

THE ANATOMY OF CORRUPTION IN CHINA: A POLITICAL ECONOMY PERSPECTIVE

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I. ABSTRACT

Corrupt acts are believed to be disturbingly common in Chinese society and may have become increasingly so during the reform era because of greater opportunities available to seek material advantage and growing socio-cultural fluidity. Given the magnitude of the problem and its policy implications, it has been subject to a wide-ranging academic examination. Economically-oriented research however has not evolved in a manner commensurate with the challenge the country faces on this front. There is arguably a need to broaden and deepen the effort involved, in a flexible but systematic fashion.

II. INTRODUCTION

Assessments of corruption in developing countries are not necessarily unambiguously negative. Functionalists, in particular, tend to view it as a phenomenon which is an inevitable feature of structural transformation, or a product of a clash between indigenous values and the norms associated with modern society. They posit that corruption reflects deeply-rooted realities and that, had it not surfaced, its role would have been taken by another factor, potentially with more disruptive consequences. Contrary to the prevailing wisdom, this might impinge on the pace of development and even its fundamental character.³

The functionalist viewpoint has not receded into the academic periphery, but it remains controversial and is not currently deemed to be part of the analytical mainstream.⁴ While not entirely overlooked, it has not permeated on a significant scale the scholarly literature on corruption in China. In this particular context, there has been an inclination, which has become more pronounced over time, to de-emphasize the supposedly essential functions played by it in transitional settings and focus on the negative enablers. That has unified the approach of both local researchers and those based elsewhere.⁵

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³ See Gerald E. Caiden and Naomi J. Caiden, 'Administrative Corruption' 37 *Public Administration Review* 301-309 (1977).

⁴ See M. Shahid Alam, 'Anatomy of Corruption: An Approach to the Political Economy of Development' 48 *American Journal of Economics and Sociology* 441-456 (1989).

⁵ See Michael Johnston and Yufan Hao, 'China's Surge of Corruption' 6 *Journal of Democracy* 80-94 (1993); Hilton Root, 'Corruption in China: Has It Become Systematic?' 36 *Asian Survey* 741-757 (1996); Minxin Pei, 'Will China Become Another Indonesia?' 116 *Foreign Policy* 94-110 (1999); Andrew Wedeman, 'The Intensification of Corruption in China' 180 *China Quarterly* 895-921 (2004); Minxin Pei, *Corruption Threatens China's Future* (Washington: Carnegie Endowment for International Peace, 2007).

The reason largely lies in the scope of the problem, its seemingly relentless escalation and distinctly deleterious implications. Although the Chinese government has introduced numerous laws, rules and directives aimed at eradicating corruption, it has spread unabated because of apparently flawed design, haphazard implementation, structural impediments and sheer force of countervailing pressures. Given this backdrop, functionalist ideas have not been embraced earnestly and virtually all analysts who have explored the subject have opted to address corruption as a form of social malaise that necessitates remedial action.⁶

The difficulties have been concentrated in industries with extensive public sector involvement such as financial services, government procurement, infrastructure and real estate. The absence of effective competition, poor transparency and limited accountability have rendered them high-risk areas of economic activity susceptible to bribery, fraud, kickbacks and theft. The direct costs of corruption in these and other industries are believed to be enormous and the indirect ones are thought to be equally vast (the latter include credibility erosion, damage to public health, educational reversals, efficiency losses, environmental degradation, poor morale, social instability and waste).⁷

In an open economy, this pattern is not merely a domestic concern. Foreign interests are also affected through various channels. Competing with local firms poses a challenge because of external and internal constraints to which transnational entities are inevitably subject and due to lower familiarity with the socio-cultural setting. In this context, corruption acts as a source of general business uncertainty, undermining corporate strategy and business performance. Moreover, and rather interestingly, it exposes foreign operators to a host of potential liabilities (e.g., of the environmental, financial and human rights variety).⁸

In light of the magnitude of the problem, its deep-rooted nature, the persistent deterioration experienced on that front, domestic and international ramifications of the issue, and policy drift, corruption in China has not been deprived of academic attention. Scholars have been examining it broadly and systematically. The work they have conducted has grown increasingly sophisticated in terms of its empirical and conceptual underpinnings. The purpose of this paper is to examine how their insights may be enhanced by incorporating more explicitly a political economy element into the substantial but not all-encompassing body of knowledge which they have generated.

