RECONFIGURING THE LINKAGE BETWEEN CORRUPTION AND ECONOMIC DEVELOPMENT IN CHINA: LEGITIMATE CONCERNS NOT ALLEVIATED

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ABSTRACT

Grappling with the intricacies of corrupt practices in the post-positivist age has become an increasingly challenging proposition. Multiple perspectives, normative as well as positivist, have been brought to bear on this phenomenon that was once thought to be straightforward. Socio-legal scholars inspired by the law-and-economics paradigm have largely adhered to the positivist blueprint but have been divided between those who regard corruption as unequivocally inimical to the health of the economy (“sandans”) and those who view it as a force selectively fueling economic dynamism (“greasers”). The reform-era Chinese hybrid economy has emerged as the laboratory where these conflicting ideas vie for scientific superiority. Some pathbreaking research has been undertaken, mostly leaning toward the “optimistic” side. This Article shows that it has fallen short of significantly enhancing that functionally sanguine position and that the weight of evidence continues to support the stance espoused by “negatively” inclined scholars.

I. INTRODUCTION

Corruption in its various forms, broadly defined by Transparency International as the “abuse of entrusted power for private gain,” has deep historical roots and persistently manifests itself across the globe. Its incidence has been amply documented, albeit not necessarily precisely, since

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the First Dynasty of ancient Egypt (3100–2700 BC), where it was firmly entrenched throughout the institutional domain, and especially in the judiciary. Historical accounts of corrupt practices also highlight their widespread presence in ancient China, ancient Greece, ancient Rome, the Assyrian Empire, the Ottoman Empire, and Middle Ages Europe. In the modern period, particularly in its late phase, corruption has been accorded considerable and increasingly systematic attention.

The continuity of corruption over time should not be overstated, but it should not be understated either. Corrupt practices are not detached from the economic, political, and social environments that have significantly evolved over the millennia. These practices have thus not been immune to the forces of change. At the same time, corruption in its various shapes has displayed a remarkable resilience, with reconfigurations retaining its core characteristics. The distinction between “old corruption” and its “new” variant has consequently become rather blurred and characterized.

Whether old or new, or a mixture of the two, corrupt practices endure in every corner of the world despite efforts, genuine or otherwise, to curb and even eradicate them. Indeed, while measuring corruption is an elusive task, with key metrics as a result indirectly focused on perceptions of the phenomenon, there is tentative evidence to indicate that corrupt practices across the globe remain at elevated levels and may in fact be on the rise. The degree of corruption is not uniform throughout the world. But it is

1. See Brioschi supra note 2; Biswas & Tortajada supra note 2; Parlato, supra note 2.
2. See Brioschi, supra note 2; Biswas & Tortajada, supra note 2; Parlato, supra note 2.
6. See Knights, ‘Old Corruption’ Revised?, supra note 7; Knights, British History, supra note 7.

The deep-seated nature, incidence, prevalence, and ramifications of corruption are a source of serious ethical concerns.\footnote{12}{See Leo V. Ryan, Combating Corruption: The 21st Century Ethical Challenge, 10 BUS. ETHICS Q. 331 (2000); Hartmut Kreikebaum, Corruption as a Moral Issue, 4 SOC. RES. J. 82 (2008); Chineme Leo Ocholor & Edet Patrick Bassey, Analysis of Corruption from the Ethical and Moral Perspectives, 44 EUR. J. SCI. RSCH. 466 (2010); James Dungan, Adam Waytz & Liane Young, Corruption in the Context of Moral Tradeoffs, 26 J. INTERDISC. ECON. 97 (2014); Peter Graeff, Ethics and Corruption: An Introduction to the Special Issue, 17 GERMAN L.J. 1 (2016); Kanti Pertwii, Contextualizing Corruption: A Cross-Disciplinary Approach to Studying Corruption in Organizations, 8 ADMIN. SCI. J. (2018); Chris Morgan, ARK. J. SOC. CHANGE & PUB. SERV. (Oct. 9, 2013), Is Corruption Ever Ethically Permissible? https://ualr.edu/socialchange/2013/10/09/is-corruption-ever-ethically-permissible/ [https://perma.cc/KWU-4AS4].} The general view of moral philosophers and morally inspired commentators is that corrupt practices are morally objectionable.\footnote{13}{See Morgan, supra note 12.} There are said to be some exceptions to the norm, however. Chris Morgan, for instance, employs Kantian logic to draw a distinction between intent and consequences of acts carried out by people individually or collectively.\footnote{14}{See id.} This distinction leads to the conclusion that, in certain circumstances, corruption may be ethically permissible.\footnote{15}{See id.} As Morgan elaborates, this may be due “in large part to the actions taken, which may arise under a duty and not an inclination toward a self-gratifying or advantageous outcome.”

By the same token, James Dugan, Adam Waytz, and Liane Young argue that there may often not be a single overarching ethical principle to govern behavior, compelling people to resort to trade-offs between competing ethical imperatives.\footnote{16}{See id.} A common choice confronted by individuals is thus between loyalty to their own group and being fair and impartial.\footnote{17}{See id.} This difficult predicament, in turn, represents a frequently encountered and fundamental tension between group-based values, such as loyalty to one’s social network, and those values that transcend group boundaries and are assumed to be held universally, such as fairness and impartiality.\footnote{18}{See id.}
A further distinction, highlighted by social psychologists exploring the moral underpinnings of human behavior, is between mindfulness and mindlessness. The former is a mental state characterized by “being careful, critical, purposeful, attentive and vigilant, akin to the condition required in being rational or using reason.” In other words, “the individual has intent, is putting in effort, and [is] able to control the process.” Mindlessness, by contrast, features “a non-conscious processing of repetitive behavior” associated with “a failure to see, to take note of, [and] to be attentive to what is going on.” The latter does not justify corrupt practices as such but is believed to make them ethically more palatable.

These types of somewhat unconventional propositions may also periodically surface in the legal arena. Notably, echoing the ideas floated by a prominent bioethicist, Charles Mak has by no means controversially asserted that, to determine whether the violation of the provisions of a law is legitimate, it is necessary to carefully assess the substantive content of that law and its implications. Specifically, he has claimed that since bribery is an instrument used to influence a person to breach their institutional obligations, it may be deemed an appropriate act if these obligations are morally dubious and a constituent of a morally flawed institutional machinery.

