

Why “killing the tigers and swapping the flies” does not succeed  
A multi-criteria analysis of the persistence of corruption in the People’s Republic of China

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## Abstract:

This research focuses on corruption in the People's Republic of China (PRC) and its persistence despite efforts to fight it, such as the persistent anti-corruption campaign launched by Xi Jinping in 2012. The study seeks to provide a deeper understanding of underlying reasons for the prevalence of corruption by addressing the following research question: *Why does corruption in the People's Republic of China prevail despite efforts to fight it?* In order to assess this question, a single-case study is conducted on the basis of qualitative data. After reviewing relevant literature with respect to the theoretical roots of corruption, a set of preconditions for the effective reduction of corruption are established, which are then assessed for the case of the PRC. The anti-corruption campaigns are not expected to sustainably succeed, as long as the preconditions are not being met. The findings show that the PRC only meets two out of the eight established preconditions, which may account for the failure to reduce corruption in a long-run. Its scientific and societal relevance is conspicuous as it advances the comprehension of underlying reasons of corruption and moreover specifically in the context of the PRC, where corruption is perceived as a major issue.

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## Abbreviations

ACFTU	All-China Federation of Trade Unions
CAC	Cyberspace Administration of China
CCDI	Central Commission for Discipline Inspection
CCP	Chinese Communist Party
CPD	Central Propaganda Department
IFJ	International Federation of Journalists
LWOP	life Imprisonment without the possibility of sentence reduction and parole
NGO	Non-Governmental-Organization
NPC	National People's Congress
NSC	National Supervision Commission
PRC	People's Republic of China
RoC	Republic of China
SAPPRFT	State Administration of Press, Publication, Radio, Film, and Television
SPP	Supreme People's Procuratorate
TI	Transparency International
UN	United Nations
UDHR	United Nations Declarations of Human Rights

## **1. Background**

### **1.1. Introduction**

This study focuses on the phenomenon of persistent corruption in the People's Republic of China (PRC). According to Transparency International (TI) (n.d.), a global coalition against corruption, the impacts of corruption on societies are multifaceted and can be divided into political, economic, social and environmental issues. From a political point of view, corruption obstructs the concepts of democracy and rule of law. Moreover, a corruption problem may undermine the legitimacy of public officials and thus lead to a "legitimation crisis", as suggested by Habermas (1976). This poses a severe challenge to the development of an accountable political leadership. Richey (2010) found that living in a state with higher levels of governmental corruption decreases public trust. Economically, corrupt politicians may invest rather in self-enriching projects than in projects benefiting communities, thereby hindering the development of fair market structures as well as competition and deterring investment. Socially, corruption poses an obstacle to public trust in the established system. Moreover, environmental degeneration may also be a consequence of corruption when the private benefit of receiving bribes is being prioritized over the enforcement of environmental regulations and legislation (TI, n.d.). However, despite the common awareness of the pervasiveness of the corruption problem as well as its wide scope of inefficient consequences, such as the waste of resources, the reduction of employment or the undermining of trust in public officials, only very small evidence can be seen for systematic changes in the extent of global corruption throughout the last decade (Heywood & Rose, 2014). Bearing in mind these encompassing consequences, conducting research on corruption is of highly societal relevance, in order to develop a more comprehensive understanding of its phenomenon.

The phenomenon of corruption seems to be of particular interest to the Chinese citizens. According to a poll by the Pew Research Centre (2016), four out of five citizens in China consider corruption as a big problem in the PRC. 49 percent of the respondents perceive corrupt officials as a very big problem, which is 6 percent more than in 2015, and 34 percent see it as a moderately big problem. This makes corruption a top Chinese concern, even above issues such as food safety and pollution (Pew Research Center, 2016). Aside from the relevance for the Chinese people, it is also of specific concern to the Communist Party itself, as Xi Jinping underlined in several speeches: "Corruption could lead to the collapse of the [...] [Communist Party of China] and the downfall of the [...] [PRC]" (FlorCruz, 2013, para.8). Corruption has been a part of Chinese history for thousands of years, from Chinese slavery societies, over feudal societies to the republic period and finally the PRC. Since they have come into power in 1949, the Chinese Communist Party (CCP) has taken numerous actions to reduce corruption (Liu, 2016). Xi Jinping, the current president of the PRC and general secretary of the Communist Party, launched an anti-corruption campaign in 2012, targeting the party, government, military and state-owned company officials suspected of corruption.

Considering the Chinese citizens' as well as the CCP's high awareness about the severity of the issue of corruption and the aggressive efforts to fight it, it is incomprehensible why corruption is still

such a predominant, persistent issue. The Corruption Perception Index of TI ranks countries based on the perceived corruption levels between scores of 0 (most corrupt) to 100 (not corrupt). According to these scores the PRC has only moved up one score from 40 (2013) to 41 (2017) since Xi Jinping's inauguration and the launching of his assertive anti-corruption campaign. However, bearing in mind the long and assertive anti-corruption fight of the PRC, a more significant decrease of corruption was expected.

The occurrence of persistent corruption poses particularly unprecedented difficulties to the fight of corruption. According to Marquette and Pfeiffer (2015), there are only a few cases, where countries have succeeded in significantly reducing the levels of corruption. Most systematically corrupt countries are considered to be equally corrupt now as they were prior to anti-corruption interventions. Subsequently, the more persistent the phenomenon of corruption, the more difficulties entail the efforts to successfully combat it. According to Damania, Frederikkson and Mani (2003, p. 363), the World Bank noted in 2002 that "while much is known about the proximate causes and consequences of corruption, we know little about the economic, political and historical factors underlying the persistence of corruption". Clearly, the causes for persistent corruption are a phenomenon that has not been sufficiently studied yet. Thus, this research also seeks to contribute to the closure of this knowledge gap by generating more research on the persistence of corruption and establishing preconditions for a sustainable reduction of corruption.

Sandholtz and Taagepera (2005) found a significant causal relation between communism and corruption. Accordingly, reforming communist and post-communist countries experience higher levels of corruption which Sandholtz and Taagepera (2005) trace back to the pervasiveness of corruption as a social norm and practice in communist societies. As a consequence, this means that communist countries, such as the PRC, require much more effort to fight persistent corruption, wherefore more research should focus on the corruption phenomenon of the PRC, why it is so persistent and which could be the underlying reasons for its prevalence. Dong and Torgler (2010) studied the phenomenon of corruption within the PRC and found a positive influence of income inequality and ethnic fractionalization on levels of corruption, while female representation in the National People's Congress (NPC) has a negative effect on corruption levels. Although these findings explain variations of corruption within the country, they do not explain the general persistence of the phenomenon. Being aware of the high societal relevance of corruption in the PRC and also noting with concern the lack of academic research on the reasons for persistence of corruption (in the PRC), this research seeks to contribute to an understanding about why corruption persists in the PRC by addressing the following question:

*Why does corruption in the People's Republic of China prevail despite efforts to fight it?*

In this context, it makes sense to break down the research question into distinct sub-questions. First, what are theoretically the roots of corruptive behavior? Second, which conditions affect corruption levels? Third, which preconditions affect the success of anti-corruption programmes and which factors

have to be taken into account? In the context of this question, a set of preconditions will be created which are deemed to be necessary in order to sustainably reduce corruption. Fourth, to what extent does the PRC meet the preconditions necessary to reduce corruption in a long-run? In this framework the previously established preconditions are examined in the context of the PRC.

As this study will *inter alia* refer to China in the context of the UN, a brief historical background is provided on the founding of the PRC. This is necessary in order to avoid confusion about the term “China”, as two different parties may be referred to with this title. The RoC (today known as the island of Taiwan) was a founding member of the UN in 1945. However, there has been a change of representation since 1971. After the civil war had broken out in mainland China and the ruling Nationalist Party (RoC) had to flee to the island of Taiwan, the CCP took over mainland China. Within the framework of the One-China-Policy, the PRC required any state wanting to uphold diplomatic relations with the PRC to discontinue any formal relationship with the RoC (“What is the ‘One China’”, 2017). Beyond that, the PRC’s denial of the RoC as a legitimate national ruler was enshrined in both the Constitution, declaring Taiwan to be an indisputable part of the PRC (Constitution of the PRC, 2004) as well as the anti-secession law, claiming that the PRC shall never allow Taiwan to be independent (Anti-Secession Law, 2005). Thus, within the framework of the UN General Assembly Resolution 2758, the RoC was expelled from the UN in favor of the PRC who subsequently became a member to the UN in 1971 and replaced the former legitimate representative of China, the RoC (Winkler, 2017). Within the framework of the 1992 Consensus, representatives of the PRC and the RoC agreed that there is only one China nation - however, the definition of who is that one, legitimate China, is up to both sides’ interpretation (Whelan-Wuest, 2017). Having been created in 1948, the UDHR was thus ratified by the RoC. Beyond that, the RoC also provided for one of the members of the drafting committee, P.C. Chang. However, despite the differentiation between the PRC and the RoC, as they both represent(-ed) China, the PRC is equally bound by what the RoC has ratified under the name of China.

## **1.2. Background: The current anti-corruption campaign**

The assertiveness of Chinese efforts to combat corruption can easily be portrayed by the most recent effort to reduce corruption in the PRC. As a result of the most recent anti-corruption campaign, launched by Xi Jinping in 2012, hundreds of officials across the country have been investigated and prosecuted. A particularity of Xi Jinping’s campaign is his „killing of the tigers and swatting of the flies“. This implies that the campaign is not merely targeting low-level bureaucrats (“flies”), but also the high-ranking officials (“tigers”). According to Quah (2015), Xi Jinping’s campaign is distinct from previous efforts in several key features. Firstly, the durability of the campaign is remarkable. While previous campaigns have not prevailed longer than two years, the current campaign has endured since its launching in 2012. Secondly, the campaign is “the most sustained and intensive drive against corruption” (Wedemann, 2014, para. 2). Thirdly, the current campaign also addresses the Chinese officials’



extravagance on public expenses. And finally, the campaign relies on inspection teams monitoring cadres, government officials, legislators and political advisers.

One of the first fundamentals of the current Chinese anti-corruption campaign are the eight-point rules, initiated by the Political Bureau of the CPC Central Committee in December 2012. Accordingly, the regulations foresee (1) leaders' close contact with grassroots, (2) strict regulations and improved efficiency of meetings and major events, (3) a reduction of issuing of official documents, (4) the reduction of officials' visits abroad to necessary visits in terms of foreign affairs and with fewer accompanying members, (5) fewer traffic controls when leaders travel by car, (6) the prohibit of media reporting on stories about official events unless there is real news value, (7) no publications by leaders without the consent of the central leadership and (8) leaders following relevant regulations on accommodation and cars. The set of regulation seeks to reduce extravagance, bureaucracy and undesirable work practices of Party members (Eight-point regulation, 2012).

Moreover, a new amendment was introduced in 2015 for the crimes of corruption and taking bribes, foreseeing life imprisonment without the possibility of sentence reduction and parole (LWOP), whereas previously, all prisoners serving a life sentence could be released after serving a minimum term of 13 years. However, due to the new amendment, an offender serving LWOP is deprived from this right (Su, 2017).

Beyond that, Xi Jinping launched the "operation fox hunt" in 2014. The operation is the codename for the intended capture of corrupt Chinese officials overseas. It is thus the counterpart to Xi Jinping's domestic anti-corruption campaign (Hengjun, 2014). Following the "operation fox hunt", the "operation skynet" was introduced in March 2015. It is a police-led campaign coordinating responsible government departments in order to uncover corrupt officials abroad. In this context, one of the first successes was achieved in February 2015, when Italy expatriated a Chinese woman suspected of fraud worth more than 1.4 million yuan (Fullerton, 2015). Prior to the international operation skynet, the national "skynet" real-time surveillance system was introduced in 2005, including facial recognition technology and GPS tracking (Smith, 2017). By deploying facial recognition<sup>1</sup>, the security cameras identify each person and screen descriptions including details such as gender and age.

According to the Wee (2017), the number of lower-level officials killing themselves has increased since the launching of the anti-corruption campaign. Within the timeframe of 2009 to August 2016, 243 officials committed suicide, among them for instance the general Zhang Yang, after being questioned in regard to corruption charges. The People's Liberation Army Daily responded to its suicide by calling it "shameful" and condemning him as "two-faced" (Wee, 2017).