III. OVERVIEW

The methodical study of corruption in contemporary Chinese society has been pursued since the early phases of the post-1978 reform era, initially by researchers based in countries with a well-established tradition of social inquiry rather than China itself. From the outset, the work undertaken had substantial empirical and conceptual dimensions, with a tilt towards the former because of the need to provide a solid factual foundation before engaging in theoretical exploration. Conducting fieldwork was not a practical option during the experimental stages of the reform process, but a considerable amount of data was extracted from sources such as the media.

The information-gathering effort was centred on the phenomenology of corruption: its forms, those responsible for corrupt acts and its spatial distribution. In addition to types of corruption encountered elsewhere and those commonly found in centrally-planned economies, corrupt acts prevalent exclusively or on a particularly large-scale in China were identified (e.g., the false model or corruption underlying

⁶ See *ibid.*

⁷ See *ibid.*

⁸ See *ibid.*

emulation campaigns featuring 'model persons,' 'model units' and the like).⁹ The level of cadres involved in various corrupt acts (e.g., national, provincial, district, municipal, county, commune, military, state enterprise and state factory) was also pinpointed and the forms of corruption were traced to the regional (provincial/municipal) level.¹⁰

The genesis of corrupt acts was addressed as well, albeit tentatively. The focus was principally on system characteristics conducive to corruption such as a blurred distinction between the public and private domains, bureaucratism, centralization, demographic factors (e.g., ageing of cadres and institutions), fusion of party and state organs, ideological disenchantment, lack of functional differentiation, limited transparency, monopolistic structures, patron-client networks; poor accountability, socio-economic imbalances (e.g., severe scarcity of consumer goods in an environment long characterized by low living standards/poverty) and widespread cultural pressures (manifesting themselves in a 'culture of corruption').¹¹

Another side of the picture which attracted attention was the potential for policy action designed to enhance the effectiveness of relevant social control mechanisms and containing/eradicating corruption. There was an acknowledgement that appropriate strategies ought to be directed at the causes of the problem, or that they should reflect squarely the genesis of corrupt acts. There was also a recognition of the fact that causes were interrelated (i.e., constituted a system) and that it would not be productive to address them in isolation (rather, the ultimate goal ought to be to break the system of corruption). A holistic approach, rather than a fragmented one, was thus advocated.¹²

The early reform era work did not necessarily lay a foundation for subsequent studies on the subject, but the latter have often explored it within a broadly similar framework. Phenomenology, genesis and policy management have continued to occupy scholars, although more selectively, with more resources channelled towards specific aspects of corruption and responses thereto than others. This shift has been partly due to better access to data sources and accumulation of theoretical insights. In such circumstances, breadth has to some extent given way to depth, with well-defined issues dissected in an elaborate fashion and less emphasis placed on combining the individual segments into a coherent whole.

Another influence on the evolution of the research agenda has been the rapid change in socio-economic conditions witnessed following the launch of the liberalization drive in the late 1970s. The institutional environment has grown in complexity and has become increasingly fluid. Tracking the movement of the entire system, as distinct from its key components, in a structurally differentiated and highly dynamic setting has proved to be a challenging undertaking. Indeed, sustaining this activity in a consistent manner over time would have in all likelihood turned out to be an unrealistic objective. The broad themes and concerns have thus remained basically intact, but micro-style work has tended to loom larger than its macro-type counterpart.

An example of a study conducted in the middle phase of the reform era was one focusing exclusively on bureaucratic corruption. It examined in detail and methodically a range of corrupt acts (phenomenology), their origins (genesis) and possible remedies. It was less comprehensive than those undertaken in the early 1980s, but the subject was examined in a more intensive fashion. The inferential

⁹ See Alan P.L. Liu, 'The Politics of Corruption in the People's Republic of China' 77 *American Political Science Review* 602-623 (1983); C.S. Ostergaard, 'Explaining China's Recent Corruption: Patterns, Remedies and Counter Strategies at the Local Level' 1 *Corruption and Reform* 209-213 (1986).