Mild ambivalence about the nature and ramifications of corruption may be found in the social realm as well. The corrosive effects of corrupt practices on the social fabric are widely acknowledged. Among other things, they are thought to aggravate inequality and poverty and undermine the credibility of public institutions and the community’s social resilience. Sociologists do not question these well-established facts or try to cast a favorable light on corruption, but they offer explanatory perspectives that

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20 See Pertiwi, supra note 12, at 7–8.
21 Id. at 7.
22 Id.
23 Id.
24 Id.
25 See id. at 8.
27 See id.
28 See id.
29 See Pertiwi, supra note 12, at 8–13.
include the prospect of extenuating circumstances that should possibly not be overlooked when gauging the severity of corrupt practices. Rationalist models portraying corruption as the product of deliberate action geared toward maximizing private gain must be abandoned to arrive at this conclusion. Instead, corrupt practices need to be conceptualized as the outcome of the social construction of reality shaped by exogenously determined socialization processes over which actors in the social arena lack meaningful control. Psychological forces operating through cognitive, physiological, and social channels further complicate the picture.

This line of reasoning paves the way for a distinction between atomistic and embedded human behavior. When embracing the former as an analytical benchmark, researchers inevitably decouple social actors from the collective milieu in which they are embedded as this milieu is a rich source of impulses that impinge on decisions in general and on those that may culminate in acts of social deviance or corruption in particular. This is not tantamount to whitewashing corruption but to placing it in its seemingly proper social context. Social anthropologists examine those issues in a similar vein, albeit from a somewhat different theoretical and methodological angle. Notably, they eschew objective and universal conceptions of corrupt practices and situate them in specific cultural, historical, geographical, physical, political, and social settings. This extends to ethics and the law based on the premise that there are multiple notions of morality and that the law is not independent of political power. The upshot is that a judgmental approach to corruption is jettisoned in order to gain—from a dynamic rather than static viewpoint—a deep insight into the intricacies of this complex phenomenon.

The economic space is not devoid of such ambiguities, although again, the body of opinion and supporting empirical evidence weighs heavily in favor of regarding corrupt practices as being abhorrent and profoundly disruptive. With few exceptions, economists are generally not overly concerned with cultural and moral relativism and the impact of psychological and social factors on human behavior. When dissecting corruption, their

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12 See Pertiwi, supra note 12, at 4–10.
13 See id.
14 See id. at 4–7.
15 See id.
16 See id. at 8–9.
17 See id.
18 See id.
19 See id. at 10–13.
20 See id.
21 See id. at 11.
22 See id. at 11–12.
23 See id.
primary focus of economists is on corruption’s implications for macroeconomic and microeconomic performance or, ultimately, economic development. As indicated, economists lean decisively toward the negative side of the picture, without discarding altogether the idea that manifestations of “good” corrupt practices are not completely absent from the economic sphere.45

The notion that corruption does not invariably hamper economic development, and at times may even facilitate it, has ebbed and flowed over the past six decades.46 No other experience has sustained the flows as much as that of reform-era China, particularly as reflected in the seminal work of Andrew Wedeman47 and Yuen Yuen Ang.48 The aim of this Article is to assess whether that experience, as interpreted by those two scholars, materially tips the scales in one direction or another with respect to the analytically anchored views pertaining to the relationship between corrupt practices and economic development. The following sections address the generally negative and positive dimensions of that relationship, the insights produced in the Chinese context prior to the publication of Wedeman’s and Ang’s sweeping surveys, the two researchers’ notable contributions, and the broad impact of their valuable findings. The Article concludes with brief observations that recapture the essence of the preceding sections.

II. SANDERS’ PERSPECTIVE

As noted, scholarly opinion in the economic domain regarding corruption is divided, albeit unevenly, between those who are unfavorably disposed toward this phenomenon, normally in an unqualified fashion, and those who appreciate its practical merits and the role it plays as a “necessary evil,” although conditionally so. Members of the former group are known as “sand,” and members of the latter group are known as “greasers.”49 The sanders believe that corrupt practices are an impediment to economic development (that is, put sand in the wheels of the economic engine), while


the greasers think that corrupt practices selectively promote economic development (that is, grease the wheels of the economic engine). Their exchanges poignantly juxtapose the “sand in the wheels hypothesis” with its “grease the wheels” counterpart.

Both sanders and greasers are methodologically conscious and go to considerable lengths to furnish empirical support for their propositions. On the whole, however, sanders are more firmly wedded to strict methodological precepts and more quantitatively oriented than greasers. This renders the pursuit of sanders’ research agenda rather challenging because measuring corruption is a complex undertaking primarily due to the fact that most tools available for this purpose—for example, perceptions of corrupt practices and a host of proxy indicators such as the picture painted by public expenditure tracking surveys (“PETS”) showing how funds from the public purse are allocated or misallocated and statistics reflecting which companies obtain or do not obtain public sector contracts—are essentially indirect in nature since corruption is difficult to observe directly.

Given the multiplicity of measures and sources from which the data are derived, the aggregation of statistics to generate a single figure poses a particularly thorny issue in this realm, compounded by the paucity of techniques to compellingly demonstrate the existence of a causal linkage between corrupt practices and economic development (this applies to their other impacts, too) as distinct from a merely associational relationship. That said, such problems are not insurmountable, and steady progress is being made in addressing them, with big data-related developments proving especially useful in this respect. Moreover, those challenges are not confined to sanders’ territory; such challenges are shared by methodologically disciplined greasers. And where the latter opt for a

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50 See Aidt, supra note 49; Ertimi & Saeh, supra note 49.
51 See Aidt, supra note 49; Ertimi & Saeh, supra note 49.
53 See U.K. DEP’T FOR INT’L DEV., supra note 31; Golden & Picci, supra note 52; Shacklock et al., supra note 52; Knack, supra note 52; Mungiu-Pippidi & Fazekas, supra note 52; Bello y Villarino, supra note 52; Hlatshwayo et al., supra note 52; Hough, supra note 52; Kaufmann et al., supra note 52; Reinkikka & Svensson, supra note 52.
54 See Hough, supra note 52; Hlatshwayo et al., supra note 52; Kaufmann et al., supra note 52.
predominantly informal scrutiny, they arguably cannot readily escape questions regarding the validity and reliability of their scientific claims.

For analytical and technical reasons, for convenience’s sake, and with the aim of communicating theoretical models’ characteristics parsimoniously, both sanders and greasers—especially the former—tend to distinguish between the microeconomic and macroeconomic consequences of corruption. The focus on the microeconomic side is principally on the effects of corrupt practices on the individual supply of productive effort and the performance of firms, coupled with the implications that these practices may have for their stakeholders, above all consumer, customer, or service recipients. Sanders have generated substantial evidence highlighting the distortions and inefficiencies engendered by corruption at that level.

