

Anti-Corruption Campaigns in Authoritarian Regimes: the Case of China

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Abstract

Authoritarian regimes face two problems, described by Milan Svolik as the “problem of authoritarian control” (controlling the masses) and “problem of authoritarian power-sharing” (controlling the elites). As a way of alleviating the “problem of authoritarian power-sharing”, authoritarian regimes tend to use corrupt practices like bribery to maintain intra-elite loyalty or to ‘grease the wheels’ of bureaucratic rule. Why then do authoritarian regimes undermine their own source of power by enacting anti-corruption campaigns? Authoritarian regimes require legitimacy to replace the lack of democratic or otherwise accountable institutions or mechanisms that justifies their mandate of authoritarian rule. While economic prosperity and reform are two ways authoritarian rulers can maintain their legitimacy, economic liberalization is nearly a prerequisite to integrate into the global economy. Yet, intra-regime politics may prevent this from occurring. This intra-regime politicking tends to devolve into political factionalization which drives the internal power dynamics of authoritarian regimes. While using the anti-corruption drive in China that began in 2012 to investigate why authoritarian regimes enact anti-corruption campaigns, this research suggest the current anti-corruption campaign in China is multi-faceted to fight off Xi’s rivals in the Chinese Communist Party while simultaneously creating space for reform so as to maintain growth and political stability. Using the China File’s anti-corruption database entitled “Catching Tigers and Flies”, this thesis aims to identify the ‘tigers’ by systematically looking at figures involved with China’s state capitalist system who also were targeted by the campaign. Because of the aforementioned approach, this research fills the gap left in the literature surrounding the economic motivations behind China’s anti-corruption campaign.

Key words: authoritarian regimes, anti-corruption, factionalization, China, economic reform

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List of Abbreviations

CCDI	Central Commission for Discipline Inspection
CCP	Chinese Communist Party
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CPPCC	Chinese People's Political Consultative Conference
GDP	gross domestic product
KMT	Kuomintang
PRC	People's Republic of China
NDRC	National Development and Reform Commission
SASAC	State-owned Assets Supervision and Administration Commission
SEZ	special economic zone
SOE	state-owned enterprise

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Introduction

When President Xi Jinping entered office at the end of November 2012, his first major project undertaken was the now infamous anti-corruption campaign. It shook the foundations of power to its core, uprooting major figures within the Chinese government at an unprecedented scale not seen since the political purges of Mao during the Cultural Revolution. For the first time since the Cold War era, a member of the Politburo Standing Committee, members of the Central Committee and prominent generals within the military were all eliminated from powerful posts (Niksa 2016). The individuals holding these positions were previously thought to be untouchable. By going after “big tigers,” or high-ranking party officials, Xi has dramatically consolidated power under his personal rule.

Although Xi’s anti-corruption campaign is undoubtedly an import series of events within modern Chinese history, it is by no means the first anti-corruption campaign within an authoritarian regime to have taken place. Many leaders in recent history within China have also used similar tactics as well. In fact, anti-corruption campaigns have been commonplace in authoritarian regimes around the world in Russia, Vietnam, Cuba and other countries. In spite of the numerous amounts of examples given on anti-corruption campaigns within authoritarian regimes, the literature is quite lacking in the examination behind why authoritarian regimes enact them. This begs the question, why do authoritarian regimes enact anti-corruption campaigns? Why has China, under President Xi Jinping, enacted its current anti-corruption campaign?

Through the theoretical lens provided by Milan Slovik (2007) which explains how authoritarian rulers are presented with a dualistic problem of authoritarian control of the masses and authoritarian power-sharing among elites within the regime, this thesis will investigate why China is conducting its current anti-corruption campaign and how these findings can be

generalizable to other authoritarian regimes. Systematically, I will dive into the China File's "Catching Tigers and Flies" database which provides a map of interpersonal connections between the individuals targeted by the anti-corruption campaign. To see if factionalization and economic interests are at play in the anti-corruption campaign, I will look at the 'tigers' with the highest network of connections in addition to 'tigers' holding economic-related job posts at the time of the investigation that were also targeted by the campaign. This begins with the (formerly) powerful Zhou Yongkang, Bo Xilai, their circles of allies and many others. I will additionally examine all of the institutions that have seen their head targeted in the campaign which includes the NDRC and the State-owned Assets Supervision and Administration Commission (SASAC) and their former leaders Liu Tienan and Jiang Jiamen respectively. The battle being waged is political and ideological, as the country is facing huge economic dilemmas and is presented with choices as to whether or not to proceed with liberal economic reforms.

Through my research, I have come to several contributive and complementary conclusions. Theoretically, policy enactment and policy reform appear to be focused on solving the problem of authoritarian power-sharing, as the problem of authoritarian rule is more so a problem of authoritarian power-sharing in that authoritarian regimes are rarely overthrown by popular uprisings. When authoritarians are overthrown by popular uprisings, the movements tend to be hijacked by some elitist figure within the regime. Nonetheless, authoritarian regimes learn tactics from regional neighbors with like-minded political views, picking and choosing which policies to enact and which to not. This can be done in order to appease the populace which, in turn, solves the main problem of authoritarianism, the problem of authoritarian power-sharing.

Empirically, this thesis contributes to the literature by examining the political economic figures targeted in the anti-corruption campaign and how the anti-corruption campaign has

affected state capitalist institutions, an examination that has been overlooked by the academic literature. By taking a look at the vast network of ‘tigers’ targeted in the campaign, an element of economic-related policy implementation appears that the Chinese Communist Party (CCP) requires in order to maintain economic prosperity and in turn the CCPs legitimacy to rule. This supposition is not adequately addressed in the literature and therefore requires more empiric analysis. The CCP lacks its communist ideological legitimacy since the economic reforms began under Deng Xiaoping. Because the CCP’s de jure communist ideological legitimacy is now all but gone, a new economic-related de facto legitimacy has taken its place. By examining a macro view of the ‘tigers’ targeted in the anti-corruption campaign, this study maps the complex web of high-level individuals engulfed in the unprecedented anti-corruption campaign, an additionally contribution which has yet to have been undertaken. This macro view of the ‘tigers’ targeted exposes how high-ranking individuals within macroeconomic policy-making institutions and figures within SOEs have largely been targeted by the anti-corruption campaign, more so than any other group aside from the military.

Because of the aforementioned lack of communist ideological legitimacy of the CCP’s rule, the CCP has entered into a new social contract with the Chinese populace which is that of economic prosperity through growth and job creation. So long as the CCP delivers rising economic development, the people are content with the CCP’s continuation of authoritarian rule without any sort of political reform (Wright 2015). That being said, China’s economy is now, and has been for around five years, losing its steam. This is because the original engine of double digit economic growth—exports and investment—has slowed dramatically. Because of this, an economic rebalance away from exports and investment towards consumption and innovation is underway. However, this cannot be done so easily because of the vested state capitalist interests

embedded within the old economic order. While the anti-corruption campaign is primarily about consolidating power, power is, in part, being consolidated in order for Xi to be able to proceed with macroeconomic reforms China needs to transform its economic model from exports and investment to consumption and innovation. Power, defined generally as the potential for influencing others (French and Raven 1959), is not necessarily the means to the end, but rather a means *and* an end. In short, power is likely being accumulated for the sake of accumulation and for the sake of power exertion. Because of the vested economic interests within the old economic order, Xi appears to be, in part, using the anti-corruption campaign in order to push through economic reforms designed to proceed with the economic model shift (Laurence 2016).

Chapter 1—Explaining Anti-Corruption in Authoritarian Regimes

Authoritarianism as a political system of rule is universally on the rise. Freedom House's 2015 Freedom in the World Report asserted that freedom has declined around the world for the ninth consecutive year (Freedom House 2015). Moreover, 61 countries in total lost freedom and civil liberties in 2015, the largest number in a single year since Freedom House began tracking authoritarianism (Ibid.). Broadly defined as political systems with limited plurality in which a leader or a small group of leaders exercises power within ill-defined limits, but quite predictable ones (Linz 1964), authoritarianism (and its government-controlled economic model) has not gone away with the fall of the Soviet Union as Francis Fukuyama (1992) pre-emptively declared. As cliché as it sounds, globalization is increasingly interconnecting the economies of countries ruled by democracies and authoritarian regimes. In fact, of the G20 countries, the group of the world's top 20 largest economies, six (Indonesia, Mexico, Turkey, Saudi Arabia, Russia and China) are considered either partly free or not free. Most notably, China has become the world's second largest economy by nominal gross domestic product (GDP) and the world's largest economy by purchasing power parity.

The ascendancy of authoritarian regimes in the world economy has become paramount to understanding the ways in which authoritarian economies are interacting with global markets. Because of this, understanding the internal politics of authoritarian regimes is becoming necessary in order to understand the ways in which they interact within the global economy. Moreover, the relationship between authoritarian regimes and corruption has been well-documented (Arvis and Berenheim 2003; Fritzen 2005; Grindle 2000; Dong 2013). Recently however, authoritarian regimes like Vietnam, China and Russia have implemented large anti-corruption campaigns sparking large debates over the motivations behind large-scale anti-

corruption campaigns in these opaque countries. Why are these regimes pursuing anti-corruption measures? Because of the proliferation of authoritarianism and the global economic impact of internal politics via authoritarian economic policies, it begs the question, why do authoritarian regimes enact anti-corruption campaigns?

1.1 Corruption and Authoritarian Regimes

Literature surrounding corruption studies adequately investigates why corruption occurs and what types of policies can be used to conduct anti-corruption campaigns, but not why anti-corruption campaigns are imposed in opaque regimes where corruption is a necessary to “grease the wheels” of bureaucracy (Rauch 2015). Corruption, defined as “the misuse of public office for private gain” (Treisman 2000: 399), can also be viewed as the abuse of public office for private *economic* gain Rose-Ackerman (1999). Studies have shown that corruption is more rampant in authoritarian regimes than established democratic regimes (Chang and Golden 2009; Montinola and Jackman 2002; Treisman 2007). This may be due to the fact that authoritarian regimes lack accountability and state capacity (Hollyer and Wantchekon 2011; Shang 2004). Authoritarian regimes use corruption in order to maintain their control through the incentivizing of bureaucratic agents (Hollyer and Wantchekon 2011: 3). In other words, authoritarian regimes typically rely on corruption in order to gain support or legitimacy among the political elites as opposed to democratic regimes where legitimacy comes through elections or transparently accountable institutions. Furthermore, studies have widely acknowledged the negative affect to which corruption, endemic to authoritarian regimes, has had on economic growth (Fisman and Svensson 2007; Mauro 1995; Murphy, Shleifer and Vishny 1993; World Bank 1997). In spite of all this research on anti-corruption campaigns, what is lacking in the literature is a conclusive

and definitive explanation as to why authoritarian regimes enact anti-corruption campaigns in light of these revelations.

On a simplistic level, the answer to this riddle seems quite obvious; anti-corruption campaigns are used to reduce widespread, morally reprehensible acts. However, when placed under an analytical lens, this proposition lacks a commanding dominance in the literature and is up for debate. In other words, it may not be wise to trust the motivations behind an authoritarian's actions while taking into consideration their lack of transparency and reliance upon corruption to function and survive. In light of this, it seems to be counterintuitive for any authoritarian regime to enact an anti-corruption campaign as it directly goes against their interests of staying in power. This is the dilemma Chiang Kai-shek came across when faced with opposition from the Taiwanese people over complaints of widespread graft. In spite of his attempts to curb corruption within the Kuomintang (KMT), the corrupt perception surrounding his faction ultimately caused him to lose support among the majority of Chinese peasant to which Chiang considered the real reason why the KMT lost the civil-war (Bethell 2007). Although wishing to rid the local rulers of corrupt practices, he also relied upon these networks for personal favors and allegiance (Shang 2004: 120). This is the dilemma faced by many authoritarian regimes wishing to rid their bureaucracies of corruption.

1.2 The Nature of Authoritarian Regimes

“The problem of authoritarian control” and “the problem of authoritarian power-sharing” are the dynamics that drive authoritarian decision-making processes and in turn policy enactment (Svolik 2012: 3-4). In other words, authoritarians face political threats from the masses (the problem of authoritarian control) as well as from those with whom they share power (the problem of authoritarian power-sharing). To put it simply, this theoretical framework suggests

authoritarian regimes are forced to “respond” to these conflicts by either consolidating political power (nefariously or transactional), to appease or repress the citizenry underneath the regime or all of the above. Although Slovik’s highly cited theoretical framework explicates two main dilemmas for authoritarian power-sharing, authoritarian rulers are more likely to be overthrown by an internal power struggle rather than a popular uprising from below, (Zolberg 1966, 135). Because of this, authoritarians need to grant opportunities for elites to gain private benefits and privileges in order to secure their loyalty (Wintrobe 1998). Since this is the case, I argue that anticorruption campaigns in authoritarian regimes are motivated by the two problems of authoritarian power-sharing and authoritarian control as outlined by Milan Svobik (2012). In order to do this, I will first examine the dynamics of authoritarian rule through the lens of authoritarian power-sharing and authoritarian control of the masses.