¹⁰ See *ibid.*

¹¹ See *ibid.*

¹² See *ibid.*

process bore the hallmarks of bottom-up, as distinct from top-down, reasoning and was supported by empirical evidence generated through case studies (albeit not ones based on fieldwork, which was not commonly relied upon at that juncture).¹³

The scholars involved in research on corruption during this period were predominantly political scientists and sociologists. The perspective adopted by the former was generally similar to that of the latter and it would be appropriate to portray them as political sociologists. That said, certain distinctions could be observed. Notably, sociologists tended to venture into anthropological territory, employing concepts and methods rarely encountered in political science (and, most characteristically, operating at a level--grassroots/decidedly micro--seldom seen in typical political science contexts).¹⁴

Economic issues were not overlooked. One which attracted considerable attention was the relationship between marketization, or the simultaneous expansion of the private sector and shrinkage of its public sector counterpart, and the incidence of corruption. Data were marshalled to demonstrate that in a mixed economy setting corrupt acts do not necessarily become a thing of the past and, indeed, manifest themselves in new and revamped institutional domains (e.g., banking, entrepreneurial initiative, international transactions, real estate, stock market and tax administration).¹⁵ However, such material was not presented within an analytically underpinned economic framework.

An interesting feature of the work undertaken during the middle phase of the reform era was its elastic nature. The phenomenology, genesis and management of corruption were conceptualized in dynamic terms rather than static ones. That is, its manifestations, causes and the policy responses thereto were viewed as period specific and subject to reformulation in light of changing socio-economic circumstances. This was a reflection of the marked structural shifts experienced by China in the course of a rapid transition from a centralized to a decentralized institutional configuration and the unique problems encountered during each phase of the process (particularly in an environment where the uneasy coexistence of a powerful party/state bureaucracy and growing private initiative provided ample incentives and opportunities for corrupt practices).¹⁶

Another characteristic of the studies conducted during this phase of the reform era was the attempt to grapple systematically with the effects of corruption (as distinct from its causes). This was a wide-ranging effort encompassing economic, political and social spheres of activity. The conclusions were couched in predominantly negative/non-functionalist terms (i.e., corrupt practices were regarded as impeding economic, political and social development; moreover, they were seen as aggravating the sense of alienation prevailing at the grassroots, creating a crisis of legitimacy, eroding moral standards, potentially destabilizing the regime and sapping community cohesion).¹⁷

The transition from the middle to the mature phase of the reform era was accompanied by substantial theoretical deepening. On the phenomenological side, this entailed a careful reconceptualization of corruption. An operational definition was offered extending beyond corrupt acts involving material benefits such as backdoor deals, bribery and embezzlement (e.g., nepotism, patronage and statistical

¹³ See Sonny S.H. Lo, 'Public Administration and Bureaucratic Corruption' in David C.B. Teather and Herbert S. Yee (eds), *China in Transition: Issues and Policies* (Basingstoke: St. Martin's Press, 1999), pp. 47-68.

¹⁴ See Jean-Louis Rocca, 'Corruption and its Shadow: An Anthropological View of Corruption in China' *130 China Quarterly* 402-416 (1992).

¹⁵ See Ting Gong, 'Forms and Characteristics of China's Corruption in the 1990s: Change with Continuity' *30 Communist and Post-Communist Studies* 277-288 (1997).

¹⁶ See Zengke He, 'Corruption and Anti-Corruption in Reform China' *33 Communist and Post-Communist Studies* 243-270 (2000).

