

So Crooked They Have to Screw Their Pants On: New Trends in Chinese Military Corruption

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Corruption is the most dangerous cancer in the ChiCom party-state today. The daily news is replete with new revelations of corruption by officials at every level of the system. Not surprisingly, the military vanguard of the party continues to be plagued by the same corrosive institutional corruption as the party itself, despite the military's divestiture from commercial operations in 1998 and eight intervening years of rapid and serious combat modernization. This article examines recent trends in Chinese military corruption, including the Wang Shouye scandal and the current PLA campaign against "commercial bribery." The article concludes that corruption in the PLA appears to have transitioned from a major, debilitating problem in the go-go days of PLA, Inc. in the 1980s and 1990s to a more manageable discipline issue in the new century. At the same time, the complicity of the military leadership in hiding Wang Shouye's extraordinary extra-legal behavior suggests that anti-corruption norms have not been institutionalized, making military leadership analysis a key element of understanding the depth and breadth of PLA corruption.

Too Much "Party"ing in the "Party-State"?

Corruption is the most dangerous cancer in the ChiCom party-state today. The daily news is replete with new revelations of corruption by officials at every level of the system. In the summer of 2006 alone, readers were treated to accounts of a massive fraud in the Shanghai social insurance system¹ (which ensnared the chief secretary of Fifth Generation leadership wannabe Chen Liangyu), a bribery conviction involving a SARS hero,² the arrest and expulsion from the party of a former director of Fujian's Bureau of Industry and Commerce,³ the arrest of the chief prosecutor of Tianjin,⁴ the dismissal of the vice-governor of Anhui,⁵ and the arrest of Beijing vice-mayor Liu Zhihua. The procurator-general of the Supreme People's Procurate told a work meeting in June 2006 that over the last three years "procuratorial organs throughout the nation have investigated or prosecuted 9,633 public servants at and above county or division level for suspected criminal offenses and investigated or prosecuted 4,024 cases of corruption, bribery, and embezzlement which involve more than a million yuan."⁶

The Hu-Wen administration has countered this structural dry rot with a two-pronged approach: tinkering with the internal regulatory apparatus and making neo-Confucianist appeals to ideal-type behavior, including an emphasis on the strange "socialist concept of honor and disgrace."⁷ In August 2006, the 16th National People's Congress passed a revision of the 1997 Supervision Law governing "the government and the two judicial bodies," and Hu presided over a Politburo meeting in which it was decided that "leading cadres who are party members should report 'relevant personal matters,' including such 'private things' as family property, changes in marital status,

occupations of dependents and relatives and whether their children marry foreigners, to their respective party organizations at the higher level.”⁸ The leadership has become so desperate that even Wu Guanzheng, the Politburo Standing Committee member who heads the Central Commission for Discipline Inspection, recently exhorted the CCP’s flagship television propaganda station, CCTV, to help uncover corruption within the party.⁹

Not surprisingly, the military vanguard of the party continues to be plagued by the same corrosive institutional corruption as the party itself, despite divestiture from commercial operations in 1998 and eight intervening years of rapid and serious combat modernization. In a 2003 book chapter, I argued that corruption in the PLA appeared to have transitioned from a major, debilitating problem in the go-go days of PLA, Inc. in the 1980s and 1990s to a more manageable discipline issue in the new century.¹⁰ A recent authoritative commentary in *Liberation Army Daily*, however, highlighted the continuing centrality of fighting corruption for the military leadership, placing it on an equal footing with winning wars:

At present, our army building is moving from a period of mechanization or semi-mechanization toward a period of informatization, and is facing two historic projects of winning wars and eradicating corruption.¹¹