1.3.1 The Role of Elite Politics: Why Authoritarian Control Dominates Authoritarianism

Svobik (2012) describes the main problem of authoritarian control as centered on intra-elite politics. Thus, the real problem of authoritarian control is really giving too much power the military to crack down on anti-regime dissenters or interlocutors within the masses (Wallace 2015: 2). Furthermore, most authoritarian regimes which are overthrown are not done so by the masses, but rather through being replaced by other elites, (Mesquita and Smith 2011: 56-89). This is the reasoning behind why intra-elite politics is the main focus on authoritarian studies over the disenfranchisement of individuals being governed by the regime (Svobik 2012). Overall, the literature surrounding the political dynamics of authoritarian regimes largely points to the mechanisms of internal and intra-elite politics as dominating the motivations behind authoritarian actions and policies more so than worries emanating from the displeasure of the masses. That being said, keeping the people happy remains an important factor so as to not allow

ambitious elites an excuse to formulate a palace coup of some sort. Because of these insights, an examination of the internal, intra-elite politics of authoritarian regimes is in order to fully understand their policy implementations.

1.3.2 Factional Politics and Ruling-Coalition Survival

The nature of authoritarianism leads to formation of political factions, in turn leading to different competing groups with different political and economic interests (Shang 2004). Additionally, and perhaps because of factionalization, interests within regimes “are *nearly always* fragmented” [emphasis added] (Fritzen 2005: 80). This factional infighting can lead to various cutthroat and nefarious tactics, such as the use of anti-corruption campaigns, to legitimize amongst various constituencies the silencing of political competition. For example, in the former Soviet Union leaders such as Andropov and Gorbachev were targeted by anti-corruption investigations by Brezhnev in order to reduce their influence (Clark 1993). Because of this, authoritarian regimes are characterized by the fluctuations of constant power struggles in which power brokers habitually shore up support around themselves. This causes these power brokers, whether it is the incumbent or other individuals within the authoritarian power structure, to also keep a watchful eye on the individuals within their own clique, as allowing them to succumb to an anti-corruption investigation would tarnish themselves through association and would weaken their power base (Jiang and Xu 2015). Chipping away at these cliques is a way in which individuals within the established authoritarian power structure or competing factions attempt to uproot the entrenched cliques or opposing factions.

Individuals within the system of an authoritarian regime are incentivized to join these informal, factionalized networks because they ensure political security, greater promotion opportunities, increased monetary connections for rent-seeking and, in general, better access to

monetary and human resources (Shih et al. 2012; Willerton 1992). This translates into, in conjunction with the lack of transparent institutions and accountability, opportunities for corrupt behavior, such as rent-seeking, to flourish and become the status quo. When these rent-seeking connections become entrenched is the time in which authoritarian regimes spiral into cycles of entrenched interests based on corruption. It is at this point in which putting pressure on these entrenched interests creates regime instability. Simultaneously, regimes in which en masse corruption is not curbed can create social instability between the masses and the ruling coalition. For example, the protests in Tiananmen Square in 1989 are largely considered to have originated as anti-corruption demonstrations which eventually led to the understanding that democracy would lead to a less corrupt Chinese government (Johnston and Yufan 1995). This leads authoritarians to a very problematic tightrope to walk when determining when corruption needs to be curbed in order to appease the masses and when its need to be encouraged in order to consolidate coalition loyalty.

1.3.3 Ruling-Coalitions and their Survivability

Governing over an authoritarian regime requires a coalition to be established around the ruler and maintained in order to hold onto power and enact policies that the sovereign wishes to ratify (Svolik 2009: 480). In other words, there are very few examples of truly individual-centered dictatorships in the world today. Even North Korea's Kim Jong Un is forced to work within the parameters of factional infighting and intra-party struggles (Chang 2016). In order to survive, the authoritarian needs to politick within this context. Survivability of an authoritarian is also time-dependent. Authoritarian regimes tend to be very unstable in the six months of their inception (Mesquita and Smith 2011:73). Because of this, quick political consolidation and creating a ruling-coalition is extremely important for autocrats to hold onto the power they just

acquired. However, these ruling-coalitions are never permanent. “The key obstacle to successful power-sharing is any dictator’s desire and opportunity to acquire more power at the expense of his allies,” (Svolik 2012: 54). As suggested by Svolik (2009), a dictator consolidates power at the expensive of the ruling coalition. This forces the authoritarian to undergo quite a careful balancing act between his or her own self-interests and the entrenched interests being uprooted. However, the rebalancing of interests can only be stopped quickly by force if the regime in question is a contested dictatorship (Ibid.). Therefore, uncontested dictatorships have the ability to withstand the shocks and reverberations created by impending political change. Furthermore, political realism points to the uncertainty surrounding the ruler’s intentions and creates an interpersonal balancing act between the dictator’s circle and the rest of the ruling elites (Rauch 2015).

Authoritarians may be able to crack down on internal opposition, but only to a certain extent since authoritarians who peel away at his or her coalition’s interests to increase his or her own power also leads to intra-regime instability, discontent and ultimately an opening for an overthrow of the authoritarian (Svolik 2009: 481). To put it simply, authoritarian regimes, contrary to popular belief, cannot merely use repression in order to conduct politics and attain political goals (Soest and Grauvogel 2015). Because of this and other previously mentioned factors, authoritarian regimes devolve into factionalized political structures accented by competing groups which vie for power amongst each other (Thomson 2015). This is often in the form of two major groups consisting of hard-liners and soft-liners or individuals with and against the authoritarian (Ibid.). The authoritarian him or herself is thus forced to maneuver within this factionalized political system and creates a coalition to insulate him or herself from internal or external threats which inevitably degenerates into rent-seeking to establish a network of loyalty

(Mesquita and Smith 2010). This rent-seeking is very clearly seen to be as corruption. Coalition-building is also used to enact policies in addition to executing bureaucratic procedures in the functionalization of governing (Ibid: 11-12). Furthermore, “institutional interests (even among elites) are nearly always fragmented, and never more so than when changes in the institution rules of the game affect resource accumulation strategies,” (Fritzen 2005: 80).

1.5 Authoritarian Regimes, Typologies and their Political Economy

Before proceeding any further on the theoretical implications of anti-corruption campaigns in authoritarian regimes, I will define what I mean by ‘authoritarian regime’. Ronald Wintrobe’s (1998) theoretical framework divides all authoritarian regimes into one of four categories or “images”: totalitarian, tinpot, tyranny and timocracy (Ibid.: 7). These typologies are situated within a simple equilibria based on their level of repression and their level of loyalty by the people they reside over.

Figure 1: Types of Authoritarian Regimes by Level of Repression and Loyalty

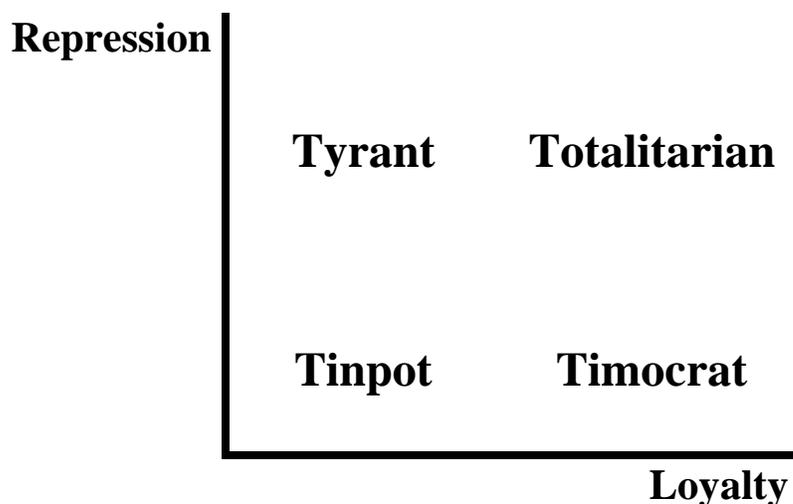


Figure Borrowed from Wintrobe (1998: 56)

Timocracies, in his framework, are equated with benevolent dictatorships which may be focused on attempting to increase the well-being of its citizens by increasing economic growth. The regime's repression is low and the authoritarian is "capable of staying in office because his or her love for the people is reciprocated by them (Ibid. 14). While this approach appears to be applicable more so with the political aspect of authoritarian regimes, Ian Bremmer formulates an economic model that many current authoritarian regimes have adopted.

Dubbed "state capitalism", he defines it as a political economic system in which "governments use various kinds of state-owned companies to manage the exploitation of resources that they consider the state's crown jewels and to create and maintain large numbers of jobs," (Bremmer 2010: 4). Governments that implement state capitalism use state-owned companies to "manage the exploitation of resources" in industries the state views as its "crown jewels" (Ibid). He goes on to note that in this system, the government does not prioritize economic growth as much as it does maintaining the state's power and the regime's survivability. Nonetheless, growth is still an important factor, just not the main motivating factor of state capitalism and is secondary. While state capitalism is a tactic for survivability, it is mostly applied only in states in which it would help the regime survive. In other words, if state capitalism does not appease the masses through mass employment, then the system will change. This is likely either due to the economic infeasibility of the continuation of state capitalism from inefficiencies in the public sector or the rapidity of normative free-market capitalism pressure on authoritarian states through globalization.

1.6.1 Political Legitimacy in Authoritarian Regimes

A quintessential aspect of governance in authoritarian regimes includes political legitimacy. Political legitimacy involves "both citizens' trust in public officials and their

conviction that governmental institutions are fair, responsive and valuable,” (Useem 1979: 840-1). Political legitimacy determines “who deserves to have authority and why,” (Guo 2003: 2). Although these notions are true in democratic and authoritarian regimes, authoritarians need to establish their legitimacy through some sort of means other than democratic elections. This causes authoritarian regimes to use a myriad of tactics in order to insulate themselves from rivals. By looking towards the problems of authoritarian control, authoritarians must establish legitimacy among the masses *and* within the regime itself. Because of this, authoritarians are in a perpetual state of attempting to win and maintain acceptance of its authoritarian rule (Wang 2014: 638). Jiangyu Wang presents the ways in which regimes are to accomplish the task of establishing and maintaining political legitimacy. In order for regimes to establish political legitimacy, regimes must deploy multiple tactics including: (1) concentration and preservation of power, (2) coordination of interest groups and their policies (3) control of inter-regime politics and official rent-seeking (corruption) and (4) pursuit of good policy to rationalize governance (Ibid.).

1.6.2 Policy Reform as Legitimacy in Authoritarian Regime

Finally, authoritarian regimes use the implementation of policy reform as a way to legitimize their rule for the masses and the elites. This idea highlights the impact of contestation in that authoritarian regimes which face political opposition may use policy reform as a way to appease their dissenters (Saliba 2014). Institutional and policy reform (output legitimacy) connect the improvements that come about from them with increased authoritarian legitimacy (Ibid.: 10). Furthermore, policy reformation increases intra-regime stability because of its legitimizing effects (Haydemann and Leenders 2014). This ideation also suggests authoritarian regimes adopt policies from neighboring countries through policy diffusion, which is a result of

shared culture, regime type and ideological political views (Saliba 2014: 4). This is especially true for economic policies (Pitlik 2007). Furthermore, preemptive reforms can be implemented by authoritarian regimes under the assumption of future political duress (Weyland 2005).

Economic prosperity through liberalization, as a particular method of policy reform, has become a way to establish political legitimacy in some authoritarian regimes including Singapore and Kazakhstan (Anacker 2004; Domjan and Stone 2010). Furthermore, this approach avoids destabilization of security perceptions as violent crackdowns are avoided, causing international financial spectators and political analysts and business consultants from negatively perceiving the political situation, thus preventing any economic ramifications. In the world of globalized political economy, the political decisions of authoritarians in emerging markets, hard democracies or soft authoritarian states are becoming increasingly important and influential aspects of global markets.

Chapter 2—Overview of Data Extraction and Sources

Data on factionalization will be extracted from the highly touted “Catching Tigers and Flies” database which solely focuses on Xi’s anti-corruption campaign beginning in 2012. The database, operated by the China File (2016), an online magazine published by the Asia Society, tracks every high and middle ranking individual caught up in the anti-corruption campaign. The database also categorizes them based on their sector (e.g. petroleum, media, state owned enterprises [SOEs] etc.) and additionally creates associations between individuals, creating visualizations on the interpersonal relationships between individuals targeted by the campaign. The tool has tracked nearly 1500 individuals caught up by the anti-corruption campaign, receiving primary data in the form of anti-corruption charges filed from the Central Commission for Discipline Inspection (CCDI), its media affiliates and government organizations. The database extracts information from these sources including the official’s position, their basic biographical data, their most recent job, the province the corruption is associated with, the dates of the investigation and the status of the case (whether they’ve been kicked out of the party, sent to jail or are merely being investigated).