¹⁷ See *Ibid.*

falsification). It was grounded in the notion of a deviation of the perpetrator's conduct from prescribed norms, legal or organizational, and the pursuit of private gain (i.e., dubious practices such as bureaucratism, detachment from the masses, and excessive directives and meetings would hence not meet the relevant criteria).¹⁸ Thus:

'Instead of applying an ambiguously defined concept of corruption, I propose a broad conceptualization of official deviance (*italics*), which refers to all forms of behaviour that deviate from prescribed norms of a regime, in which individuals or groups exploit the formal organization instead of working for it, and in which personal roles take precedence over organizational roles. The behaviour itself, as conducted by public agents, may not be for private purposes. Official deviance so defined includes both corrupt conduct and non-corrupt misconduct.'¹⁹

The genesis of corruption was also explored during that period in a theoretically innovative fashion. A notable example was the recourse to explanations rooted in organizational dynamics, coupled with a diminishing reliance on traditional-style political and socio-cultural insights. The former focus in a multi-dimensional manner on the relationship between organizational attributes and corrupt practices. They have their origins in post-Weberian organizational theories, but this has not been the sole factor shaping their evolution and, consequently, application in various institutional (including authoritarian/quasi-authoritarian) contexts.²⁰

The mature phase of the reform era has featured in-depth, theoretically-inspired and methodologically-sophisticated studies addressing specific dimensions of corruption (phenomenology, genesis and policy management).²¹ New issues have been systematically explored (e.g., collective corruption involving collusion, often on a large scale, between government officials and private agents).²²

The expanding research agenda has been extended to encompass the examination of the situational (principally political) forces impinging on the social construction (i.e., conceptualization) of corrupt practices and efforts to curtail them, a subject not addressed previously.²³ However, the conceptual inputs have emanated almost exclusively from political science and sociology (including anthropology and organizational studies), with limited contribution from other academic disciplines, whose members have receded into the background.

¹⁸ See Xiaobo Lu, *Cadres and Corruption italics* (Pal Alto: Stanford University Press, 2000) pp. 10-14.

¹⁹ See *ibid.*, p.12.

²⁰ See *ibid.*, pp. 20-29. Similar themes are pursued by another author, albeit with less emphasis on achieving a high degree of theoretical cohesion, in a book published earlier: Ting Gong, *The Politics of Corruption in Contemporary China: An Analysis of Policy Outcomes* (Westport: Praeger, 1994). See also: Xiaobo Lu, 'From Rank-Seeking to Rent-Seeking: Changing Administrative Ethos and Corruption in Reform China' 32 *Crime, Law and Social Change* 347-370 (1999); Xiaobo Lu, 'Booty Socialism, Bureaupreneurs and the State in Transition: Organizational Corruption in China' 32 *Comparative Politics* 273-295.

²¹ For example see Andrew Wedeman, 'The Intensification of Corruption in China' 180 *China Quarterly* 898-921 (2004); Andrew Wedeman, 'Anticorruption Campaigns and the Intensification of Corruption in China' 14 *Journal of Contemporary China* 93-116 (2005); Yong Guo, 'Corruption in Transitional China: An Empirical Analysis' 194 *China Quarterly* 349-364 (2008).

²² See Ting Gong, 'Dangerous Collusion: Corruption as a Collective Venture in Contemporary China' 35 *Communist and Post-Communist Studies* 85-103 (2002).

²³ See Yan Sun, 'The Politics of Conceptualizing Corruption in Reform China' 35 *Crime, Law and Social Change* 245-270 (2001).

IV. RE-INCORPORATING AN ECONOMIC VIEWPOINT

Political scientists and sociologists analyzing corruption in China have by no means overlooked the economy as an arena where the phenomenon manifests itself, a source of relevant influences and a key element in the policy response function geared towards reducing the incidence of corrupt practices. They have nevertheless not adopted a distinct economic framework for this purpose, whether comprehensive or selective in nature. Rather, the economy has been regarded by them as one of the sub-systems (such as the polity and society) whose functioning merits serious attention on the part of students of corruption, but not necessarily on theoretical and methodological terms other than their own.

