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Opinion – The Domestic Roots of Xi’s Global Anti-Corruption Campaign

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ASHTON NG, JUN 3 2024

In recent weeks, China sentenced to death Bai Tianhui, a former official of a state-owned asset management firm, for accepting some 1.1 billion yuan (US\$151 million) in bribes. Meanwhile, the country launched a corruption investigation against agriculture minister Tang Renjian. Even officials who had absconded abroad are not spared. Earlier this year, China launched Sky Net for 2024, a special operation aimed at hunting down corrupt officials who have fled overseas with embezzled funds. For a public weary of official graft, this news brings much-needed relief. After all, who would not wish to see justice served? The operation takes its name from a Chinese proverb: “Heaven’s net has wide meshes, but nothing escapes from it.”

Yet, such prominent anti-corruption drives have repeatedly failed to eradicate corruption, despite being vigorously promoted since the 1980s. Each time, corruption resurfaces years later in more sophisticated forms. In the early years of China’s economic reform, the most common types of graft were petty bribery and embezzlement by low-level officials. Think of the factory manager stealing inventory, or the local bureaucrat extorting “fees” from hapless villagers. Then, China’s political system quickly evolved, tying the incentives of local officials to economic performance. The more prosperous the local economy, the more leaders can collect massive benefits, as well as bribes. This motivates officials to strike lucrative deals with entrepreneurs, spurring development alongside corruption. Many of the officials now being targeted as “fugitives” were once hailed as competent leaders who delivered impressive economic growth in their jurisdictions.

Fast forward to the 2000s, and corruption has attained its grandest form: crony capitalism. Instead of petty bribes, business tycoons and political elites trade government contracts, bank loans, and land deals worth hundreds of millions of dollars. The businessmen who pony up the cash reap astronomical rewards by securing monopolies, cheap financing, and prime real estate. The politicians who pocket the proceeds gain the clout to push through GDP-boosting megaprojects. The result is a turbocharged version of crony capitalism that has helped propel China’s spectacular economic rise, turning backwater towns into booming metropolises and catapulting well-connected tycoons to the ranks of the global super-rich.

But there is a catch. Over time, this corrupt growth model generates huge risks for the economy: mountains of bad loans, ghost cities of empty apartments, and gaping inequality between the politically connected and the rest. Left unchecked, these problems corrode public trust and jeopardise the Communist Party’s legitimacy. Recognising the severity of the threat, Chinese President Xi Jinping has made fighting corruption a signature priority of his administration since taking office in 2012. The sheer scale and duration of Xi’s crackdown is unprecedented in the Communist Party’s 100-year history. Between 2013 and 2022, authorities investigated a staggering 4.39 million cases and punished some 4.7 million individuals. Those investigated include not only low ranking “flies,” but also high-ranking “tigers” like former Politburo Standing Committee member Zhou Yongkang, who is imprisoned for life, and ex-vice minister of Public Security Sun Lijun, who was sentenced to death with a two-year reprieve.

Since its launch in 2015, Sky Net has become a centrepiece of Xi’s anti-corruption crusade. Through collaborating with foreign governments and international law enforcement agencies like Interpol, China repatriated 140 government officials in 2023 alone, recovering 2.91 billion yuan in stolen assets. However, while nabbing individual

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bad apples make for dramatic headlines, they do little to address the systemic issues that enable graft in the first place. The crux of China’s corruption problem lies in the state’s dominant role in the economy, which gives officials substantial influence over land, loans, licenses, and myriad other resources. This creates irresistible temptations for officials to sell favours to businesspeople, or for regulators to collude with state-owned enterprises to stifle private sector competitors.

All these are compounded by the enduring cultural norm of *guanxi* (personal connections), which emphasises cultivating relationships with those in power in order to get ahead. Moreover, the bulk of Chinese civil servants receive abysmally low formal salaries, spurring them to top up their pay with fees extracted from businesses and citizens. This points to the reason why China’s approach to fighting corruption has fallen short: it relies on the same opaque party-state apparatus that enables corruption in the first place. By targeting individuals no longer within China’s jurisdiction, Sky Net avoids prosecuting powerful figures still within the system. This allows the Communist Party to appear tough on corruption without confronting vested interests.

None of this suggests that China is doomed to wallow in corruption. The country has made admirable strides in curbing the egregious excesses of its officials since the 1990s, while achieving the most dramatic poverty reduction in human history despite rampant graft. To succeed in the long run, anti-corruption efforts must upend the incentive structure that makes corruption rational behaviour for many local officials. Economically, this means boosting public sector wages to reduce the need for predatory extraction. In 2015, the government announced a plan to increase the salaries of civil servants by an average of 60% over the next few years. However, the implementation of this plan has been uneven across different regions and sectors.

The shift towards a more market-driven system must also be accelerated, creating a level playing field for private enterprises. Politically, it requires external audits of deals between businesses and officials, who should be exposed to greater channels of public scrutiny. In recent years, China has launched several initiatives to increase transparency in government, notably the Open Government Information Regulations. However, these efforts have been hampered by resistance from vested interests and a lack of enforcement mechanisms. As China’s economy matures, the returns on crony capitalism will diminish, while the costs, both economic and social, will mount. Eventually, the party will have to confront the hard truth: fighting corruption is not just about catching crooks, but about changing entrenched systems that breed them.

About the author:

Dr Ashton Ng obtained his PhD in Chinese History at the University of Cambridge, where he is the 2019 Kuok Family-Lee Kuan Yew Scholar and a Cambridge Trust Scholar. Ashton graduated with Distinction from the University of Oxford with an MSt in Traditional China. Prior to this, he majored in Classical Chinese at Peking University on a full Chinese Government Scholarship, winning the Outstanding Graduate Award and all top undergraduate prizes. Ashton is also a Young NUS Fellow at the National University of Singapore and a Tan Kah Kee Postgraduate Scholar.