2.1 Examining Factionalization

While the debate over the true intentions of the anti-corruption campaign is highly contentious, the purpose of this thesis is not to determine causation or even correlation. Rather, taking an analytical look at “Catching Tigers and Flies” through the lens of political economy merely qualitatively sheds light on an aspect of the anti-corruption campaign that has not been given enough attention. This facet is the way in which Xi’s anti-corruption campaign appears to be used as a tool for eliminating macroeconomic obstacles in the way of achieving centralization of macroeconomic policy-making authority. By using supplemental academic literature, this

thesis aims to examine the anti-corruption campaign by way of Xi's policy-making power consolidation as a fight among competing factions, particularly between the faction Xi has created around himself and the influence of former President Jiang Zemin. Xi has even outwardly come out against "competing factions" while publicly announcing that factions within the CCP will not be tolerated and will be targeted by the anti-corruption campaign (Fan 2015). Research on the disproportionality of the anti-corruption campaign on factions outside of Xi's will also be implemented.

2.2 Why Examine China?

There are multiple analytical and intrinsic reasons behind why I chose China as this thesis' case study. First, an understanding of global geopolitics is not complete without understanding the rise of China, the internal politics of the CCP and the way in which these internal politics affect global politics. Asserting the rise of China as arguably the world's most important economic actor in a world of increasing globalization seems almost cliché, yet must be stated. Analytically, China may seem to be a unique case, but because of this may be applied in the future to other authoritarian regimes seeking to transition from a command to a market economy. Furthermore, political tactics may be executed in order to accomplish this task, as the pursuit of the continuation of status quo interests is common in all states among all bureaucracies.

2.3 Individuals Focused on with Vested Macroeconomic Interests

While there are many moving parts to the economics of the anti-corruption campaign, the dataset created by the China File shows a few sectors to be important to the examination of the anti-corruption campaign through the lens of political economy. First, SOEs and political

factions based on geographic location (i.e. Yunnan, Shanxi, Guangdong, Sichuan and Chongqing provinces) stick out as major targets of the campaign. In terms of macroeconomic policy formulation, Zhou Yongkang and Bo Xilai and Liu Tienan prominently feature as well considering the vast network of individuals tied to them. Both were immensely important for the path of China's economy for a number of reasons. To begin, I will examine Bo Xilai's impact on macroeconomic policy formulation as the architect of the Chongqing model, a polar opposite to Xi's favored Guangdong model, followed by his relationship to Zhou Yongkang. As the party secretary of Chongqing, Bo found himself in a situation in which he enjoyed a large degree of leeway to formulate his own unique economic model. This model he forwarded ended up coming into direct opposition to increased economic liberalization (Garnaut et al. 2013; Mulvad 2015: 202; Cui 2011: 647). Quickly after the rise of this model and the opaque nominating process of Xi Jinping to be the next president, a political scandal surrounding Bo erupted ending with his imprisonment for the rest of his life on corruption charges. Many scholars speculate this was a political move against Bo as he was a direct political challenge to Xi's rule (Pei 2013; Broadhurst and Wang 2014: 168; Li 2013: 412).

Liu Tienan, while arguably just as important as other 'tigers' and powerful in his own right, is discussed much less within the literature. As vice-chairman of the National Development and Reform Commission (NDRC), he was one of the main individuals in charge of directing state capitalist economic projects for a number of years. Under Liu, the NDRC was one of the major entrenched political bureaucratic institutions in the way of economic liberalization because of its role in authorizing large state-led development projects and other government-funded undertakings. Liu was also chairman of the highly influential National Energy Administration, another major state capitalist institution under the administration of the NDRC which oversaw

macroeconomic energy policy and implementation. Furthermore, during the reporting of his arrest and subsequent trial, it was noted that Liu was the highest ranking individuals to have ever been targeted for anti-corruption (Wong 2014).

Finally, I will take a look at Jiang Jiamen, the former head of SASAC, as he was, along with Liu Tienan, the only other top figure to have been toppled by the anti-corruption campaign at the helm of a major macro-economic policy institution. His connections are more intricate than Liu's including a relationship with Zhou and other 'tigers' who fell to the anti-corruption campaign. As chairman of the power SASAC, he was the individual in charge of allocating funds to SOEs and appointing the heads of all of the major SOEs. While he was not in this position for long, his history in the SOE petroleum industry solidifies his interests firmly in the SOE camp and an examination of his case is particularly telling of the overall trend of a crackdown on state capitalist interests.

By examining Jiang, Liu, Bo, Zhou, and their connections associated with entrenched state capitalist economic interests, I will use the China File's database to connect the relationships between these individuals and how their interpersonal relationships are situated with one another and with others. Since the tool establishes connections between individuals, tracking interpersonal relationships becomes much easier to measure. Because of this, creating a model for factions centered on business relationships provincially and within SOEs, like the Shanxi Group or the Jiangxi Group, also becomes much easier. While focusing on Bo Xilai and Liu Tienan, a matrix of interpersonal relationships between these two individuals creates a broader picture on how these macroeconomic policy formulators were connected to complex webs of entrenched state capitalist interests with individuals like Zhou Yongkang or provincial networks like the Shanxi Group.

2.4 Justification of Excluding Other Individuals

While focusing on these four individuals gives some major insights into the underlying reasons behind the anti-corruption campaign, they are not the only two high-ranking individuals to be targeted by the campaign who were involved with macroeconomic policy. Questions may arise such as, why not choose General Xu Caihou or Hu Jintao's former aide Ling Jihua? While the aforementioned individuals are all significant in the anti-corruption campaign in analyzing the overall power struggle between Xi's faction and its rivals, no individual not examined was as influential in macroeconomic policy making as Bo, Zhou, Liu and Jiang. All of these figures are foundational to the political economic aspect of the anti-corruption campaign whereas other major figures are merely important to the political component of the power struggle between Xi and other groups of influencers such as Jiang Zemin.

2.5 Examination of Xi's Economic Policy

The second part of the empirical section will be an examination of economic policy and how one of Xi Jinping's major goals is to liberalize the economy in addition to moving China's economic model away from exports-based towards consumption-based. Primary data will include the Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms, the CCP's macroeconomic policy outline formulated by Xi himself . By examining the pro-liberalization agenda of Xi Jinping with the backdrop of the anti-corruption campaign, motivations behind cracking down on entrenched state capitalist interests becomes clearer. Introduced at the 3rd Plenary Session of the 18th Central Committee of the Communist Party of China The policy paper explicates the multi-faceted approach to how Xi plans to liberalize China's economy. Although these policies are not set in stone, they reflect Xi's macroeconomic

goals and shed light on the immense obstacles that Xi's plans for liberalization faces. I will then qualitatively examine how Xi has fought to dismantle entrenched state capitalist economic interests by effectively dismantling the NDRC and SASAC. Because the economic aspect of China's anti-corruption campaign has not been adequately addressed throughout the literature, examining Xi's economic goals for China in conjunction with the crackdown on major macroeconomic institutions and policy makers creates a few insightful intersections of politics and economics.

Chapter 3—Xi’s Anti-Corruption Campaign: An Introduction to ‘Tigers’ and ‘Flies’

Just a few months into Xi Jinping’s reign, he stated “We must uphold the fighting of tigers and flies at the same time, resolutely investigating law-breaking cases of leading officials and also earnestly resolving the unhealthy tendencies and corruption problems which happen all around people,” (Branigan 2013: 1). This began what is now informally known as the current anti-corruption campaign overseen by Xi and his cadres. ‘Tigers’, referring to high-ranking officials, and ‘flies’, middle-ranking bureaucrats, are the main targets of this campaign. This section will focus primarily on the tigers, as high-ranking officials dictate intra-elite political strategies and are the primary contributors to factionalization in authoritarian regimes. By laying out the network of individuals outlined in the China File’s “Catching Tigers and Flies”, we can infer the degree to which entrenched state capitalist interests and factionalization have been targeted in the anti-corruption campaign by Xi verbally and in practice. While taking into consideration the economic reform outline formulated and forwarded by Xi, it is clear to see why speculation swirls around the role macroeconomic policy implementation plays in the anti-corruption campaign.

Furthermore, it is intriguing to take a look at the individual Xi picked to head the anti-corruption drive. Wang Qishang took over this role as the head of the main anti-corruption organization in China, the CCDI, almost immediately after Xi became the General Secretary of the CCP in 2012. Wang’s past as a financial expert is where he developed the foundation of his career before coming secretary of the CCDI. He is largely believed to be the driving force behind the liberalization of the financial sector including interest rate reform which was established in order to accommodate for a further growth model shift towards consumption (Lai 2012). Wang was also the head of the China Construction Bank, one of the largest banks in the world in terms

of market capitalization. In fact, when he was named the head of Xi's anti-corruption campaign, many elites in China were disappointed that his talents in financial reform and economic liberalization would be wasted (Anderlini 2014). Now, it seems to be the extent of his power is only surpassed by President Xi (Ibid.). Many implications could be assumed from the fact that the head of the main anti-corruption institution in China (which has been reformed under Xi to have more autonomy from the Central Committee) and the de facto head of the anti-corruption campaign is staunchly pro-free market with the credentials to back up his convictions.

Furthermore, while the anti-corruption campaign may not entirely be focused on actually eliminating corruption, the Chinese people have been disgruntled over the degree to which members of the CCP are corrupt. In fact, the Tiananmen Square protests in 1989 began as an anti-corruption protest and only turned towards a pro-democracy stance as a solution to end the perceived rampant corruption in the CCP (Zhu 2014:2). Additionally, the CCP views the Tiananmen Square protests to have nearly removed them from power had it not been for Deng Xiaoping sending in troops from out of the province to kill the protesters in the heart of Beijing. In light of this revelation and the perceived "lost decade" from lack of any sort of substantive economic or political reform under Hu Jintao (Johnson and Bradsher 2012), it comes as no surprise that Xi addressed the issue of corruption immediately in his first speech as general secretary of the CCP during the 18th party congress. In his opening remarks, he opined that corruption had the potential to "kill the [Communist] [P]arty and ruin the country," (BBC 2012). It appears as though the CCP stared over the abyss in light of the dire economic predictions and President Xi recognized he needed to bring the party away from the edge. Dramatics aside, there is a real desire by the Chinese people for the CCP to clean up its act and this dynamic of the anti-corruption campaign should not be ignored when analyzing the motivations of the campaign.

This is especially true of the small business community and individual citizens who view the cost of rampant bribery by CCP officials to be transferred to them via the increased cost of government services.

3.1 The CCP's Struggle for Legitimacy and China's Need for Economic Reform

While the anti-corruption campaign appears to be multi-faceted to tackle many problems at once, the CCP is constantly focused on maintaining political legitimacy for the justification of its rule (Panda 2015). The CCP lost its communist ideological legitimacy with the opening up of China and initial economic liberalization under Deng Xiaoping in the 1970s. Throughout the 1980s and 1990s, China saw an unprecedented 'economic miracle' double digit growth year on year. Economic growth replaced communist ideology as the de facto social contract between the government and people of China (Wright 2015: 41). Now that this growth has slowed down, a 'new normal' has set in with an embracement of lower, more modest and more stable economic growth in conjunction with a restructuring of its economy away from exports and investment towards consumption and innovation (Angang 2015). This is, in part, due to China's unbalanced economy heavily focused on exports and investment which the CCP acknowledged was a problem for the continuation of economic stability as far back as 2007 (Xinhua 2007).

China has also been under great pressure to change its unbalanced economic model ever since the 2008 financial crisis and has been attempting to shift its growth model from exports to consumption (Qi 2009). Previous efforts under Hu Jintao failed to make any significant change in this. This begs the question, if China's leadership is aware of the economic imbalance then what is preventing them from successfully shifting the economy away from exports and investment towards innovation and consumption? The answer lies in the relentless political

opposition within the state capitalist institutions which have vested interests in the unbalanced economic model (Wang 2014: 5). That is to say, individuals who profit from China's state capitalist model (i.e. members of SOEs or economic-related government institutions) and whose power relies on the importance of the government involvement in economic affairs have a direct interest in continuing this status quo. In spite of Xi's role as head of the party, the state and the military, these interests stand mightily in between his inner-circle and accomplishing this incredibly important process of rebalancing. Furthermore, the CCP intra-party cliques are quintessential to this challenge, as many powerful factions are situated around particular sectors predominantly ran by SOEs such as the petroleum industry, mining, airlines and many others. China's bureaucracy, while official numbers are unknown, is suspected to be the largest in the world. On the list of the world's largest employers, the People's Liberation Army (2.3 million people) is first followed by Walmart (2.1 million people), McDonalds (1.9 million people), the UK National Health Service (1.7 million people), China National Petroleum Corporation (1.6 million people) and the State Grid Corporation of China (1.6 million people) (Madsen 2014). Additionally, a study by the U.S.-China Economic and Security Review Commission concluded that 50% of China's GDP comes from economic output of its SOEs. These points lead to a few inferences.