An illuminating book, published during the middle phase of the reform era, is not atypical in this respect. It is entitled *The Political Economy of Corruption in China* and to date it remains the only substantial survey formally devoted to the relationship between the economic setting and corrupt practices. The book provides ample political/socio-political insights across a wide thematic spectrum (exploring the meaning of corruption, its social context, socialist mode of corruption, parabola of corruption, dynamics of corruption and future prospects).²⁴

As the title suggests, the economy is not relegated to the periphery. It is an integral part of the picture. One cannot describe, explain and prescribe without employing it as a salient reference point. At the same time, the analytical structure rests firmly on a political/socio-political foundation. It is solid and appropriate but not sufficiently broad and focused to furnish a genuine economic/politico-economic perspective. Economic realities are duly reflected in the elaborate account offered, yet there is no consistent reliance on economic logic.²⁵

This observation does not apply to work undertaken during the mature phase of the reform era albeit, with one exception, on a modest scale and selectively. That which is most technically oriented posits that Chinese society is divided into three groups: a core of top policy makers, a substantial number of lower-level (but senior) party members and government officials (including the princelings or children of high-ranking cadres) and ordinary people (street-level bureaucrats fall into this category).²⁶

Members of the first group seek to maximize political power (an objective referred to euphemistically as 'maintaining social stability'). The second, and privileged, layer of the social hierarchy aims at capturing as large a share of the economic pie as possible and enhance its position in society. Members of the third group, whose performance is adversely affected by corruption, constitute society's productive force, but they are powerless to influence policy outcomes. It is possible to show, within a game-theoretical framework, how this structural configuration impinges on corrupt practices and economic activities.²⁷

That particular study has paved the way for a technical/mathematical model-driven analysis of privilege as a source of corruption in China. The granting of advantages to the second layer has led to an accumulation of vast power and seizure of the wealth generated by ordinary members of the community. It is argued that the explicit and implicit (whereby benefits obtained by economic agents exceed their contribution to society) forms of corruption that are encountered in this type of an environment can best

²⁴ See Julia Kwong, *The Political Economy of Corruption* (Armonk: Sharpe, 1997).

²⁵ See *ibid.*

²⁶ See Shuntian Yao, 'Corruption and the Anti-Corruption Movement: The Modelling and Analysis of the Situation in China' 36 *Australian Economic Papers* 156-165 (1997).

²⁷ See *ibid.*

be addressed through political decentralization/democratization (i.e., dismantling of political monopolies).²⁸

The concept of monopoly features prominently in this type of research. Distinction is drawn in such a context between three forms of institutional dominance: market monopoly (acquired via competitive channels by delivering superior performance), natural monopoly (stemming from cost advantages normally reflecting economies of scale/scope) and administrative monopoly (a product of regulatory policies designed to promote interests of the government and its affiliated enterprises). The administrative variant has been extensively relied upon as an economic/organizational vehicle in contemporary China.²⁹

Administrative monopoly is found at the sectoral and regional levels. Sector monopoly is the result of policies adopted by central government organs or specific sector-focused departments in order to exclude or restrict market access by other players operating or seeking to operate in the same segment of the economy and prevent competition detrimental to their interests. Regional monopoly is established by local governments who erect market barriers by employing their administrative power. It may curb the flow of goods (finished, intermediate and raw materials) from outside and/or curtail the inflow.³⁰

Such practices are assumed to beget rent seeking, which is equated with corruption by economists, although the two phenomena do not overlap fully (the former term refers strictly to activities using scarce resources to capture an artificially created transfer through the political process that is in excess of one a competitive marketplace would allow but less than the costs it imposes on other parties). Rent creation by the government falls into three categories: unintentional, passive and active.³¹

The unintentional variant is the product of regulation of the economy by the government that is motivated by good intention but is not informed by an awareness of its potentially adverse impact. Passive rent creation occurs when the government, in the face of pressure from private interests, confers advantages on particular sectors and enterprises (at any level of spatial organization). The pressure may translate into influence and even culminate in state capture by the private interests in question. In an active mode, the government consciously employs regulatory instruments to provide benefits to sectors and enterprises with which it is connected.³²