Suggestively, an underlying reason for the committal of certain suicides is assumed to be the escape of convicts from criminal proceedings in order to benefit their families. In order to prevent such suicides, the Supreme People's Procuratorate (SPP) launched eight orders in 2015, foreseeing how

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<sup>1</sup> *Identification of human faces by means of visible characteristics; specifically computer-aided identification of faces, used especially for security purposes.* Oxford Dictionaries (n.d.)

probes regarding the abuse of office should be executed. Accordingly, prosecutors are held accountable and punished if the convicts are injured or commit suicide. Additionally, investigators are prohibited to accept money from companies under investigation, unreasonably deploying coercive measures or forcing confessions by torture. In 2013, five CCP investigators were sentenced to up to 14 years of jail after having drowned an official to extract a confession (“Prosecutors to be punished,” 2015).

Moreover, citizens are strongly encouraged to report any suspicious behavior. The police welcomes any tip-offs from the public. In January 2015, an anti-graft mobile application was launched in order to allow whistleblowers to report cases by directly uploading photos or videos. The app which can freely be downloaded from Apple's App Store and on various Android stores, as well as on the CCDI's official website, suggests various categories of corruption, as for instance banquets or overseas travels. Whistleblowers may then upload files indicating more details such as the place and time of the corruptive behavior (Post, 2015). Beyond that, the CCP introduced an official account on WeChat (smartphone chat service) in January 2016. This social media channel enables the opportunity for the public to denounce corrupt officials more easily (Staff, 2016). Moreover, aside from the LWOP, anyone who peculates or accepts bribes of more than three million Chinese yuan (387.505,48 Euro) may be subject to the death sentence (Beech, 2016). In October 2017 Xi Jinping vowed to abolish the secret interrogation practices of shuanggui and replaced it with the new detention system liuzhi. The practice of shuanggui had been widely criticized as it suggestively entangled arbitrary detention, torture and enforced disappearances. On the contrary, the new system is supposed to be codified in law, controlled by stricter internal procedures and detainees shall be given sufficient food and rest. However, detainees are still not allowed to see neither a lawyer nor their families (Human Rights Watch, 2017a). In March 2018, Xi Jinping expanded the anti-corruption campaign by introducing a new agency: The National Supervision Commission (NSC), being responsible for the overseeing of all public servants exercising power. Thereby, the agency is set above judiciary, ranking even higher than the supreme court. The new agency will monitor public servants at all management-levels, such as hospitals and schools. It will be in charge of supervision, as well as investigation and punishment (“China’s anti-corruption campaign,” 2018).

Closely related to the effort to combat corruption is the planned introduction of a “social credit system” or “citizen score” in 2020. According to the Planning Outline for the Construction of a Social Credit System (2014-2020) Its objective is “establishing the idea of an sincerity culture, and carrying forward sincerity and traditional virtues” by using “encouragement to keep trust” (para.1). Accordingly, the behavior of every citizen will be rated and ranked, for instance whether bills are being paid on time, interpersonal relationships and dissenting political opinions on social media. Depending on the score, a citizen may enjoy certain benefits, such as faster check-ins at hotels or renting a car without a deposit, whereas, on the contrary, citizens with low scores may have significant disadvantages, such as not being employed for certain jobs or having only restricted access to restaurants and nightclubs (Botsman, 2017).

Xi Jinping's overall power was manifested and expanded by a decision made in February 2018 to abolish the presidential term limit, allowing Xi Jinping to stay in power indefinitely. This allows Xi Jinping to unrestrictedly pursue his aggressive corruption campaign ("Xi 'eyeing bigger global," 2018).

The study seeks to provide a better understanding on the topic of corruption prevalence in the PRC. Deriving from theories and observations, the expectation is that if the necessary preconditions for a successful anti-corruption programme are not provided in the PRC, corruption is more likely to prevail. In the following, the theoretical background for the issue at stake is provided, by examining more in depth the term of corruption and its theoretical roots, the phenomenon of persistent corruption, considerations for anti-corruption strategies, concluding with a set of conditions that are deemed to be fundamental for the success of anti-corruption campaigns. Subsequently, the set of conditions is assessed for the case of the PRC before finally concluding what might be underlying reasons for the prevalence of sustained corruption in the PRC despite vehement efforts to fight it.

## **2. Theory**

In the framework of this chapter, the theoretical foundation for the study is laid out. Firstly, the controversy about the comprehension of the concept corruption is framed. Secondly, emergence of corruption is discussed by laying out theoretical roots of corruptive behavior. Thirdly, theories on the phenomenon of persistent corruption is outlined, followed by a set of considerations for anti-corruption campaigns. Finally, preconditions for successful anti-corruption strategies is laid out, before concluding with the analytical framework, a set of preconditions which is discussed for the case of the PRC in the following chapters.

### **2.1. Defining corruption**

In order to understand the causes and backgrounds of corruption and to successfully launch anti-corruption programmes, it is essential to adequately understand the concept of corruption. However, the aspiration of finding a coherent definition of its phenomenon entails difficulties, as the perception and understanding of the concept of corruption is still widely fractured. Still, a comprehensive definition of corruption is indispensable in order to allow academics and policymakers to adequately measure and subsequently tackle the issue of corruption.

As a consequence of the increasing number and foci of corruption definitions, conceptual clarity has declined. Corruption is never a merely descriptive phenomenon and often related to certain morality claims. However, morality is to a certain extent subjective and embedded into a cultural context, making the emergence of different conceptualizations of corruption inevitable. The core of morality within the concept of corruption is already portrayed in Samuel Johnson's Dictionary of the English Language (1756), in which corruption is defined as "perversion of principles; loss of integrity". Such a definition does not suggest the condemnation of a concrete action as corruptive behavior, but rather bases the term of "corruption" on a subjective value judgement. It thus does not allow for a coherent understanding and

application of corruption, but enables the valid disagreement of multiple entities whether an action should be condemned as corrupt or not. The discord about a common definition of corruption may also be portrayed by the non-existence of a definition in the framework of the United Nation Convention against Corruption. Due to state's diverging understandings of the phenomenon, there is no common ground with respect to which behavior may be considered as corruption and should thus be punished.

Moving away from the normative conceptualization of corruption, academics have tried to provide a more detailed definition of corruption, such as one of the earliest by Robert Brooks (1910), describing corruption as "the intentional misperformance or neglect of a recognised duty, or the unwarranted excise of power, with the motive of gaining some advantage more or less personal" (p. 58). This definition involves the occurrence of a breach of certain rules for one's own advantage. However, the evaluation of an individual's motive's action remains difficult, as motives are inherently personal. Another issue is the broad application of such a definition to any committed crime, as the breach of a law resulting in a personal benefit may also be for instance an individual robbing a bank.

Another approach to defining corruption is given by Klitgaard (1988) who understood corruption as "the divergence between the principal's or the public's interests and those of the agent or civil servant: corruption occurs when an agent betrays a principal's interest in pursuit of her own" (p.24). However, this definition also poses some difficulties. For instance, it is questionable what can be condemned as "betrayal". Suppose a principal dedicating his working hours to private matters and thus prioritizing personal over public interest, may this already be defined as betrayal of the public? Subsequently, this definition also entails difficulties in the sense that its application is subject to personal norms and perspectives.

Bearing in mind the difficulties arising from too broad conceptualizations of corruption, academic definitions have become fairly more specific over time. The international anti-corruption NGO Transparency International (TI) provides a definition of corruption which has been widely adopted as the most common, unchallenged definition. According to this definition, corruption is to be understood as "the abuse of entrusted power for private gain" (TI, 2017). However, indisputably, this definition also entails a moral component in regards to what is understood as "abuse" of power or moreover what is the adequate "use". Another weakness arising from this model is the premised circumstance of having "entrusted" power. Other criticism of the definition provided by TI tackles the applicability and entails that not all people, irrespective of their educational background, may relate to that conceptualization. A proper definition should focus rather on the consequences in order to make it more accessible. An opening statement during the Human Rights Council Panel Discussion in 2013 emphasized that "Corruption is not just bribery or the abuse of power. It is also poor or absent service delivery, poor governance as well as physical or sexual abuse" (von Bogdandy, Peters, & Wolfrum, 2013, p.204).

Understanding the difficulty of finding a generally valid, comprehensive definition of corruption is important in order to grasp the deeply-rooted issue of the phenomenon. Not being able to agree on what corruptive behavior actually is makes the effective control of its occurrence much more difficult.

However, being aware of the potential fallibility of the definition, but thereby also noting the non-existence of a more comprehensive definition, reference is made to the most common conceptualization of corruption provided by TI, capturing corruption as the “the abuse of entrusted power for private gain” (TI, 2017).

## **2.2 Theoretical roots of corruptive behavior**

There are two theories, the principal-agent theory and the collective action problem, that are generally being used to examine the roots of corruptive behaviour. Each theory sheds its light on different problematic causes of corruption, thereby also suggesting different solutions on how to effectively reduce corruption.

Primarily, the global anti-corruption agenda is driven by the principal-agent theory (Persson, Rothstein & Theorell, 2013). According to this theory, there is a hierarchical relationship between principals and agents, whereby the agents have discretionary power for implementation and are responsible for holding corrupt officials accountable for their actions (Frederickson, Smith, Larimer, & Licari, 2015). Corruption evolves when there is either a goal conflict between the two parties or an information asymmetry. An information asymmetry occurs when the agents have more information than the principals, thus restraining principals in their ability to monitor to what extent agents have achieved the principals’ goals (Waterman & Meier, 1998). Corruption is defined by the agent either pursuing another goal or not sharing relevant information with the principal. In conclusion, the problem of corruption merely lies with the agents and the role of the principal is being ignored. Applied to the political system, either the principals are the rulers and the agents the bureaucracy, and/or the principals are the ruling elite and the agents the citizens.

Based on this theory, anti-corruption policy instruments are mainly focussed on the discretionary power of public officials, the probability of being detected and the costs of being detected (Shah, 2007). Strategies aimed (1) at reducing discretionary power include privatization, deregulation, and meritocratic recruitment, whereby issues of (2) monopoly are addressed by promoting political and economic competition and (3) accountability is sought to be increased by strengthening democratic procedures and increasing public awareness. (4) Increasing the opportunity cost of corruption is tackled by improving salaries of public officials, while (5) the rule of law is strengthened in order to facilitate prosecution and punishments, (6) decentralization is supported to encourage greater transparency of government decision and (7) public oversight is increased through parliament, an independent media, as well as through civil society watchdogs (Galtung, 1998; Ivanov, 2007; Lawson, 2009; TI, 2000; UN, 2004; UNDP, 2004; World Bank, 2000).

However, the principal agent theory fails to address certain facets of corruption. The theory takes the incorruptibility of principals for granted or if principal’s incorruptibility is doubted, the existence of “principled-principals” is presupposed. Having “principled-principals” would imply citizens serving as principals and the ruling elites as agents (Adserà, Boix, & Payne, 2003; Besley, 2006;

Myerson, 1993; Persson & Tabellini, 2000). However, if there is no active civil society and the principal is corrupt, the principal-agent theory fails to examine the true roots of corruption. In the framework of the theory, the actors' willingness to hold corrupt officials accountable is not being questioned, but taken for granted. In the case that the principal is also corrupt, the principal-agent theory becomes useless as an analytical tool, as there will be no willingness to monitor and/or punish corruption (Andvig & Fjeldstad, 2001).

An increasing number of authors have attributed the failure of anti-corruption efforts to the use of an inadequate theory (principal-agent theory). Thereby, many authors have claimed that the approach to corruption as a Collective Action Problem provides a better understanding (Marquette & Pfeiffer, 2015). Accordingly, social dilemmas arise when individuals are being confronted with choices in which "the maximization of short-term self-interest yields outcomes leaving all participants worse off than feasible alternatives" (Ostrom, 1997, pp.1-2). Although all parties would be better off if everyone would contribute, individuals reject to do so when being faced with a 'prisoner's dilemma'. The prisoner's dilemma implies not knowing what the other one is doing and thus running the risk of costs when choosing for the common good and not the individual self interests. The short-term cost of not being corrupt as well as the costs of reporting corruptive behavior is high, as the agent would thereby "bite the hands that feed them" (Persson, Rothstein & Theorell, 2013). The benefits of being corrupt outweigh the costs, wherefore people are expected to engage in corruptive behavior. In the framework of this theory, corruption thus becomes the norm, although the majority disapproves of corruption and understands the negative consequences by which corruptive behavior is followed. According to Ostrom (1997), the self-seeking nature is a logic historical consequence, as survival in prehistoric times depended on the stubborn pursuit of self-interest. However, at the same time we are able to learn norms that facilitate successful collective action. The conceptualization of corruption as a Collective Action Problem outlines new problems that require new solutions.