First, these points suggest the incredibly large degree in which state capitalist institutional interests are embedded within the current governmental model for individuals at the micro level (in terms of mass employment) and leaders at the macro level. Not only are the aforementioned SOEs the largest employers in the world, there are a mind-boggling 155,000 SOEs owned by the central government which are either directly or indirectly operated by the central government in Beijing or local provincial CCP officials (Economist 2014). Privatizing even a couple percent of

these inefficient SOEs would lead to massive unemployment, another large concern of the CCP as this would lead to economic tumult. Secondly, these details expose the immense difficulties facing Xi in implementing the economic reforms in which he is attempting to enact. Reforming the world's largest bureaucracy would not only roil the masses in the wake of mass unemployment, but even attempting to reform this system would face major pushback from the heads of these SOEs who rely on the institutionalization of state capitalism to line their pockets, whether legitimately or not uncommonly through informal economic networks of *guangxi* (personal relationships) and rent-seeking (taking bribes). Additionally, studies suggest the amount of rent-seeking within SOEs large and small raises the cost of doing business with them, significantly raising the cost of living to the average Chinese citizen (Fan 2002).

This creates several problems for Xi as well as the CCP as a whole. Because of the lack of communist ideological legitimacy for the CCP, without economic growth there is no real reasoning behind why the CCP should be allowed to retain a monopoly on China's political system. While this appears to be a problem of political control, this could, as stated within the first section, translate into intense political infighting as most problems of authoritarian control are really problems of authoritarian power-sharing. In other words, a Chinese populist mass movement could be hijacked by elites attempting to claim power for themselves, which would ensure many geo-political implications for the stability of China. Additionally, a failure on Xi's part to transform China's economy with the intention of more stable economic growth would surely mean his political demise considering how closely he has tied himself personally to the reform package outlined in the Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms (Mu 2013).

These factors are all incentivizing for Xi to continue cracking down on corruption. Breaking up the elitist and lower level networks of *guangxi* is crucial for incrementally dislodge the inefficient SOEs as well as creating a business culture that shirks away from rent-seeking. That being said, the anti-corruption campaign can be viewed to mean different things at different levels. While an argument can be made that Xi is attempting to modify Chinese business culture for lower and middle-level managers and bureaucrats to disrupt the cronyism of *guangxi*, many China scholars point to the unprecedented targeting of high-ranking officials by Xi as a way of consolidating power around himself (Blackwill and Campbell 2016: 6-8). While the effect of the anti-corruption campaign on the culture of *guangxi* is interesting on an intrinsic and analytical level, the controversial nature of the anti-corruption campaign on macroeconomic policy and macroeconomic policy makers creates for a more lively (and contentious) conversation in relation to international affairs. While the true purpose of Xi's anti-corruption campaign is up for debate, the degree of success of Xi's macroeconomic goals could fundamentally alter the outcome of China's economic growth. This, in turn, will impact the decisions of governments in interacting with the CCP and how multinational corporations invest, reverberations that will be felt throughout the world for many decades to come. Examining the anti-corruption campaign as a conduit for economic change in the context of China's competing factions may alter the way in which China's political system is viewed, but this may also provide a model for like-minded governments in the region or with a similar communist history as China to adopt.

3.2 Xi's Economic Policies and China's Economic Goals

Barry Naughton asserted his ideations on China's economic reform by stating, "Something blindingly obvious, but still needs to be said is that the economic reform program that Xi Jinping is carrying out is real," (China Reality Check 2015). That is to say, Xi Jinping is

carrying out an economic reform program and it is not only rhetorical, but actually has some teeth on it. Naughton went on to argue that not only is Xi pushing for increased liberalization like authorizing the auditing and restructuring local government debt, but that Xi has actually succeeded in some instances such as the deregulation of deposit interests rates, the linkages between equity markets and increased market-forces on the free-floating of the Remnimbis (Ibid.). Early in 2013, Xi's plan for liberalization was outlined in a policy paper widely circulated throughout the CCP and Western media outlets. Entitled the Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms, the mouthful of policy paper dramatically shifted the economic policy of China away from state capitalism towards a free market economic model. Language within the document that outlined the change of the role of the market from "basic" to "decisive" marked a sea change in how China's leadership viewed the role of the government in China's economy. Although this seems to be a minor and uneventful discursive modification, it is a dramatic ideological shift away from the traditional Deng Xiaoping era economic approach, noted by its hybrid system often characterized in many different ways such as command economy capitalism, paternal capitalism or the China Model.

The document also outlined the majority of China's liberalization plans including land ownership reform, agricultural market liberalization and other liberalizing moves. As an important side note, the document was declared by state media to be the work of President Xi as he led the committee to create the document as well (Xinhua 2013). Aside from policy formulation, the Third Plenum was also a major blow to the NDRC institutionally as well. These institutional changes included the centralization of economic decision making to land in the hands of a 'leading small group' led by Xi himself to which all provincial and local governments were required to report directly back to the group when making important economic decisions.

Named the Central Leading Group for Comprehensively Deepening Reforms, the leading small group is now the most important group of individuals dictating economic policy within China and represents the opposition (along with other developments related to the NDRC addressed below) of the NDRC as a statist economic policy implementation institution (Gore 2014). It consists of 25 of the highest ranking CCP members, many of which are close to Xi who are also staunch reformers like Wang Yang, the prominent vice-premier associated with pioneering the economically liberal Guangdong model (Ibid.). This centralization of economic-related policy-making is a part of a larger trend or tactic of Xi's to centralize authority and policy formulation around himself and a very few selected handful of individuals close to him (Blackwill and Campbell 2016: 6-8). This can be observed in many policy areas like foreign policy and defense, but particularly with macroeconomic policy formulation with the creation of the Central Leading Group for Comprehensively Deepening Reforms (chaired by Xi himself) which is the primary conduit for creating and implementing China's macroeconomic agenda (Ibid.). While the reasoning behind this can be speculated upon in several different directions, it appears this is being done so, in part, in order to cut through the complexities of China's many factions at the national and local level in order to drive through the economic reforms Xi is aiming to achieve.

Chapter 4—Outlining the CCP’s Major Factions Under the Rule of Xi Jinping

The China File’s “Catching Tigers and Flies” is viewed to be one of the most holistic and comprehensive tools for examining Xi’s current anti-corruption campaign (Forsyth 2016). In using this tool, I will now outline the complex networks of ‘Tigers’ targeted by the anti-corruption campaign and the degree to which state capitalist economic interests are having pressure put on them by the campaign. The database defines ‘Tigers’ as “Party and governmental officials of sub-provincial/ministerial level and above,” in addition to military officers with a rank of major general or higher (China File 2016). The interactive tool demonstrates the complexities of China’s factions and how specific networks of high-ranking individuals have been targeted, particularly individuals within cliques formulated around geographic areas, individuals associated with the former President Jiang Zemin and individuals with connections to SOEs and specific industrial sectors such as mining, petroleum and coal. Figures of note that are related to entrenched state capitalist economic interests include Zhou Yongkang, Bo Xilai, Jiang Jiamen, Liu Tienan and individuals associated with geographic-based cliques such as the Shanxi Group and the Jiangxi Group. An in depth look at the circle around Zhou Yongkang also exposes the tight connections between these high-ranking officials in Sichuan province. Additionally, beginning with Bo Xilai and Zhou Yongkang appears to demonstrate the centrality of their webs within the anti-corruption campaign. I will now outline the ways in which major individuals caught up by the anti-corruption campaign, whose connections are formulated within the “Catching Tigers and Flies” database, are associated with entrenched state capitalist interests.

Xi made it clear shortly after stepping into office that he was specifically targeting the various factions within the CCP. As quoted by Chinese state-run media outlet the People’s Daily (2013), “Some cliques of officials are, in fact, parasitic relationships for the conveying of

benefits.” Xi then went on to assert he was targeting the factions within the CCP (Ibid.). By acknowledging this problem within the CCP, Xi signaled to the Chinese people, but also to the CCP elite, his determination to fight and disrupt the political and economic cliques standing in the way of his reform package. Now, there are multiple layers of cliques and inter-party groupings, typically surrounding shared economic interests, with individuals belonging to multiple cliques. Additionally, these economic interests are often formulated around senior official’s personal networks (Broadhurst and Wang 2014: 164). A particularly in-depth study concluded the way in which individuals rise through the ranks of these intra-CCP factions is more related to factional ties with senior leaders rather than economic performance, as many within the CCP leadership have openly claimed as the main driver of promotion (Shih et al. 2012). Nonetheless, the complicated layers of intra-elite factionalization make it difficult to discern whether an individual is with one faction or another, as some individuals are sometimes associated with multiple factions and the interpersonal relationships between elites can be shrouded by a proverbial ‘black box’ or the mere lack of information surrounding such relationships. "Factional lines are often unclear, shifting or overlapping, conditioned by old alliances, family interconnections, conflicts, rivalries, shifting loyalties and pragmatic tactical considerations," notes former CNN Beijing bureau chief Jamie FlorCruz (Lai 2012: 1).

This leads to an important caveat on factionalization within the CCP that should not be overlooked. As articulated by Alice Miller (2015: 16) of the Brookings Institute, “Factional politics since Deng Xiaoping is increasingly an interest-driven competition that plays out within the increasingly institutionalized structures and processes according to broadly accepted norms and codes.” She furthermore takes a strong stance against the traditional notion of Chinese factions which suggests factions are not an “all-out power free-for-all” struggle like was the case

in the Maoist era (Ibid.). This point should also be considered one of the major trends of this thesis; the interest (or disinterest) of continuing state capitalist economic policies is one major commonality surrounding various groups of ‘cliques’, ‘groups’ or ‘gangs’ that make up the system of factionalization within the CCP. Traditional notions of ‘princelings’ versus the ‘Communist Youth League’ should be avoided since many individuals could be categorized in one of a number of groups. Many examples like this are demonstrated in Miller’s paper. This distinction should be taken into consideration when making generalizations on the anti-corruption campaign’s impact on factions and will be when extrapolating data points from the China File’s “Catching Tigers and Flies”.

4.2 Bo Xilai and Zhou Yongkang

While Bo Xilai was arrested and put on trial before the 18th Party Congress, many suggest Xi’s anti-corruption campaign began with targeting this individual (Fewsmith 2014: 1). The story of his downfall remains to be a case of hot dispute, yet a simple explanation should be attempted. It all began when his wife was charged with murdering a British businessman in 2011, an investigation that had been blocked by the police chief of Chongqing, Wang Lijun (Page 2013). After Wang was demoted by Bo, he realized Bo was trying to make him take the fall for the murder scandal causing him to flee to a U.S. consulate to avoid persecution. In the end, this tactic failed him, as the U.S. was disinterested in meddling in this particular affair and he was eventually denied asylum (Wines and Ansfield 2012). Furthermore, the whole episode was accented, at least in the Western media, by the faction of President Hu Jintao’s (of which Xi was a part of) disapproval of Bo’s governing style which may have led to his targeting harsh sentencing (Ibid.).

Furthermore, the relationship between Bo and Zhou Yongkang has been widely documented as scholars suggest the downfall of Bo was a precursor to eliminating Zhou Yongkang's influence by chipping away at the outer ring of Zhou's power (Ibid.). In fact, news outlets in China have suggested Zhou and Bo were the two most powerful politicians to fall from an anti-corruption campaign in many years, making it fitting to examine them and why they fell out of favor with the powers that be (South China Morning Post 2015). In 2013 Zhou was the first active or retired member of the Politburo Standing Committee to be targeted and jailed by an anti-corruption campaign in the history of the PRC (Menzel 2015: 14). Additionally, while the relationship between Bo and Zhou stems further back to the early 2000s, Zhou informally picked Bo to replace him in the Politburo Standing Committee, as Zhou retired from the elite CCP body in 2012 (Ho and McGregor 2013). Interestingly, the Chinese state media outlet *Phoenix Weekly* suggested Bo and Zhou planned on undermining the pro-market reforms touted by Xi, the continuation of the pro-market reforms established by Deng Xiaoping in the 1970s and 1980s considered sacrosanct by the Chinese people for its effects of lifting hundreds of millions of them out of poverty (South China Morning Post 2015). While determining the degree of truth to the Zhou-Bo coup/economic liberalization undermining conspiracy is immensely difficult, Zhou's official position within the CCP as head of internal security and his vast network of allies may have given him some opportunity to weaken Xi and his plans for increased liberalization.