Economists have explored in detail the relationship between administrative monopoly and the various forms of rent creation in China. They have also endeavoured to quantify the losses resulting from this structural configuration. It is interesting to note that, in this particular context, active rent creation, via state-owned enterprises (albeit not exclusively so), has been especially common. Full-scale marketization is advocated as an appropriate policy response in such circumstances, although it does not necessarily preclude the passive type of rent creation (including state capture rather than merely influence).³³

A broader approach has been adopted by the author of the second of the two books addressing the economic dimensions of corruption in China. Corrupt practices are traced in this context to general factors reflecting underlying socio-political conditions. One is the presence of an opportunity (e.g., extensive government regulation, institutional fragility and legal ambiguities). The other is the presence of

²⁸ See Shuntian Yao, 'Privilege and Corruption: The Problems of China's Socialist Market Economy' 61 *American Journal of Economics and Sociology* 279-299 (2002).

²⁹ See Yong Guo and Angang Hu, 'The Administrative Monopoly in China's Economic Transition' 37 *Communist and Post-Communist Studies* 265-280 (2004).

³⁰ See *ibid.*

³¹ See *ibid.*

³² See *ibid.*

³³ See *ibid.*

motivation (e.g., absence of moral sanctions, erosion of values and material deprivation). Both factors exert strong influence in post-socialist economies, particularly ones undergoing reform.³⁴

Marketization thus breeds corruption to the extent (i.e., if it is incomplete) that it provides a raft of opportunities to players in the politico-economic arena and gives rise to motivation to capitalize on such opportunities. The difficulties are compounded by the limited attention typically accorded by policy makers in such circumstances to state building, or the creation of capacity conducive to effective governance. The problem has manifested itself acutely in post-socialist Russia, but institutional fluidity has been a feature of the transition from central planning to a mixed economy in China as well.³⁵

It is apparent that the number of contributions on the subject from economically-oriented researchers has been relatively modest and that they have been sporadic in nature. A book was produced in the mid-1990s and one a decade or so later. A few articles have also been written focusing on specific aspects of corruption, but they are not analytically connected in any meaningful way. There is thus no clear sense of theoretical continuity and cohesion (which is more palpable in the work of organizational, political and socio-cultural theorists). This is somewhat surprising because the economy has been a source of powerful impulses during the reform era.

The definition of corruption varies from one economic study to another and so does the set of concepts employed (e.g., accountability, discretionary powers, monopoly, privilege, rent seeking, regulations and rules). The framework for addressing phenomenology, genesis and policy management, to the extent that one may be readily discerned, displays similar characteristics. The examination of the consequences of corrupt practices (e.g., black market/underground economy, consumption patterns, foreign trade, government budget, income distribution, investment activities, price stability and social justice) is also incomplete.

Economists are inevitably drawn to genesis/explanation and are less inclined to focus on phenomenology/description (policy management and consequences attract more attention than the latter but not as much as the former). The corollary is that priority may have to be accorded to developing/embracing an analytical perspective that is neither excessively narrow (i.e., extends beyond administrative monopoly, for example) nor overly broad in nature (such as the macroscopic viewpoint adopted in the two books referred to earlier, as distinct from the articles). The well-known Klitgaard equation may arguably serve as a useful starting point in this respect ($C=R+D-A$; where C stands for corruption, R for economic rent, D for discretionary powers and A for accountability).³⁶

The formula should be applied in a constructive but not uncritical fashion (i.e., as a starting point). The potential difficulties here lie in the notion of rent-seeking which may reflect an ideological bias against government intervention in the economy and a belief in the unqualified superiority of private markets. The social waste supposedly always engendered by the former is juxtaposed with the efficiency

³⁴ See Yan Sun, *Corruption and Market in Contemporary China* (Ithaca: Cornell University Press, 2004).