Marquette and Pfeiffer (2015) outlined that both the principal-agent theory and the collective action theory should be used in a complementary way to address the roots of corruption. Hence, a successful anti-corruption policy has to include coordinated actions between actors in order to mitigate corruption evolving from a kind of "prisoner's dilemma" as well as practices of monitoring, transparency and sanctioning.

### **2.3. Theories on the Persistence of Corruption**

Despite the recognition of the severity of corruption and research conducted on its theoretical roots, too little is still known about how to eliminate corruption once it is entrenched. As corruption becomes more difficult to eliminate once it is persistent, anti-corruption programmes should be launched before surpassing that. Therefore, it has to be understood how the persistence of corruption develops. However, more research has also to be done about how to handle corruption once it is deeply rooted in a society.

Cadot (1987), Andvig and Moene (1990) and Tirole (1996) found that if one agent engages in corruptive behaviour, others are more likely to follow its lead, wherefore the persistence of corruption increases with the number of corrupt agents in the economy. Once such a snowball effect is triggered, grasping the issue of corruptive behavior becomes much more difficult. Damania, Frederiksson and Mani (2003) examined reasons why corruption tends to be more persistent in certain regimes. They found that if interest groups succeed to circumvent regulations through bribery of lower level bureaucrats, they will subsequently also approach higher-level government politicians in order to lobby government politicians to resist reforms of the judicial system seeking to eliminate corruption. Unstable political systems are accordingly more likely to entail weak institutional structures, creating a profitable environment for lower level bureaucratic corruption. They thus found that political instability has an indirect effect on corruption as judicial efficiency is reduced. Conclusively, political instability allows for an environment in which corruption persists.

#### **2.4. Considerations for anti-corruption strategies**

When initiating programs and strategies tackling the issue of corruption, a distinct number of factors have to be taken into consideration in order for them to produce the desired result.

Spector (2005) studied the success of anti-corruption interventions and found that different mechanisms are being deployed in the context of different corruption types and situational factors. They found strategies seeking to raise public awareness and enhance transparency less effective when facing sustained corruption. According to their findings, enforcement and public awareness are mostly being deployed in the context of minor bureaucratic corruption, whereas preventive strategies, such as the changing of organisational features that allow corruption, are being initiated in the situation of both petty bureaucratic corruption and grand corruption cases.

Concerning the situational context, enforcement and public awareness strategies are being deployed under worsening economic, social or political trends and high levels of public tolerance for corruption, whereas preventive programs are more likely to be initiated in the context of particular economic, social or political crises and public anger over the corruption problem. Generally, interventions were overall found to be less effective under worsening political, economic or social trends, while crisis situations positively affect the success of corruption programs.

Their findings moreover underlined the crucial role of civil society, business and mass media for a sustained change, but also the importance of political will to fight corruption. The government-led interventions can generate successful laws, procedures and civil society awareness, whereas civil society-led programs mobilize civil society and generate successful institutional reforms, behavioral change and strengthened awareness. When conceptualizing corruption through the lense of a Collective Action Problem, the civil society is crucial due to its initiation of behavioral change in order to enforce collective action and prevent corruption from being the norm. Conclusively, in order to initiate reform programs and produce long-term effective anti-corruption results, the success of anti-corruption

programs depends on both the political will to enforce anti-corruption strategies as well as the existence of domestic pressure groups.

Persson, Rothstein and Theorell (2013) emphasized the importance of anti-corruption efforts focussing on individual-level motives and the varying public acceptance of what is understood as corruption across different cultures (Heidenheimer, 2002). For instance, what is considered a bribe in the Western context may simply be considered a gift in other countries (Bardhan, 1997; de Sardan, 1999; Rose-Ackerman, 1999). Subsequently, differences in cultural traditions, social norms and internalized values, shaping individuals' moral preferences, have to be considered.

Another approach is the neo-institutional perspective which examines the internal regulation of social interactions within corrupt networks (della Porta & Vannucci, 2012). Accordingly, after the emergence of a certain system of corruption, informal structures strengthen internal stability of corruption networks. Della Porta and Vanucci (2012) suggested three different enforcement mechanisms against corrupt exchanges, namely normative barriers, societal accountability and state accountability. Such mechanisms should be deployed in cases of betrayal of trust, as they seek to affect the relations of trust between the public agent and the corruptor as well as between the principal and the public agent. The first-party mechanism foresees the self-enforcement of rules, thus potentially corruptive actors imposing sanctions on themselves in order to initiate internalized values to achieve self-control. The second-party mechanisms allow a partner to enforce compliance by managing potential sanctions. In the case of the third-party mechanisms, actors of external parties are called upon to intervene, such as for instance NGOs (Della Porta & Vanucci, 2014, p. 241). According to Donatella della Porta (2017) anti-corruption policies should seek to create a foundation of trust and reciprocity among public agents, citizens and clients in order to strengthen capabilities, encourage whistleblowing and enforce anti-corruption rules. Contrarily to the belief of most initiators of anti-corruption strategies, having anti-corruption agencies in place has not shown any causal effect on levels of corruption (Mungiu-Pippidi, 2013).

These considerations have to be beared in mind when planning effective anti-corruption strategies. However, in order to have a firm ground on which to build successful anti-corruption strategies, certain preconditions have to be fulfilled.

## **2.5. Preconditions for successful anti-corruption policies**

Mungiu-Pippidi (2013) studied factors that influence corruptive behaviour in a society. She thereby found that the number of civil society associations, press freedom and internet connection all have a statistically significant causal effect on corruption. Altogether, the three factors serve as normative constraints to lower the levels of corruption. Moreover, TI (2018) found evidence for the causal relationship between civil liberties and corruption.

Accordingly, the press is attributed to the significant role of serving as a watchdog. Brunetti and Weber (2003) found a significant causal relationship between press freedom and levels of corruption.



According to their findings, press freedom can significantly reduce corruption. The conclusion is subsequently that an independent press may represent an important check against corruption (Brunetti & Weber, 2003). However, problems can occur if the media lacks autonomy to publish, hindering them from complying with the watchdog's function. Mungiu Pippidi (2013) moreover underlines the huge potential of using online media for the control of corruption. This is based on the significant positive effect of internet access on corruption control. Dong and Torgler (2010) found that despite the government-control over the media, the press has a slight negative influence on corruption levels, although they claim more press freedom to be more beneficial for the effective reduction of corruption.

Montinola and Jackman (2002) found that democratic practices restrain corruption. However, a positive effect of democratic practices is only to be expected after having passed a certain threshold of democratization, as countries having only partially democratized are more prone to corruption than dictatorships. The findings of Sandholtz and Koetzle (2000) support this, concluding that stronger democratic norms lead to lower levels of corruption.

Moreover, low-income countries underpaying public officials experience a higher level of corruption (Montinola & Jackman, 2002; Sandholtz & Koetzle, 2000). According to Treisman (2007), the strongest finding of empirical studies regarding corruption is the negative effect of high income levels on corruption. Higher income levels stimulate the spread of education. In turn, an adequate education makes individuals more capable to identify corruption. This is supported by You and Khagram (2005) who outlined the limited ability of the poor to hold the rich accountable due to their high vulnerability to coercion and the increasing income equality.

Sandholtz and Koetzle (2000) found a smaller extent of state control of the economy and institutions and a higher degree of integration in the world economy to have a negative effect on levels of corruption. Gerring and Thacker (2005) tested the relationship between neoliberal economic policies and political corruption in their study and found that open trade and investment policies and low levels of regulatory burdens have a negative causal relationship with political corruption. Dong and Torgler (2012) support the evidence for the negative effect of open trade and investment policies on levels of corruption and suggest the PRC to focus on policies inducing more competition. However, they pointed out that too little distinctions are being drawn between neoliberal prescriptions and the divergent effects of different measures, wherefore conclusions cannot be drawn wholesale.

Gerring and Thacker (2004) found a negative causal effect of unitary and parliamentary forms of government on the level of corruption. Moreover, centralized constitutions have a negative causal effect on levels of political corruption. Studying corruption in the PRC, Birney (2013) supported the unitarian argument by underlining that the decentralized state form of the PRC leads to the establishment of relative rather than fixed standards for corruption, thereby invoking corruptive behavior among lower officials due to significant discretion.

Concluding from these findings, (1) the freedom of assembly and association, (2) the freedom of press, (3) the connection to the internet, (4) strong democratic practices, (5) higher payment of public

officials, (6) unitary and parliamentary forms of government, (7) stronger integration into the world economy and (8) low levels of regulatory burdens are assumed to be essential preconditions for the successful implementation of anti-corruption strategies. A state is thus more likely to be successful with its efforts to combat corruption if the preconditions are being met in the country. For this research, no weighting or prioritisation will be made among these conditions. The eight issues will be equally assessed and will be considered as equally important. In the context of the PRC, an explanation for the persistent prevalence of corruption may be provided if these preconditions are neither being addressed by the legislative framework, nor put into practice.

### **3. Methodology**

#### **3.1 Research design**

The research question “*Why does corruption in the People’s Republic of China prevail despite efforts to fight it?*” is being answered through the conduct of a single-case study, assessing the existence of the established preconditions for a successful fight of corruption in the PRC. A case study is the most advantageous research design, as it enables a detailed examination of the data at the micro level. The research is meant to provide a better understanding for the extent of corruption and its prevalence in the PRC. The PRC is chosen on the basis of the deviant case method. According to that method, a case is being chosen which demonstrates a surprising value. The purpose is then to usually test a new explanation for the anomaly (Seawright and Gerring, 2008). The case of corruption in the PRC is surprising in the context of the long, assertive fight against corruption. As a consequence, the research seeks to explain why corruption persists. The case-study is exploratory, seeking to enable a better comprehension of the complexities of the phenomenon of corruption. Such a detailed analysis would not be feasible through other types of research designs. A disadvantage of case studies, however, especially in the context of single-cases, is the little foundation for scientific generalization. However, as this study does not seek for generalization, but rather an in-depth analysis of the Chinese case, the criticism is rejected. The data which is used for the research is of qualitative nature, thus related to concepts in a social context. The approach for the research is inductive, as the starting point is not a theory, but the research is developing a theory itself. A qualitative study is especially useful for the intellectual goal of for instance “understanding a particular context within which the participants act and the influence this context has on their actions” and “identifying unanticipated phenomena and influences and generating new, ‘grounded’ theories about the latter” (Maxwell, 2008, p. 221). As this research seeks to (1) understand the particular phenomenon of corruption and the contextual factors affecting it and (2) generate a theory what potential underlying reasons might be, the qualitative research presents the most useful type of study. In the context of qualitative research, one rather refers to “transferability” than “generalizability” (Guba & Lincoln, 1985). Thereby, transferability implies the facilitation of the application of the study’s findings to other contexts. Nevertheless, the researcher cannot prove the applicability. As Guba and Lincoln described, it is “not the naturalist’s task to provide an index of

transferability, it is his or her responsibility to provide the database that makes transferability judgements possible on the part of potential appliers” (Guba & Lincoln, 1985, p.316). However, by providing a thick description and an in-depth analysis, the foundation for the transferability is facilitated.

### **3.2. Data collection**

As this study does not aim for standardised comparisons, but rather the examination of a phenomenon in detail, it is referred to as qualitative research. The research aims to explain “why” a specific phenomenon (corruption) operates in a particular way in one setting (PRC). As the opportunity to conduct surveys or interviews is not given, the research will be based on secondary data. On the contrary to primary research, the secondary research uses existing research, statistical databases, historical records and government documents to draw conclusions. In the context of this research, the data includes both national and international laws and regulations as well as reports retrieved from international organizations such as Freedom House and the Economist Intelligence Unit.