To this end, the PLA has publicly stepped up its efforts to stop the spread of the trend of corruption and breaching of army discipline, allegedly launching an extensive education campaign on Hu’s “socialist concept of honor and disgrace” among all PLA forces.¹² In addition, the military leadership promulgated a number of official documents aimed at stemming the tide of corruption in the forces. The Central Military Commission issued a document demanding stricter control over their “life circles,” “entertainment circles,” and “contact circles.”¹³ Central Military Commission vice chairman Xu Caihou, when attending a discipline inspection work meeting for the entire armed forces, particularly stressed the need for the armed forces to pay attention to building a good party style and a clean administration. In February 2006, the PLA’s four general departments jointly issued “Several Regulations on the Prevention of Job-Related Crimes in the Armed Forces,” which stipulate that education on the prevention of job-related crimes should be incorporated into the armed forces’ ideological and political educational system. Finally, the Central Military Commission promulgated “Opinions on Building and Improving the System of Punishing and Preventing Corruption in the Armed Forces,” thus incorporating anti-corruption work into the armed forces’ 11th Five-Year Program.

Yet empirical evidence of military corruption remains scant and tainted; the former because it embarrasses both the PLA and the party and the latter because public exposures of corruption are often more a reflection of the eroded political power of the accused individual than an objective cross-section of all corruption cases (what Steven Staats called the “corruption of corruption reporting”¹⁴). In the last couple of years, a number of notable cases have come to light, including that of Lieutenant General Xiao Huauiou, formerly deputy political commissar of the Lanzhou Military Region, who was removed from his post in 2001 for violations of discipline and law and was later punished

by a military tribunal.¹⁵ Few cases, however, have shaken the system like the recent arrest and trial of Admiral Wang Shouye.

The Wang Shouye Case

On 30 June 2006, the primary organs of state propaganda made the shocking announcement that Admiral Wang Shouye, deputy commander of the Chinese navy, had been dismissed from his post by the Central Military Commission and expelled from the National People's Congress.¹⁶

A native of Yexian County, Henan Province, Wang Shouye was born in September 1943 and joined the PLA at the age of 24 as a civil engineering graduate from Tianjin University. After joining the armed forces upon university graduation in 1967, he served the 38th Group Army and Beijing Military Region and worked as an assistant in the infrastructural construction and housing department of the Beijing Military Region's Logistics Department as an engineer, a section chief, a deputy bureau chief, a bureau chief, and a deputy department chief. He was promoted to director of the General Logistics Department's infrastructural construction and housing department in 1995 and to deputy commander of the PLA Navy in 2001.

The articles revealed that the PLA high command took disciplinary measures against Wang in January 2006, removing him from his post due to his "loose morals" and abuse of power by seeking and taking bribes, both of which were considered "serious violations of both the law and military codes of conduct." Wang then reportedly sent a letter to the National People's Congress at the end of March 2006, in which he admitted his crimes and requested to be removed from the NPC:

Because of my involvement in economic crimes, I have been stripped of the post of deputy Navy commander and thus I am no longer qualified to be a deputy to the NPC. Please remove me from the position.¹⁷

Even the official accounts of his dismissal included salacious tidbits about the role of a mistress in exposing his corrupt behavior, asserting that the leadership discovered his activities "after his mistress turned him in for economic crimes."¹⁸

Giving credit where credit is due, the 29 June announcement was preceded by the usual leaks in the Hong Kong press, including what in retrospect appears to be a planned exposé on the Wang case in a 6 April article in the PRC mouthpiece *Wen wei po*.¹⁹ The earlier article claimed Wang had been dismissed "due to problems in conduct and money matters," with the latter directly linked to Wang's previous position as director of the infrastructural construction and housing department of the PLA Logistics Department and director of the PLA housing reform leading group's office. The newspaper highlighted Wang's absence from the spring National People's Congress meetings, which had "caused much speculation among outsiders." Indeed, *Wen wei po* asserted that "Wang

Shouye's last two appearances in the media as deputy commander of the Navy were first, on 2 October, when he attended the 110th founding anniversary of the Tianjin University; and second, on 13 November, when he participated in the 50th founding anniversary of the Beijing-based Henan Provincial Office and a meeting to award the office as an advanced unit in national spiritual civilization work."