Also, it is not difficult to see Zhou's interests lay in continuing the state capitalist status quo, as his career began in the state controlled petroleum sector as he rose to head of the immensely lucrative Chinese National Petroleum Corporation (CNPC) where many of his allies also worked (China File 2016). While his powerbase stemmed from relationships with family members as well (who mostly worked in SOEs and high-end businesses), many of his influence

rested in the interpersonal connections he established in Sichuan Province too, but particularly the state owned petroleum industry. Either way, it is clear to even a casual observer that Zhou's network was diverse, mostly high-ranking and powerful in its own right. Finally, it is also clear his position as a former petroleum executive in congruence with his allies connected to SOEs that his aims were to maintain the state capitalist status quo which in effect supported the continuation of the influence of the SOEs.

Figure 2: ‘Tigers’ Arrested in Anti-Corruption Campaign: Political Connections of Zhou Yongkang and Bo Xilai. Data from the China File (2016).

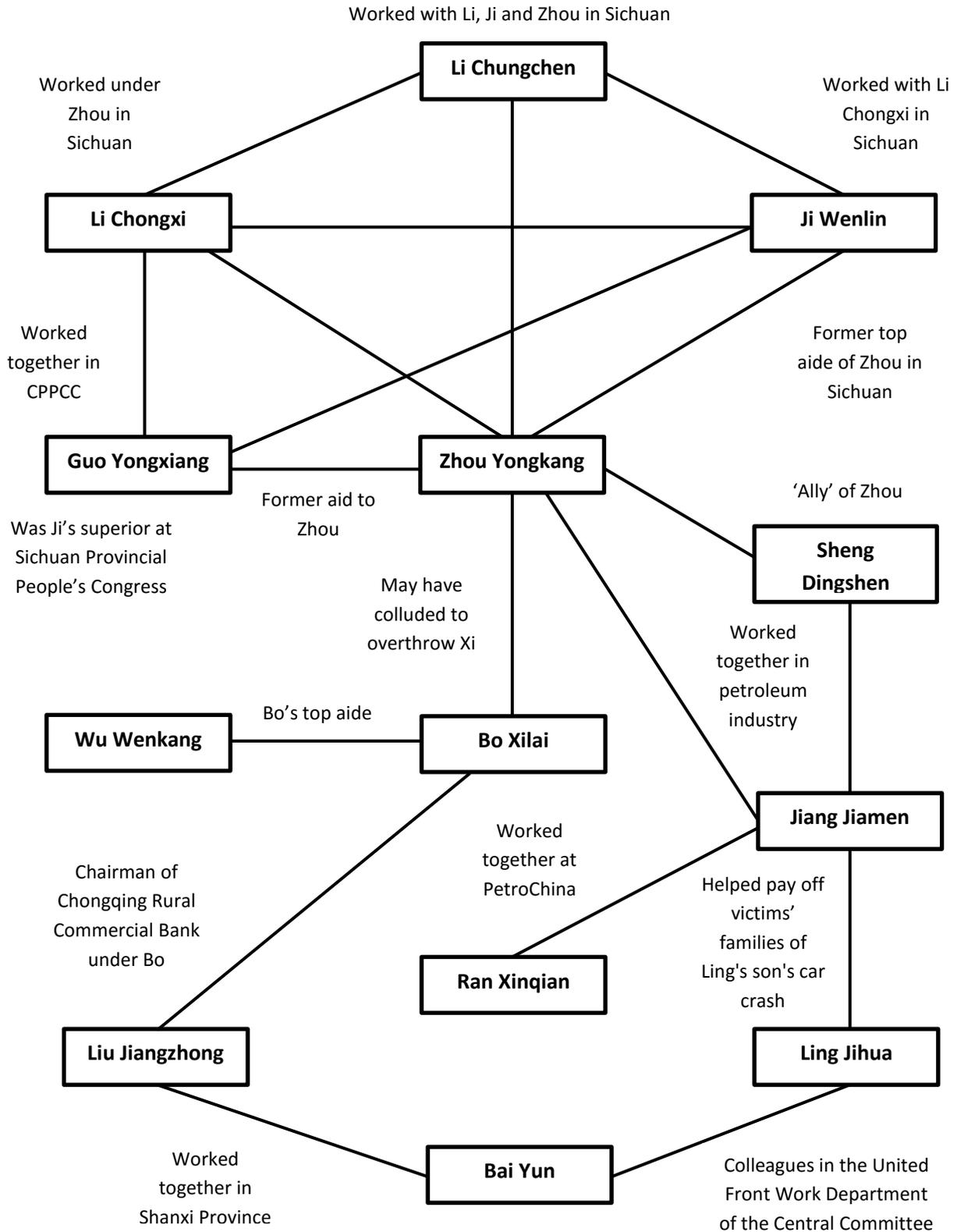


Table 1: List of ‘Tigers’ Targeted by Anti-Corruption Campaign Close to Bo Xilai and Zhou Yongkang

Individual Targeted	Party Status or Sentence	Clique or Sector as Defined by the CF	Most Recent Position
Bo Xilai	Life in Prison	Princeling; Jiang Zemin	Chongqing Party Secretary
Wu Wenkang	Life in Prison	Chongqing; Bo Xilai	Deputy Secretary General Chongqing Party Committee
Liu Jianzhong	Expelled from National People’s Congress	SOE; Coal; Mining	Chairman of Shanxi Energy Group
Ling Jihua	Expelled from CCP	Shanxi	Vice Chairman of CPPCC; Former top aide of Hu Jintao
Bai Yun	Expelled from CCP	Shanxi; SOE; Mining	Standing Committee Member
Zhou Yongkang	Life in Prison	Sichuan; Petroleum; Jiang Zemin	Politiburo Standing Committee
Ji Wenlin	12 Years in Prison	Public Security	Deputy Governor Hainan Province
Shen Dingcheng	Investigated	CNPC; SOE	Party Secretary, Vice President of Petro China International
Li Chuncheng	13 Years in Prison	Sichuan	Deputy Party Secretary Sichuan Province
Li Chongxi	12 Years in Prison	Sichuan	Chairman Sichuan Education Department
Guo Yongxiang	20 Years in Prison	Sichuan; Petroleum	Vice Governor Sichuan Province
Jiang Jiamen	16 Years in Prison	SOE; CNPC; Petroleum	Director of SASAC
Ran Xinqian	Investigated	Petroleum; PetroChina; SOE	Vice President of PetroChina

Data from the China File (2016)

While Zhou’s allies were dispersed among multiple level and sectors within China’s political and economic establishment, Bo’s were much more centralized to Chongqing where he was demoted from being China’s Minister of Commerce to the post of the Communist Party Secretary of Chongqing city. However, this did not deter his nation ambitions. Quite to the

contrary, Bo used this new position to formulate his own economic model, dubbed the Chongqing model, accented by using the government to thwart economic inequality, rejecting globalization and avoiding free-market capitalism policy implementation. As the party secretary of Chongqing, Bo found himself in a situation in which he enjoyed a large degree of leeway to implement his new economic model. He did so by focusing on increasing rural and urban economic development, creating social-welfare programs for the poor and in general reducing inequality which he believed to be increased by free-market reform. Additionally, these policies also coincided with an advocacy of renewed Maoism including the revival of red songs, building Maoist monuments and, in general, nostalgia for the Maoist era. While Bo was successfully creating himself as a popular leader in Chongqing, he also vocally challenged the embracement of neo-liberal economic reform that Xi and his faction ended up supporting. This in conjunction with openly campaigning for a seat in the Politiburo Standing Committee is what many scholars view to be the true sin of Bo Xilai and the reasoning behind why he was targeted by the anti-corruption campaign (Ho and McGregor 2013).

4.3 The Allies of Bo and Zhou

Considering the almost casual nature of the charges of treason against Bo and Zhou by state media outlets and the vast networks they yielded, the downfall of Bo and Zhou's allies is not surprising either. Furthermore, the dataset as formulated by the China File points to the way in which state capitalist agendas were in line with Zhou's close entourage. While Bo and his allies in Chongqing blatantly and (perhaps more importantly to his demise) open challenge to the Guangdong model, accented by its preponderance to economic liberalization, Zhou and his allies were clearly on the side of the SOEs and the model of state capitalism as forwarded by Bo. Nonetheless, taking a look at the 'tigers' jailed by Xi's anti-corruption campaign demonstrates

the trends previously outlined. Of the seven ‘tigers’ connected to Zhou (six of which were jailed for more than ten years), four of them were categorized as either connected to the petroleum industry, CNPC, SOEs or the promotion of state capitalism (i.e. connections to Bo Xilai and his Chongqing model). Of the three ‘tigers’ connected to Bo, two (Liang Jiemen and Liu Jianzhong) were connected to SOEs and the petroleum industry, respectively. Of the ‘tigers’ jailed who were connected to Bo and Zhou, the individuals who were not connected to SOEs or state capitalist interests were exclusively personal aids or secretaries under either Bo or Zhou.

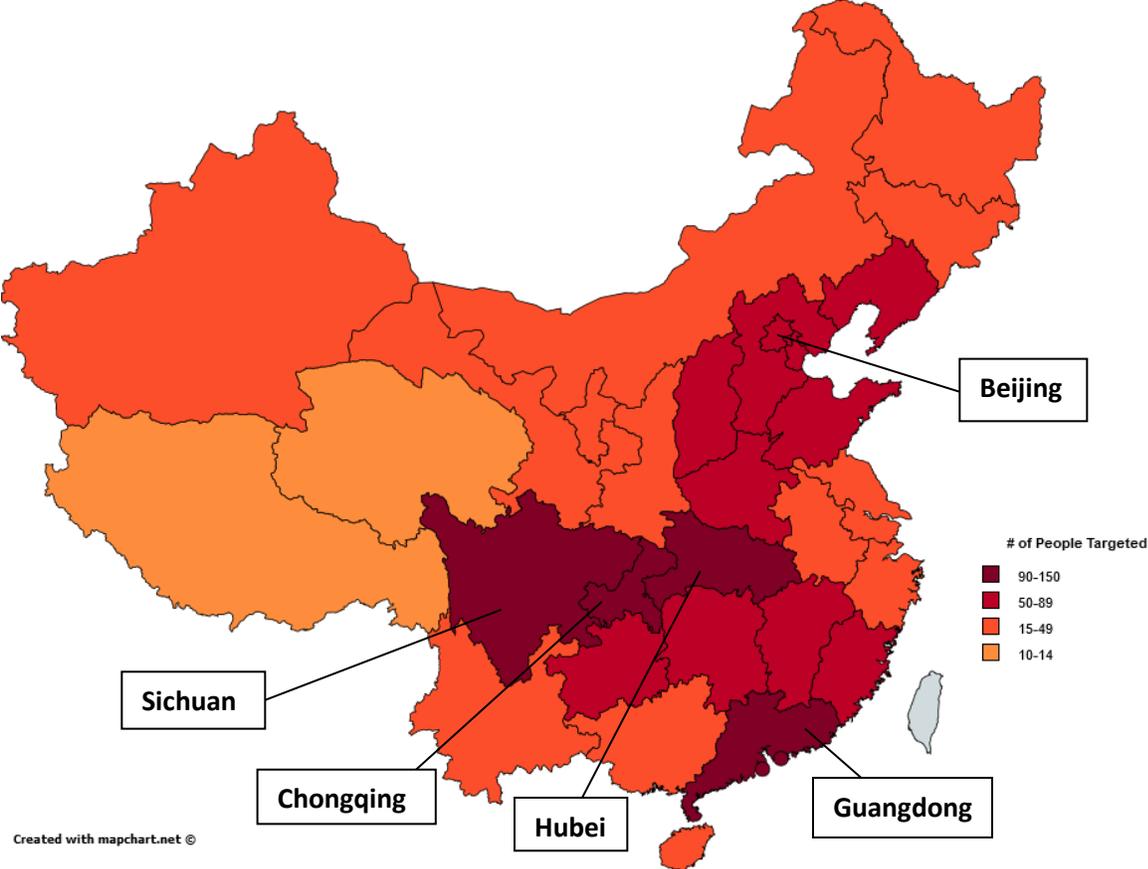
Specific individuals of note around Zhou who fell to the anti-corruption campaign include who are referred to as the ‘Secretary Gang’. The magazine *Caixin*—a publication with close ties to CCDI Chairman Wang Qishang—allegedly gave details on the ‘Secretary Gang’ that “could only have come from inside the Party,” (He 2014: 1). While the term ‘secretary’ may imply clerical work, these individuals’ tasks were far from the mundane paperwork and answering the office’s LAN line. These upper-echelon CCP ‘secretaries’ are their bosses’ fixers or the individuals who take care of illegal activities their superiors don’t want to get their hands dirty with. For example, Jiang Jiamen was a fixer for Zhou Yongkang in covering up Ling Jihua’s son’s fatal drug and alcohol-induced car accident which killed him and the two young women in which he was with.