In regards to the data collection, one must be aware that there are limitations, as the issue of corruption is a very sensitive topic which has to take many situational and contextual questions into consideration. Moreover, there is still a dissent on what may be understood as “corrupt” (see CH 2.1.), thus, as the definition is somewhat subjective, so are the strategies suggested to combat its occurrence. Data in the native tongues of the unit of the PRC, which have not been translated, cannot be accessed. Moreover, a lacking satisfaction of the beforehand envisaged preconditions does not necessarily need to be the primary underlying reason for the sustained corruption in the PRC, but rather one explanatory factor among others. In the framework of the research, the set of preconditions, which have been derived from the secondary research in the second chapter, are examined in-depth for the case of the PRC.

The findings concerning each condition in the PRC are divided into (1) the legal framework, followed by (2) the practical situation. The legal framework will layout commitments that have been made in that matter in the framework of international and national agreements and capture what the situation is according to the law. Within the second part, the practical situation are outlined by using external reports and databanks. By providing both of the findings, a more encompassing, differentiated picture can be drawn about the issue at stake. A conclusion is then drawn based on the legal framework and the practical situation.

### **3.3. Conceptualization and operationalization of the preconditions**

Concluding from secondary research on the occurrence of corruption, eight preconditions for a successful fight of corruption have been identified: (1) the freedom of assembly and association, (2) the freedom of press, (3) the connection to the internet, (4) strong democratic practices, (5) higher payment of public officials, (6) unitary and parliamentary forms of government, (7) stronger integration into the world economy and (8) low levels of regulatory burdens.

### *(1) the freedom of assembly and association*

The number of civil society organizations was found to influence the levels of corruption. In order to allow for the existence of a high number of civil society organizations, the freedom of assembly and association has to be realized. Freedom House (2018) provides country reports on their status of freedom on an annual basis. This aggregated status inter alia includes associational and organizational rights. In this context, Freedom House examines (1) if freedom of assembly is given; (2) If there is freedom for NGOs, particularly those engaged in human rights and governance-related work; and (3) if there is freedom for trade unions and similar professional or labor organizations. Building on the criteria put forward by Freedom House and the World Justice Project, it will thus be elaborated whether (1) people can freely join political organizations and attend community meetings, (2) hold peaceful public demonstrations, sign petitions and express opinions against government policies and actions without fear of retaliation, (3) NGOs and (4) trade union are free. The freedom of association and assembly in the PRC is measured by laying out international obligations deriving from the UN and the International Labour Organization as well as national legislation. After that, the international report issued by the Committee on Freedom of Association of the International Labour Office and the annual country report by Freedom House will be examined.

### *(2) the freedom of press*

The second precondition for a successful, sustained reduction of corruption is the freedom of press. Weaver (1977) operationalized press freedom as “freedom from government controls” (p. 153), whereafter McQuail (2000) added the importance of the inclusion of an economic component. Accordingly, a comprehensive operationalization of press freedom should also comprise the limited concentration in ownership in order to allow for the expression of diverse opinions. Merging these two operationalizations, press freedom is given when (1) the governmental influence on the media is limited and (2) when there is no concentration in ownership in a country. Aside of the examination of these distinct components of press freedom, reports provided by the International Federation of Journalists and Freedom House are referred to. Moreover, Freedom House has been launching annual country reports on a country’s status of freedom of press since 1980. Countries are thereby assigned to a score between 0 and 100, while 0 implies the most free and 100 not free. This score is based on 23 methodological questions, divided into the subcategories of legal, political and economic environment. The legal environment category entails an examination of laws and regulations, as well as how these are put into practice, while the political environment focuses on the extent of political influence on the content of news media and the latter examines the economic environment (Freedom House, 2018 a ). In order to capture the freedom of press in the PRC, firstly, it will be framed in international as well as national legislations before moving to the international report launched by Freedom House and the International Federation of Journalists.

### *(3) the connection to the internet*

According to Bertot, Jaeger and Grimes (2010), information and communication technologies (ICTs) are seen by many as a convenient and cost-effective measure to promote both transparency and openness and thereby reduce corruption. The European Telecommunications Standards Institute (ETSI) defines internet access as the provision of “facilities and/or services for the purpose of providing an access to the public” (ETSI, 2013, p.11). Mungiu-Pippidi (2010) measured the internet connection as an indicator of individual autonomy and access to information. She thereby used the number of internet users per 100 persons. Based on Reports and Databases of the ITU and the World Telecommunication/ICT Development, the World Bank annually publishes data indicating the individuals using the internet as a percentage of the population. According to the World Bank, internet users are individuals who have used the internet in the last three months. Thereby, the internet may be accessed via a devices such as computers, a mobile phones and game machines. The data for analysis of the number of internet users will be derived from the databank of the World Bank.

### *(4) strong democratic practices*

According to Montinola and Jackman (2002), strong democratic practices restrain corruption. However, whereas democratic practices beyond a certain threshold may negatively affect corruption, the transition phase from non-democracies to only partially competitive democracies may have a positive effect on corruption levels. The Economist Intelligence Unit’s Democracy Index captures the state of democracy of worldwide 165 independent states. The index is based on five distinct categories: the electoral process and pluralism, civil liberties, the functioning of government, political participation and political culture. Based on the scoring in the different categories, countries are assigned to four different types of regimes: “full democracy”, “flawed democracy”, “hybrid regime” and “authoritarian regime” (The Economist Intelligence Unit, 2018). Bearing in mind the necessity of having passed a threshold, democratic practices are only then expected to support anti-corruption strategies if countries are “full democracies”. Aside from the index, the international and legal framework in regards to democratic practices are laid out.

### *(5) adequate payment of public officials*

The underpayment of public officials found by Sandholtz and Koetzle (2000) to be associated with more corruption. The Organisation for Economic Co-operation and Development (OECD) defines public officials as the people holding a legislative, administrative or judicial office (either appointed or elected); any person exercising a public function, including for a public agency or a public enterprise (e.g. a state owned enterprise) or any official or agent of a public international organisation (OECD, 2006). For the context of this research, underpayment is determined if the salary of public servants is below the average Chinese salary of all sectors. In order to capture this precondition, firstly, the Chinese legal framework

regarding civil service pay will be framed before providing data retrieved from the National Bureau of Statistics in China.

*(6) unitary and parliamentary forms of government*

Unitarianism implies a political system where the central, national government maintains sovereignty relative to its territories and parliamentarism refers to a system where the executive is responsible to and chosen by an elective body. Unitarism is operationalized on the basis of two distinct components: the degree of separation (non-federalism) and the relative power of the two players (non-bicameralism). Federalism is to be understood as the institutionalized sharing of responsibilities among regional units and a national authority, whereas bicameralism refers to the sharing of policy-making power among two chambers on a national scale. However, Gerring and Thacker (2005) noted that as a precondition for unitarianism and parliamentarism to result in lower levels of corruption, a minimum of democratic sentiments has to be given. Thus, if the fourth criterion of strong democratic practices is not given, this criteria is already discarded.<sup>2</sup>

*(7) stronger integration into the world economy*

Sandholtz and Koetzle (2000) found a lower integration into the world economy to have a positive effect on corruption control. In order to measure the level of integration into the world economy, trade indicators are examined. In this regard, the sum of exports and imports as a share of the Gross Domestic Product (GDP) in the five year term of 2013-2017 from the World Bank is investigated. Also, the legal framework in China in concern to economic globalization and trade are laid out. A stronger integration into the world economy is presumed if the PRC's trade percentage has increased and is at the world average or above.

*(8) low levels of regulatory burdens*

In order to measure regulatory burdens, data from the Heritage Foundation Wall Street Journal's Index of Economic Freedom is borrowed. The Heritage Foundation (2018) offers in its Index of Economic Freedom three different indicators for regulatory efficiency: Business Freedom, Labor Freedom and Monetary Freedom. The index of business freedom refers to the extent to which the regulatory environment hinders the efficient operation of businesses and attributes countries to a score of 0 to 100 (100 the freest) on the basis of 12 sub-factors. The labor freedom measures the legal and regulatory environment of a country's labor market and is composed of seven sub-factors. Lastly, the monetary freedom merges an assessment of price stability with a measure of price control. Based on the

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<sup>2</sup> The sixth criterion of having unitarianism and parliamentary structures loses its significance if strong democratic practices are not given. As presented in the further findings in Chapter 4.3., the PRC is incapable of meeting the condition of strong democratic practices, wherefore there is no need for further elaboration on unitarianism and parliamentarism and it is excluded. Subsequently, only seven conditions will be assessed in the framework of the following chapter.

operationalization of the indicator of regulatory efficiency by the Index of Economic Freedom, the existence of low levels of regulatory burdens in the PRC is investigated.

#### **4. Description and analysis of the preconditions in the PRC**

Within the framework of this chapter, the different preconditions at hand is assessed for the case of the PRC. In order to capture the (non-/)existence of these preconditions in the PRC, first the legal framework for each precondition is given before presenting information regarding the practical state, deriving from international reports and databases. The legal framework includes international and national agreements, while the practical situation is framed by external reports and databanks. The duality of findings will facilitate a more encompassing, differentiated picture and allow for the determination of potentially flawed implementation of national and international commitments.

#### **4.1. The Freedom of Association and Assembly**

##### **4.1.1. Legal framework**

The freedom of association is an collective as well as an individual right which is internationally enshrined both in the UDHR and The Declaration on Fundamental Principles and Rights at Work of the International Labour Organization.

According to Article 20 of the UDHR, everyone is entitled to the right to practice peaceful assembly and association and may not be forced to belong to an association. Moreover, Article 23 of the UDHR captures that everyone has the right to work, choose a type of employment freely as well as enjoy just and favourable conditions of work and be protected against unemployment. Beyond that, everyone has the right to form and to join trade unions for the protection of his interests. Moreover, according to Article 22 of the International Covenant on Political and Civic Rights, “everyone shall have the right to freedom of association with others”. The PRC has signed the Covenant in 1988, however, has never ratified it. Being a signatory to the Convention merely indicates the PRC’s willingness to continue the treaty-making, but does not establish the consent to be bound (UN Vienna Convention on the Law of Treaties, 1969, Article 10 and 18).

China has been a member to the International Labour Organization (ILO) since 1919. The Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Organization in 1998, obliges all Member States to respect, to promote and to realize the fundamental rights laid out by the Conventions, such as the freedom of association and the effective recognition of the right to collective bargaining. This obligation arises solely from their membership to the ILO, irrespective of whether they have chosen to ratify the Conventions or not. Subsequently, although it has only ratified four out of eight fundamental Conventions, it is subject to all Conventions which it has not ratified, including the Forced Labour Convention, 1930 (No. 29), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) and the Abolition of Forced Labour Convention, 1957 (No. 105)

(International Labour Organization, n.d.). However, The Freedom of Association and Protection of the Right to Organise Convention, adopted in 1948, lays out the implications of the freedom of association. Accordingly, inter alia, workers as well as employers are entitled to the right to establish and join organisations of their own choice without any previous authorisation. Moreover, these organisations have the right to establish their own constitutions and rules, elect representatives in full freedom and organize activities and administration to formulate own programmes. Thereby, public authorities shall refrain from any interference restricting this right or hindering its lawful operation. Also, organisations shall not be dissolved by administrative authorities. Moreover, these organisations shall have the right to establish and join federations and confederations which subsequently are entitled to the right to affiliate with international organisations. Simultaneously, workers and employers as well as organisations shall respect the law of the land whilst exercising the rights framed by this Convention, the extent to which armed forces and the police are deployed to guarantee the rights shall be determined by national laws or regulations. Also, the ratification shall not affect any existing law, award, custom or agreement (Freedom of Association and Protection of the Right to Organise Convention, 1948).