Another Hong Kong newspaper published information about Wang's case on the day after the *Wen wei po* article appeared, including many more salacious details though in a less authoritative forum.²⁰ A *Tung Fang jih pao* article asserted that Wang had accepted bribes totaling RMB120 million (~\$15 million), which allowed him to maintain multiple mistresses. One of these mistresses, an actress from a military region song and dance troupe, allegedly gave birth to an illegitimate child, and then demanded RMB3 million in compensation from Wang. Angered by his counter-offer of only RMB1 million and the refusal of the formal military apparatus to accept her child as a legitimate scion of Wang, the mistress in question allegedly began appearing outside Navy headquarters in Beijing every day to distribute leaflets. Unable to ignore the situation any longer, the military leadership ordered Wang Shouye arrested on 23 December 2005. The discipline inspection commission and the legal affairs bureau of the CMC jointly conducted an investigation, but the CMC handled the case in a low-profile manner, with only senior military personnel at the army-level and above allowed to read relevant documents. A final clue came in May, when *Wen wei po* announced that Zhang Zhannan had been appointed deputy commander of the PLAN, replacing Wang Shouye.²¹

Other Hong Kong-based media articles contain unconfirmed data about Wang's case, and the specific information should therefore be treated with caution. A 9 July article in *Yazhou zhoukan* insisted that Wang had stolen RMB160 million (~\$19.9 million) and kept five mistresses, who were respectively from the Song and Dance Troupe of the PLA Nanjing Military Region, the Song and Dance Troupe of the General Political Department, the Song and Dance Troupe of Beijing Military Region, a cipher officer of the PLA Military Academy, and a cipher officer of the First Office of the General Logistics Department.²² The article reported that RMB52 million and RMB20 million were confiscated from his apartments in Beijing and Nanjing, respectively, and RMB50 million was found in a safe in his office. This article asserted that Wang Shouye had distributed nearly RMB20 million to military colleagues, and the other PLA high-ranking military officers involved in the Wang case allegedly included four rear admirals and seven senior captains. Other sources cited in the article insist that Wang actually embezzled RMB300 million, and the recipients of the money included other admirals. Ironically, the article claims Wang was honored as "Excellent Party Member" or "Excellent Leader" and conferred the Third Class Merit twice in four of the five years he served in the GLD. A 31 July *South China Morning Post* article quoted the Hong Kong-based Information Center for Human Rights asserting that Wang Shouye's closed trial would occur in August, but no other public information exists to confirm or refute this assertion.²³

The Campaign Against Commercial Bribery

In the wake of the Wang Shouye revelations, the senior military leadership initiated a major anti-corruption drive within the PLA, mirroring efforts in the party and government. As a result of Hu Jintao's speech on the 85th anniversary of the founding of the CCP, which called for intensified anti-corruption efforts, the Central Military Commission decided to establish a leading group for the auditing of leading officers in the army,²⁴ also known as the "All-Army Leading Group for the Work of Auditing Economic Responsibility of Leading Cadres."²⁵ According to Xinhua, the members of this new leading small group and the related PLA National Auditing Office are drawn from the PLA's four general departments (Staff, Political, Logistics, and Armament). The same article quoted "sources within the PLA headquarters" as saying that approximately 1,000 leading officers, including more than one hundred at army and division levels, would be audited in 2006. Specifically, the PLA plans to audit a total of 983 leading officers, including 26 at army level, 135 at divisional level, and 822 at regimental level. So far, 639 of these officers have been audited. In these audits, particular attention will be paid to

budgetary work, construction projects, purchase of equipment and materials, major items of investment, exploration in landed property, investigation into compensation services . . . ; whether the budget has been exceeded, if public funds have been misappropriated, whether there has been a violation of rules in depositing, failure to make a collection of revenue when revenue is due, failure to account for collected revenue and the problem of the little gold treasure [*xiao jin ku*], among others; whether leading cadres have operated by regulated procedure, rights, and liability and standards; whether they have a hand in sensitive economic items, have spent lavishly and wasted money, and whether they have been subject to corruption and bribery.²⁶