4.4 Geographic Breakdown of Anti-Corruption

There are a few additional notes to be taken from the China File’s database in terms of geographic anti-corruption allocation. First, the China File lumps in Sichuan Province with Chongqing Province, making it difficult to discern individuals associated with Zhou Yongkang and his Sichuan faction and figures that may have been close to Bo Xilai in Chongqing. In spite of this, categorizing individuals targeted within these two provinces together makes sense

analytically considering the close relations between the leaders of both provinces (i.e. Zhou Yongkang and Bo Xilai). Nonetheless, the Sichuan/Chongqing Province categorization ranks the grouping among the provinces with one the highest amount of ‘tigers’ and ‘flies’ targeted (investigated, arrested or jailed). Another interesting revelation the map shows is the disproportionately high degree in which ‘tigers’ and ‘flies’ in Guangdong Province have been targeted. While Guangdong Province saw 166 ‘tigers’ and ‘flies’ targeted, the province second to Guangdong (Hubei) only saw 104 with Sichuan close behind with 94 total individuals targeted. An additional point on the macro view of ‘tigers’ and ‘flies’ distributed geographically suggests that the anti-corruption campaign targets the coastal provinces like Guangdong and the eastern industrial provinces like Hubei.

Figure 3: Distribution of the Total Number of Individuals Targeted by Anti-corruption Campaign by Province

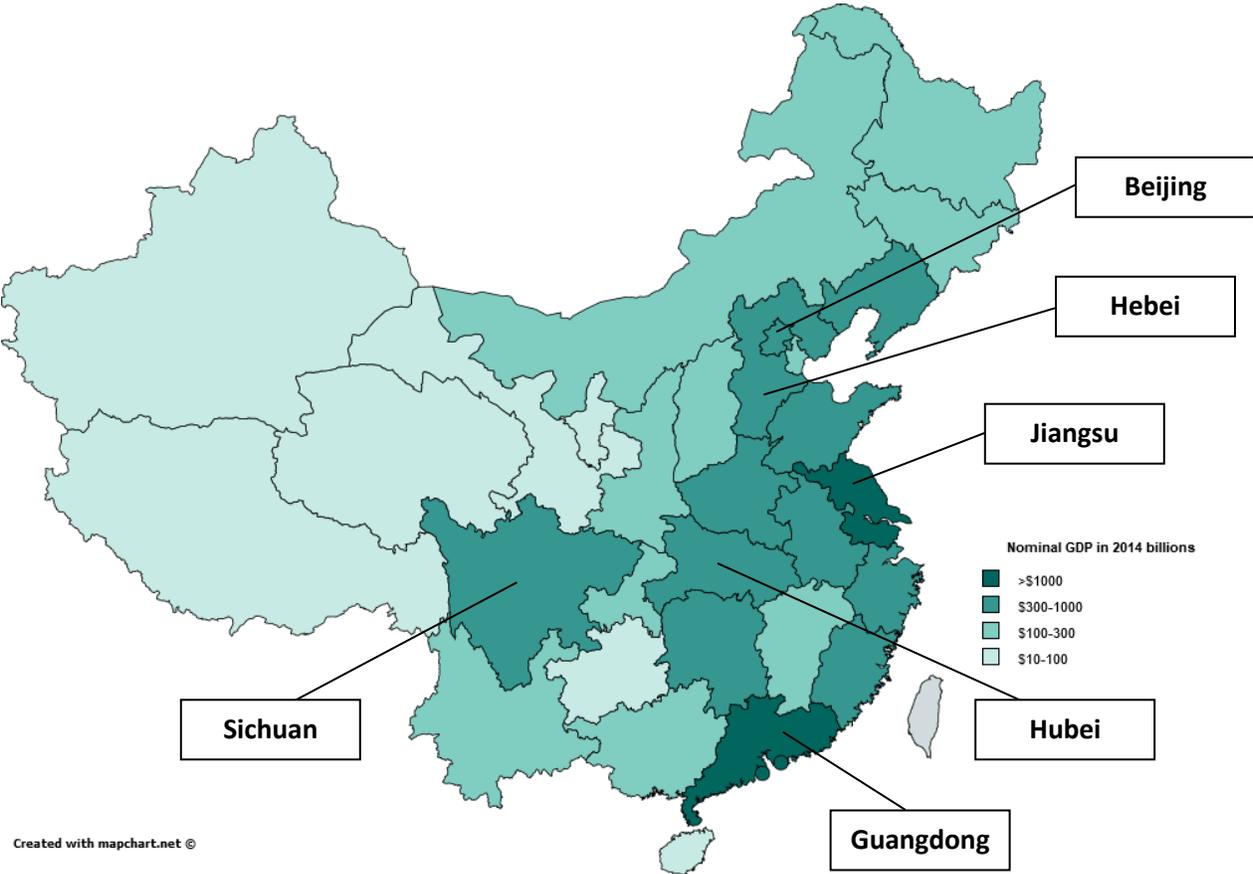


Data extrapolated from China File (2016) dataset and created with Mapchart.net

A final note on the overall distribution of ‘tigers’ and ‘flies’ targeted by the anti-corruption campaign is that the overall impact of the campaign is relatively high in the eastern industrial regions where economic growth is high compared to the regions where economic development is low. Guangdong Province has the country’s highest GDP per capita and also the highest number of ‘tigers’ and ‘flies’ targeted (150) by the campaign. To assert the economic disparities between the western provinces and the coastal and more eastern provinces is not a novel idea. Nonetheless, it appears the anti-corruption campaign tends to be more of a force

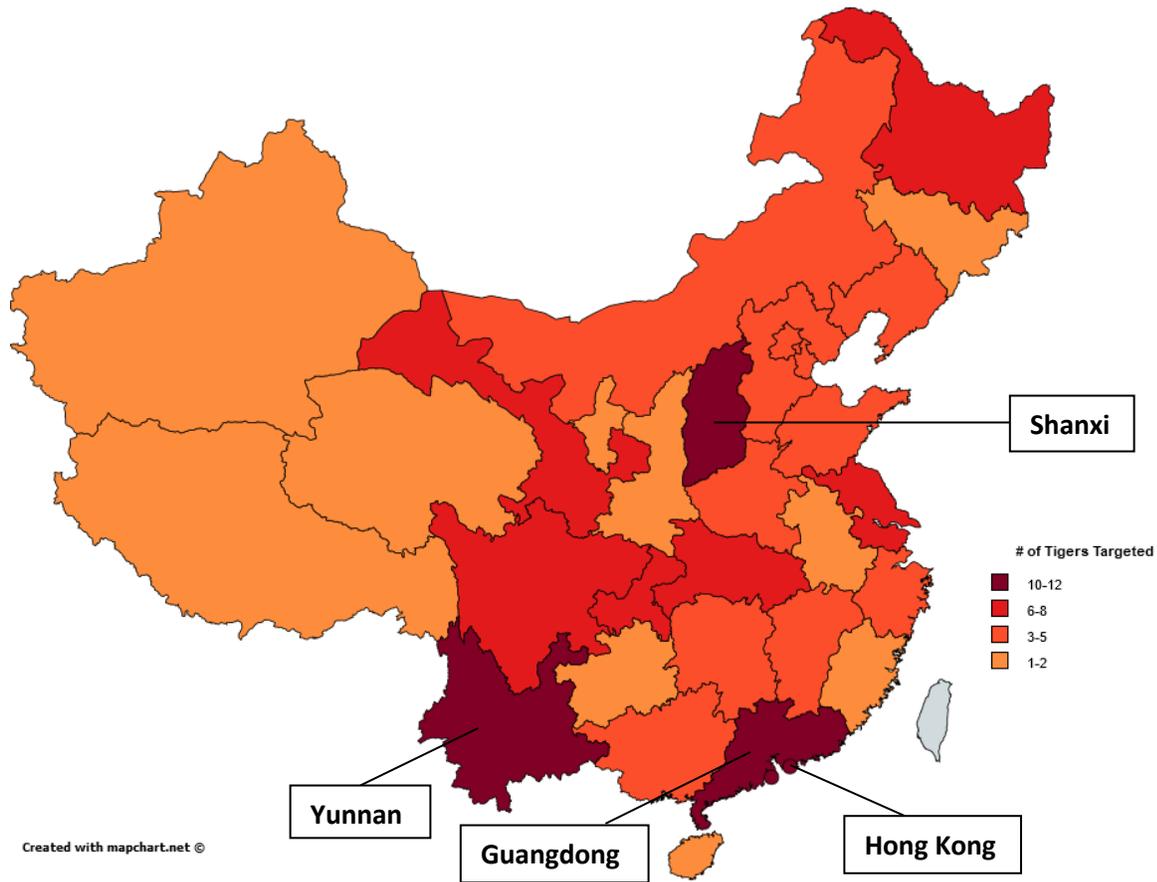
where there is more economic growth, especially where most of China’s special economic zones (SEZs) are located in Guangdong, but high economic growth is also found in Sichuan, Jiangsu and Hubei. The economically strong Beijing and Hebei have also seen a large impact of the anti-corruption campaign on their political leadership at the provincial level.

Figure 4: Distribution of Nominal Gross Domestic Product by Province 2014



Groupings Modified based on the National Bureau of Statistics of China (2015)

Figure 5: Distribution of ‘Tigers’ Targeted by the Anti-corruption Campaign by Province



Data extrapolated from China File (2016) dataset and created with Mapchart.net

A few other takeaways should be listed from the geographic distribution of ‘tigers’ targeted by the anti-corruption campaign. Of note is the high degree to which ‘tigers’ in Shanxi, Yunnan and Guangdong provinces were targeted. As previously noted, cliques have formed around where ‘tigers’ work within the CCP geographically at the provincial level. Shared economic interest flourishes within provincial governments, creating an environment for geographically-based cliques to form. Not coincidentally, each of the three aforementioned provinces are quite economically important for different reasons; Guangdong is where most of the SEZs are located whereas Yunnan’s economic potential is great considering its geographical

location to Myanmar, the potential route through which Chinese goods may flow to bypass the South China Sea and Strait of Malacca. Furthermore, ‘tigers’ within each of the three provinces that were targeted are either directly involved in SOEs, raw material extraction or have connections to individuals within state capitalist institutions. While the ‘tigers’ in Guangdong were not labeled as some sort of clique, the Yunnan Group and the Shanxi Group were formulated by the China File as such.

4.4 The Overall Trend of High-Level Targets Linked to SOEs

While the campaign appears to have begun with political struggles and Xi’s consolidation of power, taking a broader look at the entirety of linkages and associations of high-ranking individuals the anti-corruption campaign targeted additionally points to a political economic component often overlooked by academics. While “Catching Tigers and Flies” does not have information on the backgrounds and associations on every individual, this research would be remiss if I did not take a look at the macro-level of associations. Of all of the groupings “Catching Tigers and Flies” tracks, SOEs is by far the largest with 188 figures of which 15 are ‘Tigers’ and 173 are ‘Flies’. The mining categorization, an industry in China dominated by SOEs, includes 42 total individuals in which 4 are ‘tigers’ and 38 are ‘flies’. Combining the petroleum and energy categorization with four of China’s largest petroleum SOEs (PetroChina, CNOOC, Sinopec and CNPC) captures a total of 52 individuals with 11 ‘tigers’ and 41 ‘flies’. It should also be taken into consideration the way in which ‘tigers’ and ‘flies’ is defined can change these metrics. One such approach suggests as many as 115 SOE ‘tigers’ have been targeted as of May 2015 (Anderlini 2015). One state media news report suggests that the investigation of 14 SOEs in 2013 and 2014 has “led to the fall of 70 executives” (Xinhua 2014). Overall, SOEs in general and the petroleum industry in particular have faced mounting pressure

under the Xi/Li regime. While there are many reasons behind this which has been inferred earlier, one reason in particular has stood out which academics seem to be shy to suggest in light of the difficulties surrounding any attempts to create statistical causation between the two notions. In other words, the reasons behind why the SOEs are being targeted for anti-corruption, similarly to the reasons behind the anti-corruption campaign as a whole, are difficult to quantify.