Kevin Murphy, Andrei Shleifer, and Robert Vishny have thus explored the individual supply of productive effort, or the allocation of talent, in circumstances where the prevalence of corruption renders it practical to choose between rent-seeking activities (occurring when an individual or an entity endeavors to increase their own wealth without producing any benefits for society) and productive employment. If the gains realized via the former exceed those secured through the latter, the productive sector is deprived of crucial talent, an outcome ineluctably detrimental to economic growth. A broadly similar conclusion has been drawn by Jacob Svensson while examining corrupt practices from a wider angle.

Svensson has also precisely illustrated the financial burden that corruption imposes on firms. Specifically, in his survey-based cross-sectional analysis, he has shown, among other things, that in Uganda corrupt practices amount to eighty-eight dollars per worker, or 8% of firms’ total costs. While the exact figures vary from one geographical environment to another, they are generally consistent with the overall pattern reported by sanders who have systematically explored this phenomenon elsewhere, including countries such as Indonesia, Mozambique, and South Africa, both at the national and subnational (region and city) level.

Besides imposing the equivalent of an additional tax on firms, corruption is said by sanders to leave firms with little choice but to adopt suboptimal practices amount to eighty-eight dollars per worker, or 8% of firms’ total costs. While the exact figures vary from one geographical environment to another, they are generally consistent with the overall pattern reported by sanders who have systematically explored this phenomenon elsewhere, including countries such as Indonesia, Mozambique, and South Africa, both at the national and subnational (region and city) level.

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56 See U.K. DEPT’ FOR INT’L DEV., supra note 31; Aidi, supra note 49; Reinikka & Svensson, supra note 52; Burguet et al., supra note 46; Menezes, supra note 55.


59 See id.


61 See id.


64 See id.; Olken & Barron, supra note 63.
production strategies. In the particular case of Uganda, Raymond Fisman and Jakob Svensson have noted that firm growth may be constrained by more than twice as much as with comparable taxes (3.3% versus 1.5%). Again, this is not an isolated example. Roughly the same adverse dynamics have been observed, *inter alia*, in neighboring countries such as Ghana, Kenya, and Tanzania. Inevitably, coupled with the financial burden, these dynamics tend to depress firms’ long-term investment and, as a result, their growth.

Individual firms do not operate in an institutional vacuum. They normally are part of an industry or sector whose units exhibit common behavioral traits. The corollary is that the organizational pathologies outlined above may manifest themselves across an entire industry or sector. Sanders have produced considerable evidence in support of this proposition. For instance, Arusha Cooray and Friedrich Schneider have demonstrated that corrupt practices are likely to stymie financial sector development by redistributing resources from productive endeavors to rent seekers, driving up interest rate spreads and transaction costs, and suppressing financial sector efficiency.

Such micro-level impediments are seen by Sanders as a source of headwinds that inevitably dampen momentum on the macro front as well.

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The micro/macro linkage has been graphically delineated by Ahmad Seyf. He has asserted that accumulated wealth by bribe takers is typically channeled toward luxurious consumption (mostly of imported goods and services) and/or deposited in foreign bank accounts. This exacerbates any balance-of-payments strains and significantly limits the scope for conducting international transactions. Nor is this financial surplus readily available for domestic capital formation because of bribe takers’ desire to avoid detection. Additionally, if somehow this surplus is mobilized for that purpose, it is often directed at projects that do not yield the greatest possible benefits for society, or any at all, which constitutes a form of malinvestment or misinvestment.

Sanders’ inquiries into the relationship between corruption and the private component of gross-domestic investment, and by extension economic growth, may at times be tainted with a degree of ambiguity because of the inclusion of capital expenditures by State-owned enterprises (“SOEs”) in that broad category. When they focus on the genuinely private element of the equation, sanders are generally able to establish that corrupt practices hinder investment in the non-State sector. As to be expected, the impact on public investment appears to be less clear-cut but if productivity of capital and quality of output are taken into account, a more negative picture emerges. Sanders additionally identify dwindling public revenues, obstacles to international trade, and the deterrent to foreign direct investment (“FDI”) as four further threats to economic growth.

An interesting feature of sanders’ investigation of the linkage between corruption and macro-level economic development is the emphasis on the corrosive effects of poor governance, an ineluctable byproduct of rampant corrupt practices (a contributing factor as well as this is an area where two-way causation is observed). The sanders’ empirically underpinned claim is that when corruption exerts its influence through this vital institutional...
channel, it materially undermines policy efforts and standards of public services across the entire macro (and micro) spectrum—fiscal, monetary, regulatory, and redistributive.86

Using a methodological vehicle known as meta-analysis, Mehmet Ugur and Nandini Dasgupta have systematically reviewed the macroeconomic costs of corrupt practices in diverse geographical settings.87 They have shown that increases in Transparency International’s Corruption Perceptions Index (“CPI”) are closely associated with reductions in gross domestic product (“GDP”) per capita (the classical measure of the standard of living) in low, middle, and high-income countries.88 Adding the indirect costs of corrupt practices (for example, those due to losses of fiscal revenue and human capital shortfalls) brings the negative relationship into an even sharper focus.89

In recent years, macro-style sanders have ventured well beyond national boundaries and have endeavored to highlight the cross-border dimensions of corruptions.90 One of their contentions is that corrupt practices may precipitate currency crises and thus sow the seeds of international financial instability.91 Another, perhaps even more far-reaching, proposition is that it may adversely affect the whole process of globalization.92 The corollary is that if the arguments advanced by sanders and the findings generated by them are to serve as the pertinent normative guideposts, the linkage between corrupt practices and economic development should be viewed as problematic in both the micro and macro sense of the term, with reverberations manifesting themselves in the international arena and dampening global economic dynamics to a much greater degree than if looked at from the angle of a single country or a distinct group of countries.

III. GREASERS’ PERSPECTIVE

As outlined earlier, the academic literature does not contain unequivocally favorable readings of corruption in any of its forms. Rather,

86 See Aidt, supra note 49; IVANYA ET AL., supra note 72; GOVERNANCE, CORRUPTION & ECONOMIC PERFORMANCE, supra note 85.
87 See Ugur & Dasgupta, supra note 72.
88 See id.
89 See id.
there are selective manifestations of a scientifically neutral stance and theoretically inspired attempts to conditionally account for the inevitability, even necessity, of corrupt practices when certain circumstances prevail. The latter line of reasoning, which is observed in writings on the relationship between corruption and economic development, typically entails incorporating additional—intervening/moderating and contextual—variables\textsuperscript{93} into the explanatory framework in order to demonstrate how various exogenous influences render corruption an inescapable reality. This path is the one that greasers normally follow.