Beyond the obligations arising from international Conventions, the freedom of association is also enshrined in Article 35 of the country's own Constitution, where it declares that all citizens of the PRC enjoy the freedom of speech, of the press, of assembly, of association, of procession and of demonstration (Constitution of the PRC, Chapter 2, Article 35, amended in 2004)). According to Article 2 of the Trade Union Law of the PRC, the All-China Federation of Trade Unions (ACFTU) represents the interests of the employees and protects the legal rights and interests of employees (Trade Union Law of 1992). The ACFTU has been the sole legitimate union federation since 1949 (Bai, 2011). Bearing in mind its function as an organ of the Communist Party since its establishment, it rather owes its loyalty to the Communist party than to the workers' interest. According to a statement of chairman Zhao Wangguo in 2006, "All trade union organisations must consciously accept the leadership of the Party, resolutely implement the Party's line and directives and also comply with all decisions and plans adopted by the Party Central Committee." (Bai, 2011, p.22). The commitment to the CCP is also enshrined in Article 4 of the Trade Union Law, where it is stated that trade unions must "[...] adhere to the socialist road and people's democratic dictatorship, insist on the leadership of the CCP and the guidance of Marxism Leninism" (Trade Union Law of the PRC, 1992, Article 4). In summary, the PRC's commitment to the freedom to assembly and association is enshrined in the the UDHR, the International Covenant on Political and Civic Rights, the Freedom of Association and Protection of the Right to Organise Convention and the Chinese Constitution, however it is limited by the framework of the Trade Union Law.

#### **4.1.2. Practice**

In its most recent Report 383, the Committee on Freedom of Association of the International Labour Office (2017) noted with concern that Chinese laws and regulations do not allow workers to join or form



trade unions unless they are affiliated with the ACFTU, as it serves primarily as an organ of the Communist Party instead of owing its loyalty to the workers' interest. It also condemned that the Government has used public order laws to repress legal activists and trade unionists and underlined the missing opportunity for workers to participate in a legitimate demonstration without violating Chinese law prohibiting the disturbance of public order.

The annual country reports provided by Freedom House (2018b) *inter alia* includes associational and organizational rights. In this context, Freedom House examines if freedom of assembly is given; If there is freedom for NGOs, particularly those engaged in human rights and governance-related work; And if there is freedom for trade unions and similar professional or labor organizations. For each sub-part the PRC received 1 out of 4 reachable points. The report underlines with concern the difference between the theoretical protection of the right of citizens to demonstrate, given by the constitution, and the lack of approval to protest in practice as well as the severe risk of punishment for assembling without permission. Moreover, documenting protests has become riskier, as for instance the blogger Lu Yuyu was sentenced to four years in prison in August 2017 for sharing reports of Chinese strikes and protests (Human Rights Watch, 2017b). In regards to the freedom of NGOs, the report lays out the tight constraints imposed on civil society organizations working in the domain of human rights and governance. Moreover, the *Law of the PRC on Administration of Activities of Overseas Nongovernmental Organizations in the Mainland of China* was adopted in April 2016 and came into effect in January 2017. Accordingly, foreign NGOs "must not endanger China's national unity, security, or ethnic unity; and must not harm China's national interests, societal public interest" or engage in or fund for profit, political, or religious activities (Overseas NGO Law, Art.3, Art. 5). As a consequence of the new law, foreign NGOs are now obliged to register with the Ministry of Public Security instead of the Ministry of Civil Affairs. The law moreover gives the police the authority and discretion to search NGO's premises, seize property, detain personnel and initiate criminal procedures without a warrant. Concerning the freedom for trade unions and similar professional or labor organizations, the report criticizes the sole legal labor union organizations ACFTU for failing to properly defend workers' rights, as economic growth is strongly prioritized despite the workers' protection under existing law.

#### **4.1.3. Analysis**

The freedom of association and assembly was framed in the previous chapter as people's ability to (1) freely join political organizations and attend community meetings, (2) hold peaceful demonstrations, sign petitions and express opinions against government policies and actions without fear of retaliation, as well as the freedom of (3) NGOs and (4) trade unions.

According to the UDHR and the ILO, all Chinese citizens are entitled to the right to freedom of association and assembly (The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); UDHR, 1945). Beyond that, the Constitution of the PRC entails the recognition of the freedom of assembly and association for all citizens of the PRC. However, this is

contrary to the obligation of all unions to “[...] adhere to the socialist road and people’s democratic dictatorship, [and] insist on the leadership of the Chinese Communist Party” (Trade Union Law of the PRC, 2002, Article 4). This obligation stands in contrast to the freedom of trade unions, foreseen as a part of the freedom of association and assembly.

In regards to the freedom to hold peaceful demonstrations without fear of retaliation, the Committee on Freedom of Association of the International Labour Office indicates the severe limitation arising from Chinese laws prohibiting the disturbance of public order, thereby restraining the ability to legally participate in legitimate demonstrations without fear of breaching the law. The annual report submitted by Freedom House supports the criticism regarding the severe risk of punishment and moreover underlines the lack of approval to protest in practice. Thus, the first obligation of the freedom of association and assembly is not fulfilled. In general, people can freely join/form organizations, under the limitation that they are affiliated with ACFTU. Peaceful demonstrations may be upheld, however, in practice, the execution appears to be difficult, as citizens have to fear retaliation. Hence, the second requirement is only partially being met.

Concerning the freedom of NGOs, the report describes tight constraints on civil society organizations, inter alia evolving from Overseas NGO Law, giving police the authority to for instance initiate criminal procedures without a warrant. The report further lays out as a limitation to trade unions’ freedom the existence of a sole legal labor union organization (ACFTU). Workers are subsequently prohibited to form trade unions independent of the Communist Party organ ACFTU. The requirement of having a freedom of NGOs and trade unions is thus also not fulfilled.

While the second criterion is partially fulfilled, the first, third and fourth are not being met. As a consequence, the freedom of association and assembly is partially ensured by the law, however, limited by the Trade Union Law. In practice, the state of freedom of association and assembly diverges from the promised freedoms enshrined in the Constitution, the UDHR and the ILO. Due to these constraints, the freedom of association and assembly is not ascertained in the PRC.

## **4.2. The Freedom of Press**

### **4.2.1. Legal framework**

Aside from the right to association, the UDHR also underlines the human right of the freedom of expression which is indivisible from the right to freedom of press. According to Article 19 of the Declaration, everyone “has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.” (UN General Assembly, 1948). As a Member State of the UN, the PRC also holds the obligation to ensure this right.

Moreover, the International Covenant on Civil and Political Right was adopted by the UN General Assembly (UNGA) in 1966 and inter alia reasserts in its Article 20 the freedom of expression. Although the PRC signed the Covenant in 1998, the ratification was never executed. Whilst the

ratification implies a state's consent to be bound by a treaty, being a signatory merely indicates that a state expresses its willingness to proceed with the treaty-making process. According to Article 19 of the Covenant, everyone shall have the right "to hold opinions without interference" and "to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice" (UN General Assembly, 1966). These rights may only be subject to restrictions if these are provided by law and "necessary for the respect of the rights or reputations of others" or "for the protection of national security or of public order (ordre public), or of public health or morals" (UN General Assembly, 1966).

Similarly to the freedom of association, the freedom of press is enshrined in the Chinese constitution. Accordingly, all "citizens of the People's Republic of China enjoy freedom of speech, of the press [...]" (Constitution of the PRC Chapter 2, Article 35, 2004).

#### **4.2.2. Practice**

Freedom House (2018) has been launching annual country reports on their status of freedom of press since 1980. Based on this categorization from 0-100<sup>3</sup>, the PRC has received a 87, thus not free..

In regards to the legal environment, the PRC has scored 30/30, the worst out of all categories. This is mainly owed to the fact that the CCP and the state have set up multiple agencies to oversee the media leading to extensive restraints. In 2016, Xi Jinping visited the country's top three state-run media outlets, thereby underlining the Party's and state's firm control over the media. He thereby claimed that all the work done by the Party's media has to reflect the Party's will and safeguard the Party's authority as well as its unity. Beyond that, he reinforced the media's obligation to love and protect the party and "align themselves with the party leadership, politics and action" ("Xi Jinping asks for 'absolute loyalty' from Chinese state media", 2016, para.6). The Central Propaganda Department (CPD), a party organ, is responsible to ensure that the media stays in line with the Party's objectives. The State Administration of Press, Publication, Radio, Film, and Television (SAPPRFT), being organized under the State Council, is the legal authority for media regulation and inter alia declared in 2016 that online television shows would be held to the same strict standards as traditional television. Moreover, they required foreign companies to obtain government approval before publishing any content online. The state agency Cyberspace Administration of China (CAC) was established in 2013 in order to oversee online media. In 2016, the CAC prohibited commercial web portals to launch any own content on controversial topics. Another obstacle in the PRC is that journalists or media workers have to obtain government-issued cards in order to practice their job. Violating any content-related restrictions can thus lead to the delayal and rejection of press-card renewals or even beyond that, directly provoke a dismissal, blacklisting or criminal charges (Freedom House, 2018).

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<sup>3</sup> free (0-30), partly free (31-60) or not free (61-100)

In reference to the political environment, the PRC has scored 34 out of 40 achievable points. This negative score is owed to the direct control which the CCP exercises through the CDP. The CCP may thus forbid certain topics, such as the call for greater autonomy in Tibet or any content regarding the relations with Taiwan. Beyond that, state officials are paid to publish pro-government comments and intrude criticism of the leadership. Specific directives in 2016 instructed positive content on President Xi's reputation. The nationwide technical filtering, the so-called Great Firewall, permanently blocks prominent internet platforms such as Facebook, YouTube and Wikipedia. Beyond that, the websites of the Time and Economist magazine were blocked in April 2016 after a publication comparing Xi Jinping to Mao Zedong. According to the report of Freedom House (2018), journalists are subject to violence and harassment. Inter alia, problems of arbitrary detention and abuse in custody have been reported, including systematic and routine torture, political study sessions, forced prison labor and lack of access to lawyers.

Comparatively to the former two categories, the PRC scores "best" (23/30) in regards to the economic environment. While online media are more commonly in private ownership, the Party and the government operate and/or have majority stakes in all print and broadcasting media. Requiring all provincial and local stations to broadcast its evening programs, the CCTV, being operated by the state, endures as the only licensed national television broadcaster. All internet-services must be channelled through nine state-controlled gateways, forming the Great Firewall. Beyond that, a new set of rules for mobile phone applications came into effect in 2016, obliging application providers to coerce real-name registration of users and inspect content per government guidelines, leading to the forced removal of New York Times apps. Another amendment required (1) printing companies to deliver reports to the government on an annual basis; (2) provincial campaigns targeting illegal installations of satellite dishes; (3) campaigns screening newsstands for politically sensitive publications; (4) seizures of over 16 million "illegal publications" and (5) closures of over 14,000 websites for the distribution of "harmful information". Although most media profit arises from advertising and subscriptions and not subsidies provided by the government, political and economic pressures have triggered a reliance on government funding. Corruption remains a persistent issue, as it is popular for public-relations forms to compensate reporters for the attendance of certain press conferences and favorable news content (Freedom House, 2018).

The International Federation of Journalists (IFJ) launched the report China's Media War: Censorship, Corruption and Control 2014 in 2015. According to this report, the journalists' situation has worsened since Xi Jinping's inauguration in 2013. Consequently, several journalists were detained, forced to resign or faced criminal charges, for instance, the independent journalist Gao Yu was coerced to confess as the police threatened to prosecute her son. According to the IFJ, "the ongoing challenge for journalists in Mainland China is not only facing a government that prevents the free dissemination of information in the public interest, but also powerful business interests that try to influence and place pressure on the media's independence." (International Federation of Journalists, 2015, para.5)

Moreover, the Economist Intelligence Unit (2017) launched its “Media freedom” ranking based on five civil liberties indicators. Accordingly, countries may score 0-10 (whereby 9 and 10 = fully free; 7 and 8 = partly free ; 5 and 6 = largely unfree; 0 to 4 = unfree). Based on this score China has scored “0” and is thus on the last rank with the media freedom status “unfree”.

#### **4.2.3. Analysis**

The freedom of press is operationalized as (1) the limitation of governmental influence on the media and (2) the absence of concentration in ownership in a country.

Theoretically, arising from the UN, Chinese citizens are given the encompassing freedom of expression in the framework of the UDHR (Art.19) and the International Covenant on Civil and Political Rights (Art.20). However, the PRC has not ratified the International Covenant on Civil and Political Rights, thus freedom of expression is only ‘binding’ in the framework of the UDHR. However, it is important to add in this context, that the UDHR is not a treaty, wherefore it does not directly create legal obligations for its Member States.