In all likelihood—as with most political decisions within China—the motives of the sustained move against specific SOEs, and state capitalist interests, are likely multi-faceted. Xi articulates the anti-corruption campaign as an attempt to transform the business culture in China away from the rampant bribe taking and giving which plagues it. What is not up for debate is how the CCDI is purposefully targeting major SOEs in the anti-corruption campaign. We know this to be the case because CCDI Chairman Wang Qishang called out 26 of the largest SOEs in 2015, outlining the ways in which the CCDI will ramp up its anti-corruption campaign against their cronyism, graft, promotions for monetary exchange and “forming of cliques” (Tiezzi 2015). As noted, this is merely a fraction of the total amount of SOEs, but it should be noted that these are some of the largest in terms of market capitalization which means that they are, in turn, potentially the largest institutions in China in terms of monetary waste in the form of corruption.

Chapter 5—The Impact of the Campaign on China’s Economic Institutions

Viewing the anti-corruption campaign through the lens of political economy exposes the ramifications of the anti-corruption campaign on high-ranking individuals within China in addition to China’s economic-related institutions. Attempts to rebalance China’s economy away from exports and towards consumption faces multiple hurdles along the way. As Guangdong Xu (2015: 1352) notes:

“Rebalancing the economy will not only hurt powerful interests groups (such as state-owned enterprises, which benefit greatly from the distortionary policy environment) but also challenge the governance strategy of the part-state, which is hostile to the operation of a free market, frightened of the rise of private entrepreneurs, and obsessed with buying political support through rent creation and allocation.”

It seems to be a fair assessment that rebalancing the economy through economic reform and liberalization is a tall order in the face of the immense opposition to it. While Xi has clarified the “distortionary policy environment” by centralizing economic policy formulation to the Central Leading Group for Comprehensively Deepening Reforms (chaired by Xi), being able to corral the rest of the deeply embedded state capitalist economic interests is an entirely different and perhaps more difficult accomplishment to achieve as can be seen through previous efforts. Although Xu points out the degree to which Hu Jintao attempted to fix China’s economic imbalance to spur consumption from 2005 to 2010 by expanding welfare programs and increasing minimum wages, they largely failed to do so in part of the lack of understanding as to just how difficult it would be to spur consumption through increasing middle-class monetary capital (Ibid.: 1361).

As intended, Xi's anti-corruption campaign has directly come in regular contact with opponents to liberal economic reforms on multiple occasions, especially government institutions. The campaign has not only targeted political competitors with controversial economic policies like Bo Xilai, but also multiple individuals at the helm of major economic-related institutions such as the NDRC. It is institutions like the NDRC that are foundational to the state capitalist economic system. Dismantling them would effectively end the bureaucratic role the government enjoys to approve and oversee large-scale industrial economic projects. This is exactly what Xi's intentions were when he went after the NDRC. The following section outlines the way in which Xi effectively dismantled the NRDC from a state capitalist economic project creating establishment to an economic reform think tank led by one of Xi's close cadres.

5.2 How Xi Transformed the NDRC

Under the presidency of Hu Jintao, the NDRC epitomized the state capitalist economic model China embraced throughout the early 2000s. Established in 1952 as the State Planning Commission, the institution originally began as a Soviet-like centrally planned economic commission. Losing power after the economic reform under Deng Xiaoping, it regained responsibilities in 2003 when it amalgamated with the State Economic and Trade Commission and the State Council Office for Restructuring the Economic System. At this time, the combined institution was formally renamed as the National Development and Reform Commission. Its power peaked in 2009 when the global financial crisis hit and the Chinese economy required a RMB 4 trillion (\$654 billion) injection into the economy, involving many different types of investment projects throughout China. All of these projects were meticulously coordinated by the NDRC. At this time, the NDRC was so powerful, it was referred to as China's "mini State Council" (Gore 2011). To sum up the NDRC's role in the economy, Huaxia Shibao (2013)

described it as “heavy on micro, light on macro; heavy on approvals, light on planning; heavy on development, light on reform.” This all dramatically changed when Xi Jinping came to power in 2012.

Xi’s anti-corruption campaign hit the NDRC quickly and with an institutional-jolting shakeup from which it has to yet recover. On May 14th, 2013, about six months into Xi’s reign, one of the organization’s greatly influential Deputy Directors, Liu Tienan, was dismissed from the organization on corruption charges. This shakeup came only a few months after Chairman Zhang Pang was replaced by Xu Shaoishi, a notable liberal reformer and close confidant to Xi, fueling speculation over the future of the organization (Ibid.). Xu is now also, unprecedentedly, the Chairman and the Vice Chairman of the NDRC, a move previously avoided to prevent too much power accumulation within the institution. The life imprisonment sentence of Liu Tienan was one of the first of its kind of the anti-corruption campaign, marking a watershed moment in modern Chinese politics as it was one of the highest level corruption cases of its kind since the Mao era while simultaneously freeing up previously gridlocked obstacles the NDRC posed (Wong 2014). As one of China’s top economists, the fall of Liu Tienan signaled a major shakeup in China’s economic policy-making and implementation. After these developments, the NDRC received another blow with China’s official economic policy outlined in the Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms which was introduced in the Third Plenum.

Now, the dramatically changed NDRC is “heavy on macro, light on micro; heavy on planning, light on approvals; heavy on reform, and lighter on developmentalism,” (Martin 2014: 1). Getting the NDRC out of Xi’s way was necessary in order to implement any economic reforms (Ibid.). That being said, China hasn’t emerged from this policy reform as some sort of

laissez faire free-market economy. Rather, the reforms, in conjunction with the anti-corruption campaign, are in part being used to restructure China's political leadership in order to pave the way for more economic reforms towards economic rebalancing further down the road. Ending the influence of the NDRC was just one piece of the larger political economic puzzle, but a rather important one that ended up occurring before the rest of the obstacles could be removed.

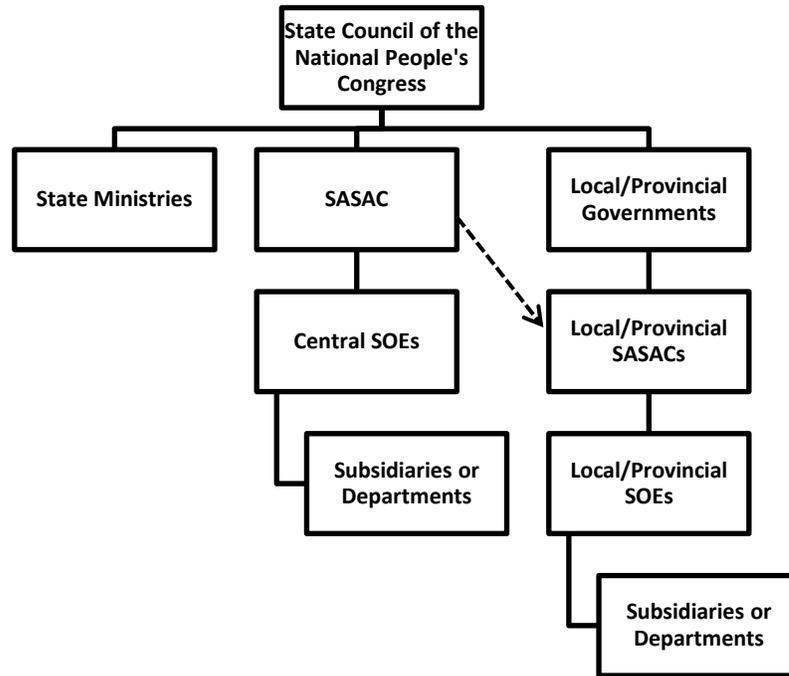
5.3 The State-owned Assets Supervision and Administration Commission

SASAC has also seen major changes under the reign of Xi. As the main bureaucratic institution under which all of the SOEs are managed, SASAC is quite an influential institution within China. It also greatly benefits from the continuity of SOE influence within the framework of the Chinese economy, as the SOEs preeminence within China's 2000s economic model gives the institution a *raison d'être*. China observers have acknowledged that SASAC has largely benefited from the current unbalanced economic growth model dominated by SOEs that SASAC oversees (Wang 2014). A particularly interesting note is how Jiang Jiemen was the individual in which Zhou Yongkang used to help funnel money to Ling Jihua to bribe the families of two victims who were killed by his son in a fatal car crash which took his son's life as well (see Figure 2). While this may be true, it must be said that incidents of rampant corruption have occurred like this before, the car crash could have been covered up had the powers that be wished to do so. Again, it must also be said that it appears the anti-corruption campaign has proverbially killed two birds with one stone; while Jiang's trial and subsequent sentencing of 16 years in prison appears to have rooted out actual corruption, it also dislodged a powerful individual with an inherent interest in maintaining the economic model status quo. Perhaps as a symbolic gesture to Xi's commit to anti-corruption, Jiang was replaced by the former General Secretary of the CCDI, Zhang Yi. However, before continuing into the political details of Jiang

Jiemen, I will now outline the role of SASAC and how Xi took action against this state capitalist institution as well.

As previously stated, SASAC's main role was overseeing the many SOEs and allocating resources to them. SASAC wields considerable power over the SOEs as it dictates industrial policy, fiscal agendas and commercial decisions to the SOEs executives. The reasoning behind why the SOEs' executives fall in line with these orders is that they are incentivized to do so for two reasons. First, SOEs, and in turn their leadership, are rewarded by success, generally measured by the nominal degree of profits in which they reach. Secondly, appointments of SOE leadership and the future political or private career paths of former SOE executives is determined by the Central Organizing Department of the CCP which greatly takes into consideration the input of SASAC in determining the degree to which they were personally cooperative in taking orders from SASAC leadership which in turn takes orders from the CCP (Szamosszegi and Kyle 2011). SASAC also acts as the majority stakeholder or owner in most of the SOEs making the success of the SOEs fundamentally in the interest of SASAC (Ibid.). In addition to the national SASAC there are also provincial or local SASACs which are performative of the same functions the national SASAC conducts, but for smaller more regional SOEs. While somewhat independent, these local SASACs are also beholden to the national SASAC, but to a lesser and more informal degree than the larger SOEs. The hierarchy of this system is top down, beginning with the upper-echelon of the CCP leadership in the State Council of the National People's Congress.

Figure 6: Structure of hierarchies between SOEs, SASACs and central and local governments



Source: U.S.-China Economic and Security Review Commission (2011: 6)

Local SASACs are equivalent to holding companies in that they directly own the shares of SOEs previously owned solely by the state, but central or national SOEs are still larger and therefore more important than local SOEs in determining the degree of influence within China’s political dynamics (Lee 2009: 8-9). Furthermore, in spite of the lack of direct control of the local and provincial SASACs by the central governmental SASAC, the central SASAC still maintains direct control over central SOEs which are the most important economic players, as of now, in China’s economy therefore making the central SASAC more influential in determining economic policy than the local SASACs. In light of this, the central SASAC suggested that particular industries were to be as ‘strategic’ and ‘pillars’ of China’s economy. In short, this decision, approved by the State Council, mandated SOEs in ‘strategic’ industries to be at least 50% owned by the national government in order to protect the strategic economic interests of China. SASAC

decided petroleum, petrochemical, electricity power and grid, telecommunications, civil aviation, defense, coal and shipping industries to all be designated as strategic industries. Pillar industries include equipment manufacturing, automobiles, information technology, construction, iron and steel, chemicals, metals and geological surveying industries. In other words, in almost every major industry there is some sort of state control which is dictated by SASAC.

5.4 Jiang Jiamen and his Role in State Capitalist Institutions

While Jiang Jiamen may not have held his position as the director of SASAC for a long duration, it is still immeasurably important to look at his history in state capitalist institutions, especially SASAC. The China File (2016) associates him with SOEs and the petroleum industry which makes sense considering his career began at multiple state-owned petroleum enterprises including the Shengli Petroleum Administration Bureau, the Qinghai Petroleum Administration Bureau and finally CNPC in 1999 where he was part of the leadership in charge of its initial public offering. From here, he exited industry and entered politics becoming Deputy Party Secretary of Qinghai province shortly before re-entering the petroleum industry at CNPC. In 2012 while he was enjoying his lucrative career in one of the largest SOEs in China, one particular colleague of his—Ling Jihua—was reeling from the aforementioned political scandal involving the fatal car accident of his son who died along with two women riding with him. It was widely reported that Jiang wired money to Ling to help pay off the families of the two women who died along with his son (South China Morning Post 2014). This episode may simply demonstrate politically motivated charges to get him out of the way, an example of the anti-corruption campaign doing what it was intended to do, or both. Either way, he was swiftly dealt with by being immediately demoted and was later sent to jail for a lengthy stint.