The trailblazing reflections of Nathaniel Leff\textsuperscript{94} and Samuel Huntington\textsuperscript{95} are a case in point. The former offers a simple example to illustrate the relevance of context.\textsuperscript{96} It involves recourse to extralegal means to elicit a sympathetic response on the part of the bureaucratic establishment.\textsuperscript{97} For Leff, this very action may be indicative of structural-functional deficiencies of the political system which, among other things, may be characterized by the proliferation of arbitrary and harmful barriers to entry into the bureaucratic arena.\textsuperscript{98} Specifically, “[I]f business groups are otherwise at a disadvantage in articulating their interests to the government, and if these groups are more likely to promote growth than is the government, then their enhanced participation in policy formulation can help development.”\textsuperscript{99}

Leff notes that such scenarios are not at all unrealistic. First, the politico-bureaucratic machinery may be indifferent or even hostile to certain entrepreneurial entities (for example, those consisting of marginal members of the community or aliens) or may wish to thwart the rise of competing pockets of power.\textsuperscript{100} Second, it may have strategic priorities that take precedent over economic development.\textsuperscript{101} Third, paradoxically, by resorting to corrupt practices, entrepreneurs may be able to minimize the uncertainty stemming from policy fuzziness—which, in turn, may boost investment\textsuperscript{102} (this, of course, overlooks the issue of the productivity of capital and quality of output). According to Leff, in some institutional milieus, reliance on corruption may also facilitate innovation by allowing key entrepreneurs to bypass hurdles to change-promoting initiatives,\textsuperscript{103} fostering competition by compelling them to aggressively seek resources for succeeding in the quest to capture some of the scarce opportunities available in the space where they operate,\textsuperscript{104} and serving as a potential hedge against bad policies.\textsuperscript{105}

In a similar vein, Huntington has depicted corruption as a social mechanism for leveling the playing field for new and still disenfranchised

\textsuperscript{93} See David Britt, A Conceptual Introduction to Modeling: Qualitative and Quantitative Perspectives 75–93, 111–31 (1997).
\textsuperscript{95} See generally Samuel P. Huntington, Political Order in Changing Societies (1968).
\textsuperscript{96} See Leff, supra note 94, at 8.
\textsuperscript{97} See id.
\textsuperscript{98} See id.
\textsuperscript{99} Id.
\textsuperscript{100} See id. at 10.
\textsuperscript{101} See id.
\textsuperscript{102} See id. at 10–11.
\textsuperscript{103} See id. at 11.
\textsuperscript{104} See id.
\textsuperscript{105} See id. at 11–12.
business groups to whom modernization has given birth.\textsuperscript{106} As such, it may serve as an instrument for integrating these and other peripheral actors into the evolving political system, bolstering its stability in the process.\textsuperscript{107}

Huntington has also asserted that the prevalence of corrupt practices leads to an acceleration in public sector activity that is conducive to economic progress: “Just as the corruption produced by the expansion of governmental regulation may stimulate economic development.”\textsuperscript{108} By the same token, corrupt practices may be “one way of surmounting traditional laws or bureaucratic regulations which hamper economic expansion.”\textsuperscript{109}

Huntington regards economic modernization and its political counterpart as twin phenomena.\textsuperscript{110} He thus accords considerable importance to the fact that strong party organizations have traditionally been the product of either “revolution from below or . . . patronage from above.”\textsuperscript{111} The experience of nineteenth-century England and the United States, featuring the diversion of public funds and exploitation of public office to build robust party structures, is invoked to lend support to that proposition.\textsuperscript{112} This pattern is thought to have been witnessed in modernizing settings elsewhere, culminating in political system resilience and, by extension, economic vitality.\textsuperscript{113}

Leff’s and Huntington’s pioneering forays into the field where corruption and economic development intertwine have been underpinned by qualitative research,\textsuperscript{114} a mixture of direct and indirect personal observation,\textsuperscript{115} documentary analysis,\textsuperscript{116} historical survey,\textsuperscript{117} and systematic literature review.\textsuperscript{118} This approach is a time-honored and valuable methodological tool whose merits are often underrated.\textsuperscript{119} Nevertheless, it is considered less “clinical” than its quantitative counterpart, requiring a heavier “burden of proof” because of validity, reliability, and generalizability-related concerns.\textsuperscript{120} For this reason, greasers have

\begin{itemize}
\item \textsuperscript{106} See HUNTINGTON, supra note 95, at 61.
\item \textsuperscript{107} See id.
\item \textsuperscript{108} Id. at 68.
\item \textsuperscript{109} Id.
\item \textsuperscript{110} See id. at 59–71.
\item \textsuperscript{111} Id. at 70.
\item \textsuperscript{112} See id.
\item \textsuperscript{113} See id.
\item \textsuperscript{114} See MONIQUE HENNICK, INGE HUTTER & AJAY BAILLEY, QUALITATIVE RESEARCH METHODS (2d ed., 2020), for a discussion of qualitative research methods.
\item \textsuperscript{116} See MALCOLM TIGHT, DOCUMENTARY RESEARCH IN THE SOCIAL SCIENCES (2019), for a discussion of documentary analysis methods.
\item \textsuperscript{117} See SIMON GUNN, RESEARCH METHODS FOR HISTORY (2011), for a discussion of historical survey methods.
\item \textsuperscript{118} See ANDRE BOOTH, SYSTEMATIC APPROACHES TO A SUCCESSFUL LITERATURE REVIEW (2d ed., 2016), for a discussion of systematic literature review methods.
\item \textsuperscript{119} See Leslie L. Curry, Ingrid M. Nembhard & Elizabeth H. Bradley, Qualitative and Mixed Methods Provide Unique Contributions to Outcomes Research, 119 CIRCULATION 1442 (2009); Fernando Almeida & Daniel Faria, Strengths and Limitations of Qualitative and Quantitative Methods, 3 INNOVATION & ENTREPRENEURSHIP 369 (2017).
\item \textsuperscript{120} See Lawrence Leung, Validity, Reliability and Generalizability in Qualitative Research, 4 J. FAM. MED. & PRIMARY CARE 324 (2015).
\end{itemize}
increasingly shifted in a quantitative direction when grappling with the role of intervening/mediating and contextual variables in the interplay between corrupt practices and economic development.