In early August 2006 the PLA leadership announced a related initiative tackling "commercial bribery."²⁷ A Xinhua article defined commercial bribery as "acts of commercial bribery in economic exchanges between the armed forces and the local people, including public bidding and procurement in the areas of construction; goods, materials and equipment; medical and health services; military communications and transportation; financial affairs; military supplies; telecommunications; compensated services; and socialized supports [outsourcing]."²⁸ The article argued that the rise in commercial bribery by military personnel is linked to the dominant trends of "marketization of equipment procurement and the socialization [outsourcing] of logistic support," which has increased the participation of local enterprises in military procurement and competitive public bidding. Over the past few years, the PLA has sought to raise efficiency by opening some procurement spending to commercial tenders from civilian businesses, especially in sectors such as military equipment, medical supplies, telecommunications, and transport equipment.²⁹ The article posits that in these commodity business activities "military units are faced with the temptation and corruption of commercial bribery and cases of violating laws and discipline tend to increase." In particular, military personnel are tempted into accepting "rebates," "labor

service charges,” or free “pleasure trips” from entrepreneurs seeking to influence the procurement process. Organizationally, the campaign against commercial bribery will be headed by the various supervision departments of the PLA at every level, following the guidance provided by the General Political Department and the Discipline Inspection Commission of the Central Military Commission (GPD, DIC, CMC). Starting from June 2006, PLA units were ordered to inspect their own commercial transactions for six months, and then report to the GPD and CMC’s DIC.

CONCLUSION

The arrest of Admiral Wang Shouye and the concomitant (or possibly resulting) anti-corruption campaign throughout the summer of 2006 suggest that the civilian and military leadership recognize the threat posed by corruption to the continuing legitimacy of the CCP and to the operational warfighting capability of the PLA, respectively. But we have seen this movie before. While the academic work of Melanie Manion and others dating back to the early 1980s has documented consistent structural similarities in the causes and effects of corruption in China,³⁰ and every modern Chinese leader since Deng Xiaoping has publicly decried the phenomenon and called for its eradication, corruption continues to fester in epidemic proportions.

While Chinese military corruption, like the corruption in other Chinese state sectors, has structural origins, the consequences of military corruption are almost entirely negative. Apart from the limited gains a unit might achieve by engaging in collective corruption to improve their living standard, military corruption has provided few of the appreciable benefits that corruption can offer nonmilitary systems, such as easing systemic irrationalities in supply and demand. Instead, corruption in the PLA might serve eventually to undermine the central ethos of the organization, eroding its legitimacy for both internal and external audiences.

Ironically, the profusion of corruption may hold the key to its solution. Many scholars, such as Staats, have argued that corruption itself may breed anti-corruption norms:

. . . even the periodic exposure of corruption scandals and the efforts to combat corruption may, in fact, serve to strengthen overall values. . . . Social norms usually emerge as an abstract synthesis of the repeatedly expressed sentiments of the community regarding a given type of behavior. Reiterated group censure of a given act of deviation sharpens the authority of the violated norms and defines more clearly the boundaries of acceptable behavior.³¹

There has been a clear public groundswell in China against the rise of official corruption, as seen in the substantive content of the Tiananmen demonstrations in 1989 and the increasing aggressiveness of anti-corruption campaigns in the late 1990s and early 2000s and the latest campaign led by Hu Jintao. The long-term seriousness of this effort in the PLA is evidenced by the dramatic divestiture announcement in 1998, which

was prompted by reports of rampant, even brazen PLA smuggling. Since then, PLA corruption, publicly manifest in the Yuanhua case and the trial of Ji Shengde and the most recent case of Wang Shouye, has continued to be the subject of intense discipline investigations, and the opportunities for corruption have been reduced thanks to the withdrawal of the PLA from commercial activities.