According to the Freedom House report (2017a), the PRC is incapable of meeting the first precondition of limited governmental influence on the media. This evolves from the fact that the CCP directly controls the media through the CDP. Thus, certain contents can be prohibited and internet platforms permanently blocked. Also, the media is subject to political influence, as journalists first need to obtain government-issued cards in order for them to work. Beyond that, political influence is practiced through the screening of newsstands for politically sensitive publications and the requirement of reporting to the government. Moreover, concerning online media, all internet-services must be channelled through nine state-controlled gateways. Although the Constitution entitles all Chinese citizens to the freedom of press, president Xi Jinping claimed the media’s obligation to love and protect the party, which is contradictory to the claim of freedom. Conclusively, the first condition of a free press is not given.

Concerning the absence of concentration in ownership of the press, the PRC scores comparatively best according to the Freedom House report, as while online media are more commonly in private ownership, the government and the CCP operate and/or have majority stakes in all print and broadcasting media. However, there are still concentrations of ownerships, wherefore the second condition is also not fulfilled.

The freedom of press, as foreseen in the UDHR and operationalized by the absence of concentration in ownership and political influence is not being put into practice. Although the concentration of ownership is limited, the media is subject to encompassing political influence. Concluding from these observations, the second precondition of press freedom, which is essential for anti-corruption efforts due to its function as a watchdog, is not being met.

### **4.3. Internet connections**

#### **4.3.1. Legal framework**

In 1996, the Interim Provisions Governing Management of Computer Information Networks were promulgated, prohibiting any content from being produced or transmitted that could harm national security, disclose state secrets, threaten social stability or promote sexually suggestive material (art.13). Another major regulation were the Measures for Managing Internet Information Services, launched in 2000, extending the scope of forbidden contents. Accordingly no content is allowed to be produced, reproduced, released, or disseminated containing information 1) against the basic principles set in the Constitution, 2) endangering national security, divulging state secrets, subverting the government or undermining national unity; 3) detrimental to the honor and interests of the state, 4) disseminating rumors, disturbing social order, or undermining social stability or 5) prohibited by the law or administrative regulations (Rongji, 2010). Provisions like these are vague, thus raising prudence among citizens and deterring them from spreading any sensitive information. The most recent Cybersecurity Law came into effect on June 1, 2017. It seeks to reform data management and internet usage regulations by imposing new requirements for network and system security. Accordingly, network operators are required to store select data within China, while Chinese authorities are permitted to conduct spot-checks on network operations.

#### **4.3.2. Practice**

The World Bank's data on "individuals using the internet", aggregated from the databases of the International Telecommunication Union and the World Telecommunication/ICT Development Report, shows the percentage of the population using the internet. As of 2016, 53.2 percent of the Chinese population used the internet. This implies that around 74,670,000 Chinese citizens were using the internet in 2016. This is an increase of about 5 percent since 2013, when about 45,8 percent of the Chinese population were using the internet. Over the past decade, the percentage of the Chinese population using the internet has increased fivefold (10.5 percent in 2006). Compared to the world average, the PRC has a higher percentage of internet users. The world average percentage of internet users in 2016 was at 45.8 percent, about 6 percent less than in the PRC. The percentage of Chinese internet users is also slightly above the average rate in the Asia-Pacific countries (World Bank, n.d.b).

#### **4.3.3. Analysis**

In summary, the World Bank's data on "individuals using the internet" in the PRC shows a fivefold increase of percentage of Chinese citizens using the internet during the last decade (comparing 2006 to 2016). Beyond that, the PRC has a higher percentage of internet users than the world average. Conclusively, a high number of internet connection is given and the third precondition is being met. The internet entails a huge potential to limit corruption by providing a platform for whistleblowers serving as a watchdog. However, having internet connections does not automatically equal a free access, as its

potential can be constrained by the strict supervision, as it is the case of the internet content in the PRC. Although the PRC is capable of meeting this objective, it is important to beware that this precondition will not be able to adequately serve its purpose and deliver its full potential as long as the internet is not liberalized.

#### **4.4. Democratic practices**

##### **4.4.1. Legal framework**

Although the UN Charter does not explicitly mention the term “democracy” - due to the fact that in 1945 more MS than today were not democratic - the values of a democratic system are clearly implied. For instance, the opening words of the UN Charter are “We the Peoples”, implying the will of the people as the source of legitimacy. Moreover, the UDHR states “the will of the people shall be the basis of the authority of government” (UDHR, Art. 21 (3), 1980). Moreover, the International Covenant on Civil and Political Rights from 1966 lays out the civil rights and political liberties, such as the freedom of expression (Art. 19); the right of peaceful assembly (Art. 21); the right to freedom of association with others (Art, 22) and the right to vote (Art.25).

The “People’s democratic dictatorship” was enshrined in the first article of the Constitution of the PRC. The premise of the term, coined by Mao Zedong, is the state’s and CPC’s authority to act on behalf of the people. It is their obligation to preserve the dictatorship of the proletariat (Howland, 2017).

##### **4.4.2. Practice**

The Tiananmen Square protests of 1989 or also more commonly known as the June Fourth Incident is probably the most intensive strive for a democratization in the Chinese history. The demonstrations took place and were led by students who peacefully protested for democracy, freedom of the press, freedom of speech and a greater accountability. About a million people gathered for that cause in the public square in the country’s capital, Beijing. Being afraid of an attempt to overthrow the establishment, Deng Xiaoping ordered hundreds of thousands of People’s Liberation Army troops to carry out their order to “clear” it. The number of civilian deaths has been estimated variously from several hundred up to 10,000. It has been estimated that around 10,000 people were arrested during and in the aftermath of the protests with several dozens being executed. The number or the names of killed or wounded has never been published. To date, there are no authoritative estimates of the casualties (Human Rights in China, n.d.).

The reaction of Chinese authorities to the peaceful demonstrations of pro-democracy activists and students is opposed to the core values set forth by the International Covenant on Political and Civic Rights and against the principle of having the people as the source of legitimacy in a democratic system.

In the aftermath of the massacre and incentivized by the deaths of their own children during the protests, The Tiananmen Mothers were established in 1992. Ever since, the group put forward three core demands to the government - truth, compensation, accountability: (1) Truth: Conduct an independent and fair investigation, and make public the results, including the names and numbers of those who died;

(2) compensation: Provide explanations to the families of the victims, with compensation to the victims' relatives in accordance with the law; (3) accountability: Prosecute those responsible. However, the group has never received a response. Instead, group members have been subject to harassment such as tight surveillance, house arrests and detention (Human Rights in China, 2018). The expression of demands towards the government leading to retaliation is again against core democratic values such as the freedom of expression.

In 2008, the Charter 08 was issued by the Chinese independent intellectual Liu Xiaobo (Human Rights in China, 2017). It presents 19 proposals to the Chinese government regarding human rights protections, freedom of expression, constitutional reform and judicial independence. Already one year after its creation, more than 7,200 people had signed the charter. The government reacted by calling the charter illegal and counter to political principles. Liu Xiaobo, a key drafter of the charter was found guilty of "inciting subversion of state power" (Human Rights in China, 2017, para.1) in 2009 and detained. In July 2017, he was released on medical parole with late-stage liver cancer which was not treatable anymore. Shortly after his release, he died (Liu Xiaobo's Living Legacy, 2017). This most recent event again portrays the Chinese authorities' lack of incorporation of democratic values, as a democratic activist is confronted with detention for inciting the subversion of state power when calling for a greater human rights protection.

The Economist Intelligence Unit's Democracy Index of 2017 (2018) ranks countries based on their scores in regards to electoral process and pluralism, the functioning of the government, the political participation, the political culture and civil liberties. The different scores are then aggregated to an overall score, determining the country's rank. For each category, countries may be attributed to a score between 0 (worst) to 10 (best). Based on their overall score, countries are affiliated to a category of (non-/)democracy (see CH 3.2.). Accordingly, China is categorized as "authoritarian regime" and has the 139th rank (of 167). 32.9 percent of the countries were found to be authoritarian regimes, whereas only 16.8 percent were categorized as full democracies. The PRC has an overall score of 3.1. Its worst scores are in regards to the "electoral process and pluralism" (0/10), while its best scores are in respect of of the political culture (6.25/10). A democratic political culture implies an environment, where democratic decisions are being accepted, peaceful transfer of powers are enabled and citizenry is not characterized by passivity and obedience. The second 'best' is the functioning of the government, where the PRC scores 5/10. A functioning government is characterized by its ability to implement democratically based decisions. The PRC scores worse in regards to the political participation (2.78) and the civil liberties (1.47). When comparing the data since Xi Jinping's inauguration in 2013, no trend can be seen. In 2013 the overall score was at 3/10, reaching its peak in 2015 and 2016 (3.14/10) and then declining back to 3.1/10 in 2017. Despite a slight increase, the PRC is still not close to moving up to the next category of "hybrid regime" (>4.0/10) (The Economist Intelligence Unit, 2018).



#### **4.4.3. Analysis**

The fourth condition foresees strong democratic practices. Bearing in mind the necessity of having passed a threshold, democratic practices are only then expected to support anti-corruption strategies if countries are “full democracies” by the Economist Intelligence Unit’s Democracy Index (2018). Countries having only partially democratized are more prone to corruption than dictatorships (see chapter 2.5.). Despite the PRC’s commitments to the key democratic values in the framework of their membership to the UN and the ambivalent identification in the Constitution as “democratic dictatorship”, the PRC is categorized as an “authoritarian regime”. Thus, the PRC does not meet the required standard to fulfill the fourth condition. The rule of law is an essential and indispensable part of democracy, which is not being ensured in the PRC. On the contrary, the predominant term is to govern the country by law which implies that the law is used to manifest (the Party’s) power.

#### **4.5. Public service pay**

##### **4.5.1. Legal framework**

In 1993, China transformed its civil service system with the Provisional Civil Service Regulations. Accordingly, the civil service pay was based on rank and position. Moreover, the regulation created the first mechanism for regular pay rises. Thus, civil servants that are excellent receive a salary increment and bonus (Art. 65). Moreover, the salary scales of civil servants are raised in conjunction with the nation’s economic development as well as with increases in the cost of living (Art. 67)(Chan & Ma, 2011).

According to the the Law of the PRC on Public Servants, passed in 2006, the latest pay policy in China, the salary of a public servant is composed of the basic salary, allowances, subsidies and bonuses. Thereby, allowances include regional allowances, post allowances, allowances for poverty-stricken and outlying regions. Subsidies and benefits refer to housing allowances and medical benefits, bonuses are granted to excellent and competent public servants. The salaries are to be paid fully and on time (Art.74). The standards for salaries are accordingly to be coordinated with the development of the national economy and suited to the progress of society (Art. 75). Moreover, public servants enjoy welfare benefits (Art. 76) and are guaranteed access to insurance systems (Art.77). No departments are allowed to alter these policies on the salaries, welfare benefits and insurance (Art. 78) (Law of the PRC on Public Servants, 2005).

Civil service pay is based on four different principles in the Chinese tradition. Firstly, “pay according to work performed”, thereby referring to the Marxist theory of compensating according to performance and contribution. Secondly, “base pay coexisting with variable pay”, thus dividing civil service pay into different functional components. “Equal pay for equal work” refers to the equal pay for public servants irrespective of the government departments they are placed in and “pay setting rests with the executive branch”, implying a unique institutional arrangement, where the Ministry of Personnel is in charge of civil service pay (Wu, 2014, p.4-5).

#### **4.5.2. Practice**

The databank of the National Bureau of Statistics (2017) of China shows that the average wage in state-owned units has steadily increased since 2010. In 2010, average yearly wage of employees of state-owned units was at 38359 yuan (4969.89 Euro). Moreover, in 2016, the average wage of state-owned units employees increased to 72538 yuan (9398.21 Euro). The average yearly salary of public servants is above the general average yearly wage in China which was at 37147 yuan (4812.86 Euro) in 2010 and at 68993 yuan (8938.91 Euro) in 2016 (National Bureau of Statistics of China, 2017). In 2015, the ministry confirmed the first raise for civil servants since 2006. The plan foresaw the raise of about 60 percent for all civil servants, from the lowest-level civil servants to the seven members of the Standing Committee of the Political Bureau of the CPC Central Committee (郭, 2015). Seeking to reduce corruption and increase consumption, China raised the wages for civil servants by at least 31 percent (Rajagopalan, Qing, & Raybould, 2015).

According to Rajagopalan, Qing and Raybould (2015), this was the first wage rise in eight years for civil servants. However, this wage is still significantly below the monthly salary of China's most senior leaders. While the monthly wage of an ordinary government workers is at 510 yuan (66.08 Euro), the monthly salary of China's most senior leaders starts from 5250 yuan (680.20 Euro).