The institutional environment (broadly defined) and its key facets have featured prominently in these types of inquiries. A technically elaborate study by Pierre-Guillaume Meon and Laurent Weill is representative of that scientific line of investigation. These two scholars have quantitatively examined the relationship between aggregate efficiency, corruption, and a number of pivotal dimensions of the governance regime in sixty-nine countries, developed as well as developing. They have concluded that corrupt practices may have a less severe economic impact in countries with a less sturdy institutional façade and that they may even boost efficiency in countries with a highly fragile institutional foundation.

These findings have been fully, or at least partially, replicated in a cluster of other quantitatively-based empirical explorations. Relying on a somewhat smaller sample of countries, Toke Aidt, Jayasri Dutta, and Vania Sena have thus established that the nature of the governance regime, defined by the quality of its political institutions, exerts a strong influence in this context. Notably, in governance regimes blessed with high-quality political institutions, corruption indeed appears to materially impede economic growth; but in governance regimes saddled with low-quality political institutions, corruption seems to not have any tangible adverse effect.

Among other things, the significance of Aidt, Dutta, and Sena’s quantitatively inspired work lies in highlighting the importance of structurally and functionally appropriate developmental thresholds in such circumstances. According to them, the negative linkage is absent below a certain relevant socio-political-economic level but emerges as a substantial factor above that level. Such non-linear patterns have been observed by some other quantitatively-oriented researchers, albeit not invariably projecting a picture entirely consistent with that painted by Aidt, Dutta, and Sena. Their carefully generated results nonetheless suggest that this particular construction of the developmental dynamics is worthy of attention.

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121 See Pierre-Guillaume Meon & Laurent Weill, Is Corruption an Efficient Grease?, 38 WORLD DEVEL. 244 (2010).
122 See id.
123 See id.
125 See Aidt et al., supra note 124.
126 See id.
127 See id.
129 See Sekkat & Meon, supra note 128; Mendez & Sepulveda, supra note 128.
Greasers draw a degree of comfort from being able to demonstrate, even if tentatively, that paradoxically, both democracy and consolidated/strong/“technocratic” authoritarianism may mitigate the economic damage apparently wrought by corrupt practices.130 According to them, comparable impact may selectively be attributed to economic freedom and trust.131 A quantitative survey undertaken by A. Cooper Drury, Jonathan Kriecckhaus, and Michael Lusztig is a case in point.132 These three scholars have not succeeded in unambiguously showing that democratic regimes inherently promote economic growth, but they have found that such institutional entities are nevertheless capable of minimizing the harm inflicted by corruption.133 By the same token, Marina Zaloznaya has uncovered that authoritarian regimes do not possess uniform traits; rather, such regimes differ in terms of their organizational coherence, which may have implications for their overall performance, including on the economic front.134 Those that are tightly structured, or consolidated, may make headway in the policy sphere despite the burden imposed by corrupt practices, whereas those that are not, or are lenient, may experience difficulties in this respect.135 Overlapping and empirically supported arguments have been put forward by Saha and Sen,136 and Sloan and Tedin.137 The former two researchers have ascribed superior policy effectiveness in the face of corruption-induced headwinds to strong (as distinct from weak) authoritarian regimes and the latter two to those technocratically (as distinct from politically) led.138 The nexus between corrupt practices, economic freedom, and economic development highlighted by grease is predicated on the assumption that policy content is a noteworthy intervening/mediating variable in this equation.140 While empirically grounded, their assertions in this regard are

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131 See Drury et al., supra note 130.

132 See id.

133 See id.

134 See Zaloznaya, supra note 130.

135 See id.

136 See Saha & Sen, supra note 124.

137 See Sloan & Tedin, supra note 130.

138 See Saha & Sen, supra note 124.

139 See Sloan & Tedin, supra note 130.

buttressed by common sense. Liberal policies emphasizing the security of private property rights, trade openness, financial stability, and so forth have the ineluctable consequence of diminishing any potential economic damage caused by corruption, irrespective of the characteristics of the governance regime.142 Sanders are not oblivious to the fact that corrupt practices erode social trust (broadly defined),143 but greasers treat such practices as a variable rather than a constant.144 The corollary again is that, regardless of the nature of the governance regime, a relatively high degree of social trust may partly offset the economic costs of corruption.145

A new trend in greasers’ territory is to borrow concepts from neighboring academic disciplines in an attempt, not necessarily to underline the redeeming features of corrupt practices, but to de-objectivize and humanize them.146 This usage is particularly common among behavioral economists who resort to ideas from cognitive and physiological psychology for the purpose of illustrating that corruption may often be the product of cognitive biases and neurological processes rather than the exercise of rational judgement.147 To reiterate, this usage does not amount to a normative reconstruction of corrupt practices, let alone to conferring legitimacy on such activities. This usage does, however, constitute an acceptance of the notion that, in evaluating the economic burden imposed by those activities, the possibility of extenuating circumstances should not be readily discarded.

As to be expected, the unconventional wisdom exhibited by greasers has not gone unchallenged by sanders. Ahmad Seyf has since cast doubt on the validity of the micro-style, allocative efficiency-focused claims propounded by the former.148 He has avouched that, rather than enhancing allocative efficiency, corrupt practices might enable less efficient participants to remain in the economic race while driving out the more efficient ones.149 This process could entail restricting the flow of information to disadvantaged competitors, further impairing their strategic, tactical, and operational capabilities.150

The privileged survivors are likely to be players with superior access to political resources and/or members of social networks sustained by ties of kinship.151 The endurance and success of such survivors might over time erode the idea that winning in the economic game is the product of efficiency-promoting, merit-determined endeavors.152 Nor should the ability to pay be equated with the potential to pursue efficient action because those who are in a position to offer the highest price for securing the delivery of

141 See Gerring & Thacker, supra note 140.
142 See WORLD BANK, supra note 9; U.K. DEP’T FOR INT’L DEV., supra note 31; OECD, supra note 72; Bo Rothstein, Corruption and Social Trust: Why the Fish Rots from the Head Down, 80 SOC. RSCH. 1009 (2013); Nazim Hahibo, Elvin Afandi & Alex Cheung, Sand or Grease? Corruption-Institutional Trust Nexus in Post-Soviet Countries, 8 J. EUROASIAN STUD. 172 (2017); Chêne, supra note 31.
144 See id.
146 See id.
147 See Seyf, supra note 72.
148 See id. at 599.
149 See id.
150 Id.
151 Id.
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goods and services via illicit channels are typically in that position due to advantages gained as a result of being in the possession of political and/or social capital obtained in ways that have little or nothing to do with efficiency.152

