인식되고 있다. 사회적 자본은 성공적인 정책결정과 집행을 위한 중요한 요소로 간주되고 있는데, 사회자본의 증가는 공익 가치인 공정성, 합리성, 투명성을 증가시키기 위해 공헌하고 있다. 단기의 기간에서는 부패와 경제발전의 관계에서 중요한 부정적인 상호 연관성의 통계적인 분석에서 유의미한 분석들을 보여주고 있지 못하는 미흡한 측면이 있지만, 장기의 기간에서는 부패는 시장실패를 야기하는 경제발전을 저해하는 가장 중요한 요소로 분석되고 있다. 이 논문은 중국부패의 요인, 합법적 국가건설을 위한 중국정부의 조치, 부패 방지를 위한 CCDI의 효과적인 기능과 역할의 분석을 통해 중국의 발전 전략을 논의할 것이다.

주제어: 중국, 부패, 경제발전, 사회적 자본