Chan and Ma (2011) found the actual salary of civil servants in China to be low compared to other countries. However, according to Wu (2014), civil service pay ranks middle among all sectors in China. Between 2003 and 2010 civil service pay was relatively stable. In relative terms, the civil servants are generally well paid. The total remunerations are comparatively higher, as they are provided with various welfare benefits and subsidies. Accordingly, such a pay system, composed by a normal wage and additional benefits, distorts the behavior of civil servants and allows for organizational corruption. Wu (2014) found the performance-based pay to have negative consequences. According to him, local governments have rewarded civil servants with performance based-pay, doubling the base salary. The favoritism has led to overcompetition throughout the country. In regards to the competences, the central government has the power of determining the remuneration, while local governments may enhance or depress civil service pay in their own jurisdictions. A practical issue in the context of public service remuneration is the fairness of income distribution, opposed to the egalitarian principle of the Chinese tradition. The retreat from performance-related pay can be underlined by a traditional Chinese saying "no worry about scarcity but unevenness" (Cooke, 2005, p. 281) and "greedy persons want more than they need after they get rich while self-disciplined people are happy even they are poor" (Wu, 1995, p.187).

#### **4.5.3. Analysis**

Bearing in mind the data retrieved from the National Bureau of Statistics (2017) on civil service pay, showing that the average wage in state-owned units has steadily increased since 2010 and the fact that moreover, the wages for civil servants were raised by at least 31 percent in 2015 (Rajagopalan, Qing, &

Raybould, 2015), an upward trend in civil service pay can be presumed. Despite the fact that civil service pay may still be relatively low in comparison to the salary of senior leaders, the current wage appears to be relatively high in comparison to previous remunerations and higher than the average salary in the PRC. Concerning the operationalization as an increase in public officials income levels during the last five years, the fifth precondition is being met. However, one needs to beware that these numbers cannot deliver a comprehensive response to whether there is a necessity or urge by public officials to receive additional remunerations in form of briberies. Nevertheless, the upward trend in civil service pay is overall expected to reduce levels of corruption.

#### **4.6. Integration into the world economy**

##### **4.6.1. Legal framework**

“There was a time when China [...] had doubts about economic globalization [...] [b]ut we came to the conclusion that integration into the global economy is a historical trend. To grow its economy, China must have the courage to swim in the vast ocean of the global market [...], the global economy is the big ocean that you cannot escape from” declared Xi Jinping in the framework of his keynote speech at the World Economic Forum in April 2017 (张, 2017, para.10).

Since 1983, China implements five year plans to guide national development. According to the 12th Five-Year Plan (2011-2015), a goal was to be an active participant in regional cooperation and global economic governance (National People’s Congress, 2011, Chapter 53). In the most recent five-year-plan (2016-2020), the PRC has committed itself to strengthening its export in order to stimulate growth and expand investment (National People’s Congress, 2016, chapter 10).

China’s accession to the World Trade Organization (WTO) has thoroughly liberalized its foreign trade and investment regime. Member States of the WTO are subject to market access obligations, allowing other members to enter their domestic markets and rule obligations regarding the conduct of international trade. All obligations may be enforced through the dispute settlement mechanism and failures to follow dispute mechanism rulings may be sanctioned (Qin, 2007).

##### **4.6.2. Practice**

Since joining the WTO in 2001, China’s GDP has increased at an average rate of more than 10 percent a year, making China one of the largest trading nations (Baden, 2011). Aside from its multilateral commitment through the WTO, the PRC is engaged in multiple regional cooperations. For instance, China has 10 free-trade agreements (FTAs) with 31 countries (Baden, 2011). China’s role in the world trade system has significantly expanded within the last decades. While at 1979 its share in the world trade was at less than one percent, it was at six percent by 2003. According to the purchasing-power-parity-based GDP, China accounted for about 24 percent of world growth during 2001-2003 and has thus become a crucial source of global economic growth (Prasad, 2004). The World Bank provides data on trade on an annual basis, whereby ‘trade’ is defined as the sum of exports and imports of good and

services measured as a share of GDP. The sources are World Bank national accounts data and OECD National Accounts data files. Since 2012, the average world trade has experienced a slightly negative trend. Whilst the world average trade laid at 60.1 percent in 2013, it has decreased to 56.44 percent as of 2016, the most recent measure. According to the earliest trade measures of the World Bank, the world average was at 24.1 percent in 1960 and reached its peak in 2008 with a measure of 60.8 percent. Comparing this to the data provided for the PRC, China has come a long way. While the world average laid at 24.1 percent in 1960, China had only reached 8,7 percent, thus significantly below the world average. The subsequent increase is thus much more dramatic than the upward trend experienced in the general development of average trade. Accordingly, China had reached its peak in 2006 with a measure of 65.6 percent, thus almost five percent above the highest world average. However, China has already experienced a downward trend since 2012. While the measure for trade as percentage of GDP was at 48.1 percent in 2012, it has dropped to 37.1 percent as of 2016 (World Bank, n.d.a).

#### **4.6.3. Analysis**

A stronger integration into the world economy is presumed if the PRC's trade percentage has increased and is above the world average. The PRC has experienced a significant increase since the first recorded data in 1960. Back then, the PRC had reached only 8,7 percent comparatively to the world average of 24,1 percent. The PRC has ever since quadrupled its percentage, while the world average has only slightly more than doubled itself in comparison to the percentage in 1960. Despite the sharp increase, the PRC (37.1 percent in 2016) is still significantly below the world average (56.44 percent). Despite the increase of trade since 1960, trade has decreased since 2012 and is moreover significantly below the world average. A stronger integration into the world economy is to be assessed if the PRC's trade percentage has increased and is at the world average or above. As the PRC is still below the world average, despite its sharp increase, it does not sufficiently meet the condition.

### **4.7. Low levels of regulatory burdens**

#### **4.7.1. Legal framework**

Within the framework of the 13th Five-year-Plan (2016-2020), Xi Jinping vowed to “abolish all regulation and practices that impede the promotion of a unified market and fair competition” (chapter 13, section 3, para.1) and to improve “the financial regulatory framework to see that it is better adapted to developments” (Chapter 13, section 3, para.1) and the “macroeconomic regulation system, develop new methods of macroeconomic regulation” (Chapter 17, para.1) (National People's Congress, 2016).

#### **4.7.2. Practice**

As previously laid out, the regulatory efficiency is composed of the business, labor and monetary freedom. China's overall score on the Heritage Foundation Wall Street Journal's Index of Economic Freedom (2018) is 57.8 percent (mostly unfree), below the regional and world averages. According to

the Heritage Foundation Wall Street Journal, the emphasis on the “Socialism with Chinese characteristics” is likely to be accompanied by less openness to investment and imports, a potentially weaker rule of law, new bureaucratic hurdles and strengthened resistance from vested interests in the state sector. According to the report, Xi Jinping has generated no significant reforms since his inauguration 2013. Instead, his authority was centralized, internal political enemies were outed and authoritarian policies were backed to tighten control of civil society. In regards to the ease of opening or running a business in the PRC, there have accordingly not been any significant changes. The regulatory framework is found to be complex, arbitrary and uneven.

In regards to the business freedom, which is to be understood as overall indicator of the efficiency of government regulation of business, the PRC scored 54.9 percent in 2018. The PRC is thus clearly attributed to the category “mostly unfree” (50-60). However, the score has improved since Xi Jinping’s inauguration. In 2012, the PRC scored only 46.4 percent, thus belonging to the category of “repressed”. Within Xi Jinping’s presidential term, the PRC has succeeded to move from being “repressed” in terms of business freedom, to being “mostly unfree”. With a score of 54.9 percent in 2018, the PRC is below the world average, which is 64.8 percent (“moderately free”).

In concern of the second category, labor freedom, the PRC has scored 61.4 in 2018. This means that in terms of labor freedom, the Chinese system is “moderately free”. Although there hasn’t been a steadily upward trend in this category, the score has still improved in comparison to the data before Xi Jinping’s inauguration. In 2012, the PRC scored 55.4 percent, thus “mostly unfree”. However, since 2013 (62.6 percent) the score has not significantly changed. China is with its score of 61.4 percent in 2018 slightly above the world average which is at about 58.9 percent (“mostly unfree”).

The PRC scores best among the three different indicators on monetary freedom. As of 2018, the PRC has scored 71.4 percent, making it “mostly free” according to the categorization. However, contrary to the trend observed for the latter two indicators, there has not been an improvement in comparison to the score before Xi Jinping’s inauguration. In 2012, the PRC scored 74 percent. Interestingly, the PRC had scored very good in the time period of 2000-2006, being thus categorized as “free” in regards to monetary freedom. With its score of 71.4 percent in 2018, the PRC is about 5 percent below the world average, however, the average is ranked in the same category (“mostly free”) (The Heritage Foundation, 2018).

Aggregating the three indicators, the PRC thus scores 62.6 percent for 2018 for the category of “regulatory efficiency”, slightly below the world average (66.8 percent). However, the PRC is in the same category as the world average (“moderately free”).

#### **4.7.3. Analysis**

Low levels of regulatory burdens are expected to be given if (1) business freedom, (2) labor freedom and (3) monetary freedom are given, as foreseen by the Index of Economic Freedom. In regards to the labor freedom, the PRC scores above the world average and is categorized as moderately free.

Concerning the monetary freedom, it is considered to be mostly free, despite being below the world average. The PRC is mostly unfree in concern of the business freedom. In total the PRC scores in concern of regulatory efficiency “moderately free”, however it is “mostly unfree” in one of the three categories, business freedom. Moreover, it scores twice below the world average. Bearing in mind these circumstances, the PRC cannot be deemed to fulfill the condition of having low levels of regulatory burdens. Strong regulatory policies confer policy-making power concerning market relations to public officials, thereby incentivizing the cultivation of corruptive behavior.

## **5. Summary and Conclusion**

This research aimed to provide explanations for the prevalence of corruption in the PRC despite efforts to fight it. In this context, theoretical roots of corruptive behavior were laid out and conditions affecting corruption and anti-corruption programmes were portrayed, before establishing a set of preconditions necessary for successful anti-corruption programmes, which were then assessed for the case of the PRC. The research entailed four distinct sub-questions, namely “what are theoretically the roots of corruptive behavior?”, “which conditions affect corruption levels?”, “which preconditions affect the success of anti-corruption programmes and which factors have to be taken into account?” and “to what extent does the PRC meet the preconditions necessary to reduce corruption in a long-run?”. In the following, the sub-questions will be answered before concluding why corruption in the PRC prevails despite efforts to fight it.

Both the principal-agent theory and the Collective Action Problem provide theoretical explanations for the roots of corruption, thereby also requiring different solutions for the combatment of corruption. The principal-agent theory explains the evolution of corruption by an information asymmetry or a goal conflict between the two parties, while the Collective Action Problem evolves from a ‘prisoner’s dilemma’, where the benefits of corruption outweigh the disadvantages. The framing as a collective action problem would thus require better coordinated actions between actors, while the principal-agent theory requires practices of monitoring, transparency and sanctioning. The current campaign (see CH 1.2.) is based on the framing of a principal-agent problem, focussing on the sanctioning of “tigers” and “flies”. The “social credit system” seeks to be an “encouragement to keep trust”, however, the monitoring system appears to be rather opposed to a system of trust. However, as found by Donatella della Porta (2017) anti-corruption efforts should rather create trust in order to strengthen capabilities, encourage whistleblowing and enforce anti-corruption rules. Being based on the principles of transparency, enforced by monitoring and subsequent punishment, it is also rather attributed to the principal-agent theory. An encompassing anti-corruption strategy could include the collective action problem as an additional frame and use both theories in a complementary way to address the roots of corruption in a more comprehensive way.