Additionally, their empirical findings, generated in comprehensive and large-scale studies, based on data extracted from multiple sources and employing sophisticated econometric techniques that allow a high degree of control over a host of intervening/mediating and contextual variables, have been relied upon by sanders to question greasers’ macro-style premises.153 The fundamental point of contention in this regard is that, in the final analysis, when all the relevant negative and supposedly positive influences are taken into account, corruption hampers rather than boosts economic growth and should consequently be viewed as a factor detrimental to the pursuit of higher standards of living in general and in developing countries in particular.154

While compelling, sanders’ theoretical arguments and meticulously gathered evidence cannot be seen as unequivocally conclusive. Corrupt practices are a highly complex phenomenon, requiring ongoing efforts to fully come to grips with their intricate essence, underlying drivers, and wide-ranging impacts. There are limits to how much information may satisfactorily be produced using quantitative methods alone,155 which has been the dominant research strategy in recent years. There is an apparent need to bring qualitative techniques back into the fold and, where appropriate, integrate them, via the mixed-method route,156 with their quantitative counterparts to capture the nuances that evade statistical modeling. The economically, legally, politically, and socially rich Chinese landscape offers considerable promise in that respect.

IV. SIZING UP CORRUPTION AND ITS ECONOMIC RAMIFICATIONS IN CHINA

Chinese history has been littered with a long string of corrupt practices, periodically broken by anti-corruption campaigns and resource scarcity, rendering them, for all intents and purposes, a virtually impractical activity in which to engage.157 Importantly, corruption in the country has not merely been a manifestation of economically motivated exchanges, but also a political force shaping the outcome of strategically inspired quests for

152 See id.
153 See Grundler & Potrafke, supra note 72; Obayomi, supra note 72; Ugur & Dasgupta, supra note 72.
154 See Grundler & Potrafke, supra note 72; Obayomi, supra note 72; Ugur & Dasgupta, supra note 72.
155 See Almeida & Faria, supra note 119.
power.\textsuperscript{158} Indeed, corruption may have contributed to the Nationalists’ defeat in the civil war because the malpractices of Kuomintang government officials, particularly those of widely despised “blood-sucking” tax collectors, incurred the wrath of the populace and roused sympathy for its communist foes.\textsuperscript{159} In recent years, Xi Jinping, the country’s current “helmsman,”\textsuperscript{160} is believed to have aggressively targeted symptoms of corruption as part of a concerted effort to neutralize any pockets of possible opposition to his rule.\textsuperscript{161}

As a natural result, Chinese corrupt practices, notably those observed during the reform era, and efforts to eradicate them, have been subject to close academic- and journalistic-style scrutiny.\textsuperscript{162} The topic has at times been overshadowed by the intense interest in the “economic miracle” that China has experienced since embracing the open-door policy in 1978, but such retreats from the limelight have typically been modest and short-lived.\textsuperscript{163} There are two sides to this proverbial coin, corruption and anticorruption, with the focus occasionally shifting from one to the other, yet the serious concern with corrupt practices and their control has now been sustained for over four decades.\textsuperscript{164}

Given the cautious mindset and limited skill set of the Chinese post-revolutionary-era research community, the first steps in that direction were taken by scholars outside China, in countries where socio-legal inquiry had a more solid analytical foundation.\textsuperscript{165} The mindset constraint has not really become a thing of the past and, in fact, the trend toward mild relaxation has been reversed in the past decade or so.\textsuperscript{166} The corollary is that most of the academic work in this area is the product of investigations undertaken by foreign researchers and their Chinese counterparts pursuing their careers in parts of the world other than China.\textsuperscript{167} This has not prevented these researchers from gaining access to the necessary data and engaging in empirically underpinned studies.\textsuperscript{168}


\textsuperscript{162} See Huang, supra note 157.

\textsuperscript{163} See id.

\textsuperscript{164} See CORRUPTION AND ANTICORRUPTION IN MODERN CHINA, supra note 158.


\textsuperscript{166} See id.

\textsuperscript{167} See Mushkat & Mushkat, supra note 165.

\textsuperscript{168} See id.
The initial information-gathering endeavors revolved around the phenomenology of corruption: its different forms, its geographical distribution, and the types of actors embroiled in corrupt practices. In addition to the specific manifestations of corruption witnessed elsewhere, including communist and post-communist societies, corrupt practices with unique “Chinese characteristics” were pinpointed. The level of officials entangled in the entire spectrum of corrupt activities (“national, provincial, district, municipal, county, commune, military, State enterprise and State factory”) proved to be a key focus of attention in general and in relation to regional/subnational political power networks in particular.

The origins of corruption were tentatively examined at that stage, with the emphasis primarily placed on regime attributes likely to breed corrupt practices. This category encompassed cultural legacy, an amalgamation of party and state organs, overlapping public and private spheres of activity, bureaucratic inertia, ill-defined functional boundaries, over-centralization of political authority, poor accountability and transparency, ideological decay, problematic demographic trajectories (notably, cadres’ advancing age and institutional dissolution), and a scarcity of consumer goods in the wake of more than generation-long Maoist gross economic mismanagement.

Another dimension of the scholarly agenda centered on available remedial strategies and the scope for enhancing their effectiveness, as well as exploring new courses of action for curtailing or eradicating corruption. The commonly adopted position was that a thorough understanding of the causes of corrupt practices in this politico-cultural environment was a precondition for fruitful policy response. This position was coupled with the view that causes should not be viewed in isolation because they were embedded in a system consisting of interconnected elements. The implication was that, due to its spider-like nature, combating corruption in China required a multifaceted approach rather than narrowly focused surgical strikes.