³⁵ See *ibid.* italics See also Steven Solnick, 'The Breakdown of Hierarchies in the Soviet Union and China' 48 *World Politics* 209-238 (1996); Yan Sun, 'Reform, State and Post-Communist Corruption: Is Corruption Less Destructive in China than in Russia?' 32 *Comparative Politics* 1-20 (1999); Xueliang Ding, 'The Illicit Stripping of Chinese State Firms' 43 *China Journal* 1-28 (2000); Xueliang Ding, 'Informal Privatization through Internationalization: The Rise of Nomenklature Capitalism in China's Offshore Business' 30 *British Journal of Political Science* 121-146 (2000); Xueliang Ding, 'Systematic Irregularity and Spontaneous Property Transformation in the Chinese Financial System' 163 *China Quarterly* 655-676 (2000); Feng Chen, 'Subsistence Crisis, Managerial Corruption and Labour Protests in China' 44 *China Journal* 41-63 (2000); Elizabeth A. Quade, 'The Logic of Anticorruption Enforcement Campaigns in Contemporary China' 16 *Journal of Contemporary China* 65-77 (2007).

³⁶ See Robert Klitgaard, *Controlling Corruption* (Berkeley: California University Press, 1988).

invariably displayed by the latter. It is thus essential not to adhere rigidly to the position that state failure is pervasive and market failure non-existent.³⁷

Nor should rent-seeking be treated as a homogeneous category. For example, a distinction may be drawn between rent scrapping, where rents accrue to the state office, and dividend collecting, where they flow to the private sector. In the latter case, they constitute predominantly a share of private profits.³⁸ By the same token, rent creation may be the product of competitive processes geared towards securing generalizable policy benefits (lobbying) or non-competitive ones aimed at obtaining particularistic privileges (bribery).³⁹

Such differences may have substantial economic consequences. For instance, decentralized structures are likely to beget independent monopoly in the corruption process, encouraging fragmented rent-seeking and a higher degree of dissipation of rents. By contrast, centralized structures tend to produce joint monopoly, leading to a lower degree of rent creation, relatively more modest rent dissipation, and potentially less detrimental outcomes from a broad developmental perspective.⁴⁰

The preoccupation with monopoly and its alternatives may have also resulted in scant attention being accorded to other relevant economic concepts. The principal-agent model is a notable case in point. Its theoretical efficacy was demonstrated by scholars exploring the genesis of corruption in late Imperial China. They generated empirical evidence showing that the ability of rulers/principals to monitor and sanction the activities of government officials/agents may be a crucial determinant of the incidence and type of corrupt practices witnessed in bureaucratic settings.⁴¹ The corollary presumably is that the political economy of corruption is a multi-dimensional phenomenon and needs to be dissected as such.

V. CONCLUSION

The consensus among academic observers and policy analysts is that corruption in China is deeply-entrenched and widespread. Further, the host of strategies employed to eradicate -- or, more realistically, curtail -- it notwithstanding, the prevailing view is that the problem is escalating. Against this backdrop, extensive research has been conducted with a view to enhancing the understanding of the phenomenology, genesis and policy management of corruption. Rather surprisingly, the economic dimension has receded from the limelight and contributions from that source have generally been fragmented. This trend should ideally be reversed and the work undertaken ought to be consolidated within an appropriately broad analytical framework.

³⁷ See Sun, *Corruption and Market in Contemporary China*.

³⁸ See Andrew Wedeman, 'Looters, Rent-scrappers and Dividend Collectors: Corruption and Growth in Zaire, South Korea and the Philippines' 31 *Journal of Developing Areas* 457-478 (1997).

³⁹ See Paul Hutchcroft, 'The Politics of Privilege: Assessing the Impact of Rents, Corruption and Clientelism on Third World Development' 45 *Political Studies* 639-658 (1997).

⁴⁰ See Andrei Shleifer and Robert Vishny, 'Corruption' 108 *Quarterly Journal of Economics* 599-617 (1993); Kevin Murphy, Andrei Shleifer and Robert Vishny, 'Why is Rent Seeking so Costly to Growth?' 83 *American Economic Review* 409-413 (1993).

⁴¹ See Edgar Kiser and Xiaoxi Tong, 'Determinants of the Amount and Type of Corruption in State Fiscal Bureaucracies: An Analysis of Late Imperial China' 25 *Comparative Political Studies* 300-331 (1992).