While it has been suggested Jiang's downfall was the cause of the targeting of the state owned petroleum conglomerates (Chen and Areddy 2015), he was at the time the highest ranking CCP member to have been caught up in the anti-corruption campaign (Chen 2013), a common reescalation throughout 2013 with each additional 'tiger' to have been targeted. In the aftermath of his arrest, the China Daily, a renowned mouthpiece of the CCP, openly asserted that Jiang's arrest was a way to pave the way for reform in the petroleum industry (Juan 2013). Furthermore, Jiang's arrival as the head of SASAC came just a little too late to make a difference in his career or political survival. Most of the literature surrounding Jiang focuses on his role in the petroleum industry and how his targeting represents an attack by Xi on the petroleum SOEs. While this may be the case, his appointment to SASAC is representative of the influence pro-state capitalist interests exerted within the system. The individual who replaced him, Zhang Yi, represents a similar move of Xi's to that of the NDRC; whereas a pro-state capitalist was in charge of the large institution before, the individual who replaced him had roots in the CCDI. A seemingly symbolic move, the replacement of Jiang is merely another example of a high-ranking individual succumbing to a battle which may not have been winnable with Xi at the helm. As the coup de grâce of the whole episode, Zhang was not only nominated to be the Chairman of SASAC which oversaw its operations, but he was also tapped to be the Secretary of the Party Committee of SASAC which was the liaison of SASAC to the CCP. A seemingly benign move, it was unprecedented in SASAC's history to have the same person occupy both posts as it was feared such an individual would have accumulated too much power within SASAC (South China Morning Post 2013).

President Xi has openly stated his desire to reform the many SOEs under SASAC, in a de facto manner through overseeing the formulation of the Decision on Major Issues Concerning

Comprehensive and Far-Reaching Reforms. However, this cannot be done without reforming SASAC itself since its initial inception and practical implementation of its mandate since 2003 was to manage the SOEs. After President Xi entered the fray, this reformation is exactly what happened. China Daily, another mouthpiece of the CCP, announced at the end of 2014 that SASAC would be reformulating its mission to comply with the Deepening Reform Decision set out in the Third Plenary Session of the 18th CCP Central Committee. In doing so, SASAC has named six SOEs to pilot reforms in the ownership structure by opening up their management which would in effect be “setting up a more effective system of boards of directors,” (China Daily 2014). In other words, the appointments of SOE executives will not solely be decided by SASAC which, as previously noted, was a major privilege of SASAC creating a relationship between the heads of SASAC and the heads of the SOEs. Without this connection, their bonds are broken along with their mutual interests.

While ownership allocation of a few SOEs may not seem like a watershed moment, the slope of these reforms can be slippery. Many scholars have suggested the way in which China should reform its SOEs and in turn SASAC is the way in which Singapore organized its Temasek sovereign wealth fund through privatization, transparency and limited government asset allocation (Chen 2016: 305). In a highly touted policy paper on Chinese state capitalism, Li-Wen Lin and Curtis Milhaupt suggest a “reorientation of SASAC toward the Temasek model would require a relaxation of party involvement in key managerial appointments and further devolution of control over the national champions to outside investors and independent directors,” (Lin and Milhaupt 2013: 754). This is exactly the direction in which SASAC is moving towards with the incremental reorientation of direct SASAC control over the appointment of SOE executives. And while the transparency of SOE appointments is still to be determined since the process is in an

experimental phase, there is much evidence to suggest China prefers the Singaporization of its economy—economic liberalization with political authoritarianism. As noted in the theoretical section of this paper, China is looking to reform through policy implementation and has learned how to accomplish its goals by observing its neighbor Singapore.

While China remains to be somewhat of a ‘black box’ when it comes to internal politics, the overall trend in terms of its political economy appears to be changing, if ever so gradually, towards a less heavy handed interventionist government in the economy. This has been the trend since the opening up of China and Deng Xiaoping’s reforms in the 1970s. It is why President Xi’s first major on-site visit within China was a mirroring of Deng’s ‘Southern Tour’ which saw the leader visit the cities of Zhuhai, Foshan, Shenzhen and Guangzhou. This in and of itself signaled to world Xi’s commitment to economic reforms, yet detractors are still yet to be convinced of his sentiments and sincerity of the matter (Kwok 2013). Whether this reform continues to be the trend with its state capitalist institutions remains to be seen, but it is clear the reform process under Xi Jinping has dramatically transformed China’s state capitalist institutions including the NDRC and SASAC. These reforms also coincided with the toppling of their pro-state capitalist leaders which many considered to be a necessary precursor to the institutional change, a change that could only have occurred under the auspices of ‘anti-corruption’ which included charges that may or may not have been real. Whether they were guilty or not does not matter. What does matter is the impact the campaign has had on China’s political arena and the way in which it has targeted a specific group of people.

5.5 The Impact of the Anti-Corruption Campaign on SOEs Directly

The Chinese government outlined an extensive SOE reform package in September 2015 designed to cut down on the perceived massive waste emanating from the imposing SOE sector (Bland 2015). In it, the Xi administration outlined the structural reform required in order to cut down on the monetary waste, modernize the SOEs and restructure them to be more market-oriented (Ibid.) Yet, this goal cannot be accomplished without displacing individuals embedded within the SOE power structure who do not wish to see the power of the SOEs diminished or who do not want privatization to proceed without their involvement. Additionally, taking a look at the China File's dataset on anti-corruption reveals another interesting extrapolation on the demographics behind who is being targeted within the upper-echelons of the CCP power structure.

A final examination of the factions or sectors in which individuals have been targeted demonstrates the most targeted sect within the CCP is individuals associated with SOEs or SOE industries. Of the 1713 individuals targeted by the campaign, 189 were associated with SOEs. Before the next point, a note should be made that not all individuals associated with specific industries are pointed out to also be associated with SOEs, yet these individuals are within SOEs. By lumping in all of these categorizations together (including mining, petroleum, banking, finance, energy, construction, automobile, rail and coal), it shows a total of 312 individuals to have been targeted by the campaign, 30 of which were 'tigers' and 282 of which were 'flies'. A holistic view of the entire dataset clearly shows that individuals who have been labeled as belonging to one sect or another are overwhelmingly associated with industries owned by the government. That being said, only 763 of the 1713 individuals are associated with a sect, industry or categorization. Nonetheless, of the 175 tigers caught up in the campaign, a majority

of them (117) are categorized, likely due to more information available on more public and high-ranking individuals.

Using the aforementioned categorization of SOEs and individuals associated with state capitalist industries, a filter of these individuals reveals that 33 of the ‘tigers’ are associated with state capitalist institutions. While not a majority, it is close to a plurality as the next largest group—the military—has had 44 ‘tigers’ targeted. This again confirms the assertion that while the anti-corruption campaign is not solely focused on economic reform, it is a part of it. Interestingly enough though, only four of the military ‘tigers’ have been sentenced and eleven arrested while 9 have been sentenced (mostly life or upwards of 12 years in prison) and 16 have been arrested. While the military has nominally been targeted more, the individuals in state capitalist institutions have been more harshly dealt with. The targeting of individuals associated with state industry appears to reflect the goal of reforming SOEs in addition to the previously mentioned reform policy paper.

Conclusion

This thesis has examined why authoritarian regimes enact anti-corruption campaigns by looking at the case of China’s current anti-corruption campaign. While authoritarian regimes are constantly focused on what Slovik (2013) refers to as the “problem of authoritarian control” and “the problem of authoritarian power-sharing”, this thesis has examined the motivations of authoritarian regimes and why they enact certain policies. Theoretically, authoritarian regimes are more so focused on intra-elite politics, as the problem of authoritarian control is really a matter of intra-elite factionalization. Because of the nature of authoritarian regimes, no one ruler can manage an entire country and must navigate through the dangerous politics of intra-elite

power struggles. These power struggles often result in ill-begotten policies which may or may not be legitimate, policies which may reflect the nature of intra-elite factionalization and power struggles. Furthermore, these policies may take many forms, whether they are through massive governmental overhauls or minor institutional shifts. While the CCP is not necessarily seeking a massive transformation of the political system, the institutionalization of state capitalism dictated by the CCP is gradually being shifted towards a more market-friendly economy. This, however, does require a somewhat large transformational shift away from the current economic model of exports and investment towards innovation and consumerism.

Furthermore, authoritarians are faced with a problem of legitimization which causes them to constantly seek legitimacy among the people and among the elites in which they are situated. This problem of legitimization is often on the minds of CCP leaders, as the CCP has lost the communist ideological legitimacy for its rule. This was replaced by legitimacy through economic growth which has been argued by some scholars to no longer be existent. Here is where the anti-corruption campaign enters. While the anti-corruption campaign may have a different purpose at different levels, this thesis has examined the ‘tigers’ that have been targeted through an analysis of the China File’s “Catching Tigers and Flies” interactive dataset. By examining specific ‘tigers’ targeted, their geographic distribution and their networks among each other, this thesis has determined the majority of ‘tigers’ and ‘flies’ are situated within power structures of the state capitalist economy. While taking Xi’s plans for economic reform into consideration, it is difficult to divorce the notion of economic liberalization in conjunction with the unprecedented crackdown of high-ranking CCP leaders with state capitalist interests in addition to ‘tigers’ at the helm of major state capitalist institutions including SOEs.

By concluding the anti-corruption charges against Bo and Zhou as power struggles, Xi's consolidation of power should also be viewed through the way in which he has consolidated the power of policy formulation and decision-making through the institutionalization of the leading small groups. While Bo and Zhou were accused of corruption charges under different circumstances, the motivations behind the charges seem relatively clear. High-ranking officials are not removed from power unless the government deems it to so. Bo attempted to push forward his Chongqing model of neo-Maoism reinforced by a renewed government-centered economic model while simultaneously openly criticizing economic liberalization. Zhou on the other hand appeared to be a central figure within the state petroleum industry, a proxy of former President Jiang Zemin, an ally of Bo and a potential coup plotter against Xi. None of this was tolerable to Xi and they had to be removed.

In terms of the economy, Xi has taken the so-called 'lost years' of reform under Hu Jintao and asserted his own agenda of economic liberalization in conjunction with a harsh crackdown of high-ranking 'tigers' with powerful positions within the CCP as well as SOEs and other state capitalist institutions such as the NDRC and SASAC. This thesis has dove into the details of the macroeconomic policy departments in the Chinese bureaucracy that have witnessed their leadership fall to the anti-corruption campaign. By examining the importance of these institutions in the state capitalist economic system and how they have been dramatically weakened since the rise of Xi, it appears this process may not have been possible without the removal of these individuals and the vast array of 'tigers' targeted by the campaign. That being said, I am not proposing Xi is not attempting to shift the business culture of *guangxi* at the individual level. Nonetheless, this thesis has focused on the 'tigers' caught up in the campaign and has concluded that while certain 'tigers' have been targeted for political purposes as a way of

removing them as political threats, many of those same individuals were entrenched in the state capitalist economic model that Xi is attempting to shift China away from.

Finally, this thesis examined the way in which state capitalist institutions have been targeted, specifically SOEs, the NDRC and SASAC. Their leaders were jailed under the auspices of anti-corruption and were then subsequently transformed from state capitalist institutions into more free-market oriented organizations led by individuals friendly to Xi Jinping's anti-corruption drive (both leaders in both institutions had backgrounds in fighting corruption within the CCP). While the final transformation of these institutions is yet to be solidified, they have both seen dramatic changes under (and likely as a direct result of) President Xi's reign. On speaking of President Xi's anti-corruption campaign and the way in which it has affected China's state capitalist institutions, Akio Takahar of the University of Tokyo contends that "political actors can contend for power through and around institutions, and institutions can better carry out their mission if they increase their relative power," (Bush 2015: 1). The dual approach of this thesis focusing on actors and institutions attempts a pseudo-holistic approach to the way in which President Xi's anti-corruption campaign has been conducted, proposing that the individual actors are central to the politics of authoritarian regimes, but that they are constrained by the institutions in which they find themselves in, primarily the authoritarian state and intra-state bureaucratic institutions. President Xi recognized these constraints and has increased his 'relative power' in terms of economic policy-making within the various institutions he transformed (i.e. the NDRC and SASAC) and created (i.e. Central Leading Group for Comprehensively Deepening Reforms) via the anti-corruption campaign and the institutions in which it operates, primarily the structure of the CCP and the anti-corruption enforcement agency the CCDI.

In conclusion, 2017 will see the changing of five of the seven members of the Politburo Standing Committee as they will have reached the Politburo Standing Committee's official retirement age requiring them to step down. There are only two members of the elite seven-member group that can't change: Xi Jinping and Li Keqiang. While speculation surrounding who those individuals will be, in light of the power plays Xi has made over the past three plus years, barring some sort of unforeseeable tectonic shift, it seems likely that the majority of those individuals will be aligned with Xi's agenda. Given the relentless political purge and centralization of Xi's power, the likelihood of the continuation of Xi's status quo only increases with time as Xi's power centralization only continues to grow. While the outcomes of this cannot be too certain, the relentless nature of Xi's anti-corruption campaign as a model for other authoritarian regimes appears to only increase with its success in its multi-faceted nature.

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