This reform-triggered wave of academic inquiries gave way to one that followed a similar research agenda but diverged from its predecessor in terms of how the components of that blueprint were examined. Thus, phenomenology, origins of corruption, and policy thrust continued to feature prominently in the work conducted in this area but more selectively so, with specific aspects of corrupt practices and strategies to contain them being accorded greater attention than others. The partial reorientation that

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169 See id.
171 Mushkat & Mushkat, supra note 165.
172 See id.
173 See id.
174 See id.
175 See id.
176 See id.
177 See id.
178 See id.
179 See id.
180 See id. at 266–67.
occurred reflected the accumulation of knowledge that took place in the previous period, allowing scholars to branch out in new and more narrowly defined directions and providing improved access to data, enabling them to explore sides of corruption that were beyond their earlier reach.\textsuperscript{181} Macro-style concerns consequently were de-emphasized, and those of the micro-type variety were accented.\textsuperscript{182}

An example of the path pursued by socio-legal researchers during the second wave of theory construction and information-gathering was a project exclusively focused on bureaucratic corruption.\textsuperscript{183} This path carefully and methodically explored a clearly delineated range of corrupt practices (phenomenology), their roots (genesis), and situation-dependent remedial measures.\textsuperscript{184} It was not as all-embracing as its first-wave predecessors, but it dug deeper into the matter at hand and was more finely calibrated. The substantial presence of bottom-up elements, as distinct from top-down elements, infused it with a micro flavor.\textsuperscript{185}

As the second wave progressed toward its peak and beyond, the phenomenology, genesis, and policy imperatives were articulated in increasingly dynamic, as opposed to static, terms.\textsuperscript{186} This means that the symptoms of corrupt practices, their sources, and the strategies to alleviate them were seen as time-sensitive and susceptible to impulses emanating from evolving economic, political, and social milieus.\textsuperscript{187} However, the impact of corrupt practices on economic development did not yet undergo a notable conceptual fine-tuning.\textsuperscript{188} Rather, scholars undertaking investigations in this field persisted in delving into the causes of corruption and providing general and unidirectional statements about its implications.

The factor with which they kept grappling was the connection between shrinking the economic space occupied by the State, coupled with the expansion and growing importance of the private sector, and the scale and severity of corrupt practices.\textsuperscript{189} Pieces of evidence were accordingly generated to indicate that, in a mixed-economy setting, corruption does not necessarily abate but, in fact, may spread to new pockets of economic activity (for example, commercial banking, entrepreneurial schemes, international transactions, investment banking, investment management, real estate deals, and tax administration) and become firmly entrenched.\textsuperscript{190} As to the effects, the common position loosely communicated was that corrupt practices are an obstacle to economic (including political and social) development, as well as an ethically and psychologically pernicious phenomenon.\textsuperscript{191}

\textsuperscript{181} See id. at 267.
\textsuperscript{182} See id.
\textsuperscript{184} See id.
\textsuperscript{185} See id.
\textsuperscript{186} See Mushkat & Mushkat, supra note 165, at 267.
\textsuperscript{187} See id.
\textsuperscript{188} See id.
\textsuperscript{189} See id.
\textsuperscript{190} See id.
\textsuperscript{191} See id.
The third and current wave has primarily been marked by greater theoretical focus, more hypothesis testing, and a shift, albeit not decisive, from qualitative to quantitative data collection and processing. Theoretical propositions have principally been derived from the literature on law and economics and on law and society. Representative of the former are studies applying specific models such as the principal-agent paradigm and those drawing on the entire repertoire of law and economics theoretical constructs. Typical of the latter are inquiries employing a particular conceptual formulation such as Mark Granovetter’s embeddedness framework, resting on the premise that economic exchanges are rooted in the structure of social relations, and those seeking a synthesis of complementary law and society theoretical insights.

An example of an investigation guided by a concrete hypothesis and quantitatively driven has been a project aiming to gauge the impact of the Chinese anti-corruption campaign waged in the past decade or so on the performance of SOEs. The authors have extracted relevant statistics from the China Stock Market and Accounting Research Database and National Bureau of Statistics sources and dissected them using a technique known as the difference-in-differences (‘‘DID’’) method. The authors’ findings evince that, as envisioned, there has apparently been a micro-level positive link between the anticorruption campaign and the financial performance of SOEs. And yet (understandably so, given the context), cost-benefit/cost-effectiveness analysis has not been performed and the opportunity cost has not been incorporated into the equation.

The relationship between corrupt practices and economic development has attracted considerable attention on the part of third-wave scholars. In 2013, Bo Rothstein, in _The Chinese Paradox of High_...
an analytical undertaking involving quantitatively-based formal hypothesis testing, Nicholas D’Amico has thus relied on a multiple-regression model to determine the effect of corruption on economic growth at the provincial level, while holding a cluster of other potentially pertinent variables constant. The picture that has emerged has painted corrupt practices as a friction-inducing force impeding the forward movement of the economic engine. The advice consequently offered to provincial leaders has been to steadfastly clamp down on such activities.

Collin Glenn, on the other hand, has detected a positive correlation between corruption and economic growth. Moreover, he has found that corruption has had an even stronger influence on investment, a crucial propeller of the latter, lifting it materially. Importantly, while failing to tangibly boost foreign trade, corrupt practices have not depressed this vital component of the economic locomotive, playing a largely neutral role. The only area of serious concern has turned out to be economic efficiency where substantial losses have been witnessed, the implication inevitably being that the gains realized have had a high price tag attached to them.

On balance, there is heavier and harder quantitatively generated evidence to support D’Amico’s position, but such contradictory empirical results are not uncommon. It follows that the growing recourse to formal hypothesis testing and statistical modeling may have yielded valuable insights, yet without authoritatively furnishing an unambiguous diagnosis.

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201 See D’Amico, supra note 200.
202 See id.
203 See id.
204 See Glenn, supra note 200, at 26–27.
205 See id. at 27–28.
206 See id. at 28.
207 See id. at 28–30.
and without inching closer to settling the debate between sanders and greasers in the Chinese context. The problem appears to partly stem from the often narrow focus and inherent methodological limitations of the exclusively quantitative research strategy adopted by socio-legal scholars to address a fundamentally intricate issue, which presumably explains why the fruits of holistic and technically eclectic approaches have been more readily embraced by the academic community.

V. ANDREW WEDEMAN’S AND YUEN YUEN ANG’S “GREAT LEAP FORWARD”

The notion that corruption may have been an ineluctably positive element in China, in its attempt to free itself from the shackles of Maoist revolutionary dogma and to embark on a quasi-liberal overhaul of its economy, was first indirectly but compellingly raised by Susan Shirk in her seminal survey charting China’s transition from disorderly central planning to a market-underpinned hybrid economic structure. She has vividly highlighted the salient features of the process by contrasting Deng Xiaoping’s unconventional tactics with those of Mikhail Gorbachev, two visionary leaders who pursued broadly similar goals, at least in the economic domain, but palpably differed with respect to the appropriate means to achieve them.