Before initiating an anti-corruption programme, different considerations need to be taken into account. For instance, do different types of corruption require different kinds of strategies and

approaches. Also, before developing anti-corruption strategies, a thorough assessment on situational factors, such as economic, social and political trends is needed (see Chapter 2.4.). Beyond that, it has to be taken into account if the corruption which is being addressed is a sustained issue. As Spector, Johnston and Dinninio (2005) found, strategies to raise public awareness and enhance transparency are less effective in the context of sustained corruption. The corruption issue at stake in the PRC appears to be sustained, as there has been no significant decrease of corruption, according to the data provided by TI, despite aggressive efforts to fight it. The measures taken within the framework of Xi Jinping's anti-corruption campaign addressing transparency issues and public awareness are thus not expected to produce a significant decrease of corruption levels. Also, both a strong political will and the civil society, business and mass media are deemed to be important for a sustained change (Spector, Johnston and Dinninio, 2005). Bearing in mind Xi Jinping's thorough commitment to the fight of corruption (see Chapter 1.2.), the political will is clearly given in the PRC. However, the role of civil society, business and mass media could be significantly strengthened to effectively fight sustained corruption. According to Della Porta and Vanucci (2012) three different anti-corruption mechanisms need to be entailed: normative barriers, societal accountability and state accountability. Clearly, societal accountability is being enforced in the context of the PRC, in the form of punishments being delegated to corruptive actors. However, the state accountability, supervised by external parties such as NGOs, is constrained (see Chapter 4.1.). The existence of strategies to strengthen normative barriers cannot be determined in the framework of anti-corruption efforts in the PRC. However, bearing in mind also the theories on the roots of corruption, creating normative barriers could present a solution to the Collective Action Problem and could serve in a complementary way to the existing measures focussing on monitoring, sanctioning and transparency.

A various number of factors have an influence on corruption levels. For instance, unstable political systems are more likely to encourage higher levels of corruption. This effect is also triggered by communist systems and the underpayment of public officials. On the contrary, other conditions may decrease levels of corruption. These factors include the existence of civic values as normative barrier against corruption, higher numbers of civil society organizations, the existence of press freedom, a higher number of internet connections, stronger democratic practices, a strong integration in the world economy, low levels of regulatory burdens and unitarianism as well as parliamentarism ( Sandholtz & Taagepera, 2005, 2000; Mungiu-Pippidi, 2013; TI, 2018; Brunetti & Weber, 2003; Dong & Torgler, 2010; Montinola & Jackman, 2002; Sandholtz & Koetzle, 2000; Gerring & Thacker, 2005, 2003; Birney, 2013). For the specific case of the PRC, income inequality, ethnic fractionalization and a lack of female representation in the NPC were found to increase corruption levels (Dong & Togler, 2010). Concluding from these findings, the fundament for a successful fight of corruption is deemed to be (1) the freedom of assembly and association, (2) the freedom of press, (3) the connection to the internet, (4) strong democratic practices, (5) good payment of public officials, (6) unitary and parliamentary forms of government, (7) strong integration into the world economy and (8) low level of regulatory burdens. A

state is expected to be more likely successful with its efforts to combat corruption if the conditions are being met.

This study assessed to what extent the PRC meets the preconditions necessary to reduce corruption in a long-run. The freedom and association and assembly is only partially ascertained in the PRC. Whereas the freedom is ensured by the UDHR and the ILO, it is limited by the Trade Union Law, which requires the adherence to socialism, the people's democratic leadership and the CCP (Trade Union Law of the PRC, 2002). Another limitation to the freedom to join/form organizations is the obligatory affiliation to the federation ACFTU which serves as a CCP organ. Also, the freedom to hold peaceful demonstrations without fear of retaliation is constrained by Chinese laws prohibiting the disturbance of public order and the sparse approval of protests in practice (see Chapter 4.1.).

The second precondition of press freedom is not being met in the PRC. Similarly as the former precondition, it is ensured by the UDHR and the Chinese Constitution. However, in practice, the governmental influence on the media is encompassing, being exercised through various channels. For instance, the CCP directly controls the content of the media through the CDP by initiating certain prohibitions or blocking internet platforms (see Chapter 4.2.).

In regards to internet connections, the PRC has experienced a significant increase. Within a decade (2006-2016) the PRC has achieved a fivefold increase of percentage of Chinese citizens using the internet (World Bank, 2016). The percentage of individuals using the internet in the PRC is additionally above the world average. The criterion is thus met. However, it is important to reflect in further research how significant the number of internet connections really are if they are not connected to a certain degree of liberalization of the internet.

The fourth criterion foresees strong democratic practices. Despite its membership to the UN which is formed around the core of democratic values, the PRC itself does not fulfill the mandatory requirements to be categorized as a "democracy". The Economist Intelligence Unit's Democracy Index (2018) prescribes the PRC as an "authoritarian regime". Efforts by Chinese citizens to develop to a democracy, such as the Tiananmen Square protests, have been turned down violently. Beyond that, advocates of human rights have been condemned of "inciting subversion of state power" (for instance Liu Xiaobo, see Chapter 4.4.). In order to have strong democratic practices in place, a encompassing restructuring would be necessary, also shifting from a rule by law to a rule of law, not only using the law as a tool to control the population, but to ensure their rights. As a consequence, the precondition of having strong democratic practices is not given.

The adequate payment of public officials as an obstacle to engaging in corruptive behavior is the fifth condition. Being paid above average and having experienced an increase of salary, this condition is being met (see Chapter 4.5.).

The sixth condition of unitarianism and parliamentarism is in no need of further elaboration, as it has been discarded. Its significance is essentially based on the existence of strong democratic practices.



As the criterion of strong democratic practices is not being fulfilled (see Chapter 4.4.), this condition is being discarded in the context of the PRC.

The PRC has experienced a sharp increase in trade since 1960. However, despite these transformational increases (8.7 percent in 1960, 37.1 percent in 2016), the PRC is still significantly below the world average (56.44 percent). The seventh criterion is thus not being met.

Finally, low levels of regulatory burdens in the shape of business, labor and monetary freedom are presumed as a precondition for the effective execution of anti-corruption strategies. When the state exercises a relatively greater control, corruption is facilitated, as public officials determine privileged positions. According to the regulatory efficiency scale of the Heritage Foundation (2018) the PRC is “moderately free”, which implies, that regulations are deemed to be efficient. However, this condition cannot be considered to be fulfilled, as the PRC scores “mostly unfree” in one of the three categories and is below the world average on two of the three categories. As a consequence, the condition cannot be considered to be fulfilled.

Referring back to the research question: “Why does corruption in the People’s Republic of China prevail despite efforts to fight it?”, the PRC meets two out of the eight established preconditions to sustainably combat corruption. Noting the persistence of corruption in the PRC despite its efforts to fight it, an approach to improve the efficiency may be to first ensure these essential conditions in order to have a firm ground for the execution of anti-corruption strategies. A failure to meet these conditions thus may be a reason for the sustained corruption in the PRC, despite its enduring efforts to fight its phenomenon. The fulfillment of the eight conditions does not necessarily mean the direct elimination of corruption, however, it may strengthen efforts and contribute to a reduction of corruption levels, especially in the context of the sustained phenomenon of corruption in the PRC.

To get rid of corruption, the PRC will need to rethink its approach to corruption. This implies that the issue of corruption should not only be assessed through the lense of the principal-agent theory, but also take into account the conceptualization as a Collective Action Problem. In order to provoke a sustained change, it is indispensable to strengthen civil society as well as facilitate and protect the right to freedom of association and assembly. This is crucial to allow for not only societal- but also state accountability. Beyond that, the press has to be liberalized in order to allow for its function as a “watchdog” to expose corruption. A society not tolerating dissent, has no solid foundation for any form of democracy. Thus, ensuring free speech might be one of the most essential groundworks. As George Orwell put forth: “If liberty means anything at all, it means the right to tell people what they do not want to hear.” (George Orwell, 1945, preface, para.15). Moreover, the PRC has to put efforts into strengthening the rule of law instead of by law, incorporating democratic values and not using the law as a tool of control in the framework of an authoritarian regime. Beyond that, the PRC could move away from its one-party system, allowing oppositional parties instead of requiring the acceptance of the permanent leadership of the CCP. However, this is very contradictory to the predominant concept of the people’s democratic dictatorship, implying the lead of the CCP. Moreover, the PRC has more potential

to increase its involvement in international trade which may affect the political-economic structure of opportunities, as freer trade reduces the opportunities of exchanging administrative good for private rewards. Also, cultural norms may be affected when trading with countries having strict anti-corruption norms. As long as these efforts do not occur, a decreased corruption in the PRC is not to be expected and the „killing of the tigers and swatting of the flies“ will not generate a sustained change.

## **6. Reflection**

It is important to beware that every research is subject to a certain kind of bias. Although every researcher seeks for an ultimate objectiveness, it remains rather an ideal. Subsequently, it is important to underline that the research design and conceptualization reflects the researcher's background and other approaches may provide other lenses and solutions. For instance, this research is grounded on the definition of corruption by TI however, maybe a definition provided by other institutions may have led to a different design and approach. Furthermore, Chinese language skills may have led to the finding of other definitions and theories on corruption. Moreover, the researcher has a thorough understanding of human rights and democracy as an integral part of a society which may have influenced directly and indirectly the conduct of the research. Three out of the eight criteria are thereby also understood as democratic values (freedom of the press, freedom of association and assembly, strong democratic practices). Beyond that, the databanks used for this research, which serve as a foundation, have to be critically assessed. All of these data banks evolve from a Western background, such as Freedom House, a U.S.-based NGO or for instance the Index of Economic Freedom by The Heritage Foundation and the Wallstreet Journal, which are also both American institutions. In regards to the seventh condition, it is questionable whether the data accurately reflect the integration of the PRC into the global economy. The choice of using merely the data on exports and imports given by the world bank only partially portrays the integration. Further research should also draw conclusions on the basis of other economic developments such as the negotiation of free trade agreements.

Moreover, one must beware that the international indexes being applied have limits in regards to their data. For instance, it is indisputable, that country's scores cannot comprehensively mirror the concrete situation in a country, as also the experts rating the countries are to some extent biased. Moreover, the awarding of a certain amount of points on certain indicators may to some extent also be an arbitrary process. There is no clear definition what conditions a country has to fulfill in order to score for instance a 2 or 3 on a specific indicator. It is generally questionable if the freedoms that are assessed by the Freedom House Index can really be adequately translated into numbers. Essentially, these results cannot be treated as impartial. Moreover, it is critical to what extent Freedom House is politically independent, despite it being a think tank. In 1988, Edward Herman and Noam Chomsky found Freedom House to have long served "as a virtual propaganda arm of the government and the international right wing" (Herman and Chomsky, 1988, p. 28). Moreover, a study conducted in 2014 found that Freedom House has the tendency of rating U.S. allies as more free (Steiner, 2014). Similar limitations have to beared in

mind in regards to the Economist Intelligence Unit's Democracy Index. The accuracy of scoring a country to the precision of decimal places and the representativeness of such numerical values is questionable. Moreover, it should also be doubted whether sixty questions can comprehensively capture the state of democracy in a country. Also, it is important to note in regards to the databank of the Worldbank the lack of distinction between the PRC and the RoC, as laid out in chapter 1. Conclusively, the indexes and databases are not flawless, wherefore they could be complemented by other sources in prospective research.

This research sought to provide an insight on the underlying reasons or the persistence of corruption in the PRC by establishing a set of conditions which should be fulfilled for the successful fight of corruption. Further research may focus on the reasons for the failure to meet certain conditions. In order to provide a more comprehensive research, further research should avoid the limitations through language barriers and enable the access to Chinese documents. Also, further research could be *inter alia* conducted by someone with a Chinese background with other methods and designs in order to rule out a Western bias. Bearing in mind the sensitivity of the topic and also with the aim to narrow down potential biases, further research with larger financial and time capacities could include interviews and surveys. Another suggestion for following research would be to consider whether all conditions have an equally significant effect on corruption. This research considered all conditions equally, however some conditions may generally outweigh others or have stronger effects in specific situational contexts. Also, further research could elaborate on how the established conditions may be fulfilled in the PRC, in order to provide a firm foundation for the fight of corruption.

The research shed light on the phenomenon of persistent corruption and provided an insight into anti-corruption efforts in the PRC and potential reasons for the persistence of its corruption. This allows for a different approach to corruption in China, such as for instance policies focussing on the allowance of press freedom and a vivid civil society, instead of measures focusing on sanctioning of public officials who commit corruption. This alternative approach may allow for a more sustained action against corruption. An enduring reduction of corruption requires a sustainable, comprehensive analysis of the circumstances allowing for the emergence and preservation of corruption.

## 7. References

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