Nonetheless, a certain base level of corruption should be expected to continue, as PLA personnel exploit their authority for collective or personal gain. This instinct has been reinforced by the persistent but reportedly narrowing gap in standards of living between military personnel and the larger Chinese population, despite dramatic increases in military pay since 1999. Overall, however, the increasing professionalism of the shrinking PLA makes such behavior stand out in ever-sharper relief, and it is possible that tainted officers would not survive the promotion race for the smaller set of downsized billets. As a result, corruption in the PLA appears to have transitioned from a major, debilitating problem in the go-go days of PLA, Inc. in the 1980s and 1990s to a more manageable discipline issue in the new century. At the same time, the complicity of the military leaders in hiding Wang Shouye's extraordinary extra-legal behavior until one of his mistresses forced their hand suggests that leadership has not institutionalized an anti-corruption norm, making military leadership analysis a key element of understanding the depth and breadth of PLA corruption.

Notes

¹ "Another Discussion of the Warning from the Zhu Junyi Case About the Risk of Pension Fund Diversion," *Caijing*, 19 August 2006.

² Leu Siew Ying, "Sars Hero Sentenced to Life in Prison," *South China Morning Post*, 2 September 2006.

³ "CPC Requires Leading Cadres to Report Their Personal Affairs," *Xinhua*, 30 August 2006.

⁴ Xing Zhigang, "CPC Renews Push to Curb Corruption," *China Daily*, 30 August 2006.

⁵ "Vice Governor of East China Province Removed from Post," *Xinhua*, 25 August 2006.

⁶ Yang Weihuan, "9,633 Officials of County or Division Level and Above 'Unseated' During Past Three Years," *Xinhua*, 29 June 2006.

⁷ The first public mention of this concept I can find is "Hu Jintao and Other Central Leaders Deliberate State Affairs With Members of the CPPCC," *Zhongguo xinwen she*, 4 March 2006.

⁸ "CPC Requires Leading Cadres to Report Their Personal Affairs," *Xinhua*, 30 August 2006; Xing Zhigang, "CPC Renews Push to Curb Corruption," *China Daily*, 30 August 2006; Ch'in Sheng, "Hu Jintao Gears Up Supervision Over Officials' Property," *Ming pao*, 30 August 2006. The circular specifically called cadres to report "if they or their spouses, or their children who live with them, build, buy, sell or rent property; if they participate in organizing a marriage ceremony or funeral rite for themselves or a close relative; if they or their children marry foreigners; if their spouses or children emigrate to other countries; if they travel abroad for private reasons; if their spouses or children are investigated by judicial organs or are suspected of committing crimes and if their spouses and children run individual, private businesses or contract and rent state-owned enterprises and collective enterprises, or act as high-ranking managers in joint ventures and mainland branches of overseas companies."

⁹ Jian Da, "Message From Wu Guangzheng's CCTV Inspection," *Renmin wang*, 31 May 2006.

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- ²⁶ "Group for Auditing of Economic Responsibilities of Leading Military Cadres to Audit Nearly 1,000," Xinhua, 20 July 2006.
- ²⁷ Li Xuanliang, "All Units of the Armed Forces to Deal With Commercial Bribery," Xinhua, 2 August 2006.
- ²⁸ Ibid.
- ²⁹ Xiao Xing, "PLA Launches Assault on Commercial Bribery," *China Daily*, 3 August 2006.
- ³⁰ These include Alan Liu, "The Politics of Corruption in the People's Republic of China," *American Political Science Review*, 1983, pp. 602–623; Stephen Ma, "Reform Corruption: A Discussion on China's Current Development," *Pacific Affairs* 62, no. 1 (Spring 1989): 40–52; Leong H. Liew, "Rent-Seeking and the Two-Track Price System in China," *Public Choice* 77, 1993, pp. 359–75; Melanie Manion, "Corruption by design: bribery in Chinese enterprise licensing," paper presented at APSA, September 1994; and Richard Levy, "Corruption, Economic Crime and Social Transformation Since the Reforms: The Debate in China," *The Australian Journal of Chinese Affairs*, no. 33 (January 1995): 1–25; and Melanie Manion, *Corruption by Design: Building Clean Government in Mainland China and Hong Kong*, Cambridge, MA: Harvard University Press, 2004.
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