Both Deng and Gorbachev recognized that revamping the economic system would prove an elusive target without overcoming conservative resistance from deeply entrenched interests at the top echelons of the politico-bureaucratic pyramid. Gorbachev opted for what might be deemed as the classical but also the most radical response in such circumstances, namely democratization, which was expected to facilitate the mobilization of the masses and their emergence as a counterweight to the powerful remnants of the communist era bent on diluting the far-reaching economic-reform blueprint envisioned. By contrast, Deng chose administrative decentralization and institutional revitalization, pragmatically refraining from dismantling the operative status quo.

Decentralization entailed vesting subnational-level cadres with considerable authority and incentivizing them to actively participate in the budding reform coalition. Institutional revitalization assumed the form of a set of decision rules designed to minimize the uncertainty faced by the new entrants into the upper layers of the political arena and those dependent on them, notably the fledgling entrepreneurs. These mostly informal but nevertheless behaviorally consequential rules, akin to customary law, were a vital element of Deng’s game plan for laying the foundation for ushering in

209 See id.
210 See id.
211 See id.
212 Id.
213 See id. at 70–128.
214 See id.
the prosperity and stability previously denied to the Chinese people because of Mao’s unproductive and disruptive twists and turns.\footnote{215}{See id.}

One such rule was intended to enhance accountability in an institutional milieu deprived of accountability by converting appointments or “elections” within the politico-bureaucratic circles into a two-way process.\footnote{216}{See id.} Specifically, the principle of reciprocal accountability was introduced to stipulate that, not only should leaders should continue selecting the officials, but that the officials ought to simultaneously select their leaders.\footnote{217}{See id.} As Shirk has elaborated: “The leaders appoint the officials and the officials in the Central Committee [of the Chinese Communist Party(“CCP”)] choose (or at least ratify the choice of) the leaders.”\footnote{218}{Id. at 83.} The upshot is that “[o]fficials hold their positions at the pleasure of the party leadership, but the party leaders hold their positions at the pleasure of the officials in the selectorate.”\footnote{219}{Id.} Since subnational officials serve as both agents and constituents of central leaders in this quintessentially communist or Dengist institutional setup, it may reasonably be inferred that the “lines of authority run in both directions, turning a hierarchical relationship into one of “reciprocal accountability.”\footnote{220}{Id. at 116.}

Within the two-tier elite selectorate that quickly crystallized, subnational (alongside sectoral) interests were given ample room to promote their predominantly economic agendas, often in conjunction with local-level private and semi-private agents operating under their political umbrellas.\footnote{221}{See id. at 82–88.} A disaggregated institutional structure has ensued, with subnational (and sectoral) interests commonly taking precedence over centrally articulated preferences, which benefits the winners in the competitive quest for scarce resources.\footnote{222}{Id. at 98–106.} This might have been a sub-optimal configuration from an allocative perspective, but the implementation of the reform program could have otherwise confronted potentially insurmountable challenges.\footnote{223}{See id. at 117.}

Another notable decision rule seemingly conducive to prosperity and stability was to encapsulate the idea of delegation by consensus or by following the time-honored bureaucratic maxim that “[i]f the agents agree, let it be.”\footnote{224}{Id. at 116.} The introduction of this rule was not merely a tactic to neutralize opposition to economic reform by building an effective coalition in support of a quasi-liberal rejuvenation of the economy, but a step grounded in the theory of asymmetric information, which suggests that subordinates typically possess better task-related information than their superiors and are thus more likely to pursue efficient courses of action.\footnote{225}{See id. at 116.} CCP leaders could of course always override the collective wisdom of lower-level officials, but they generally refrained from resorting to such tactically inconsistent measures, empowering them in the process.\footnote{226}{See id.}
Shirk has aptly identified the pillars of China’s post-1978 institutional architecture and has deliberately built-in expansionary and friction-preventing mechanisms that might open the door wide for rent-seekers without explicitly addressing the possible economic benefits and disbenefits that could materialize as a result. It may be surmised that she has heavily leaned, conditionally or without any strings attached, toward the positive side of the picture. The same theme has subsequently been examined, whether explicitly or implicitly, by other socio-legal researchers who have been able to shed additional light on the linkage between reform-era institutional constellation, incentives/opportunities for engaging in corrupt practices, and concerted efforts to steepen the economic growth trajectory/GDPism.227

The work of Chengze Simon Fan and Herschel Grossman has been instructive in this respect.228 Unlike Shirk, these two scholars have not only acknowledged that the causal connections outlined above have been a constant feature of post-1978 Chinese realities, but also that the CCP has in fact consciously offered a “carrot” to local officials in the form of material incentives (“compensation”) in order to induce them to go to great lengths, including by relying on extralegal means, in seeking to fulfill economic development objectives.229 Moreover, such tactics have been combined with the threat of punishment—should symptoms of corruption be detected—without actually wielding this threat (“lax enforcement”) if local officials have managed to “deliver the goods.”230

The township-village enterprises (“TVEs”), the Chinese economy’s principal growth engine in the 1980s, have constituted an institutional platform in which the symbiotic relationship between business and politics has thrived unencumbered. This is the case because, as Brett McDonnell has carefully documented, ill-defined property rights,231 coupled with, as Peter Ping Li has firmly established, a culture of local corporatism underpinned by a vast network of government-business partnerships, sustainably fuels economic dynamism that is enormously beneficial to both sides,232 individually as well as collectively.233

TVEs have enjoyed a significant threefold advantage over SOEs, rendering them particularly attractive for aspiring rent-seekers. First, as noted by McDonnell, their ambiguous property rights234 have provided

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227 This concept has been succinctly elucidated in Giuseppe Gabusi, ‘The Reports of My Death Have Been Greatly Exaggerated’: China and the Developmental State 25 Years After Governing the Market, 30 PAC. REV. 232, 238 (2017) (an authoritative account of the institutional foundation of China’s development strategy).
228 See Fan & Grossman, supra note 200.
229 See id.
230 See id.
234 See McDonnell, supra note 231.
ample scope for opportunistic maneuvering and value maximization. Second, their relatively small size has made it difficult for the political center in Beijing to oversee their multifarious activities soundly. Third, and relatedly, the greater independence from the national authorities, administratively and financially, has translated into a soft (as distinct from hard) budget constraint and substantial autonomy with regard to investment. The architects of China’s reform program can be said to have created and nourished this corrupt practice-breeding and economic growth-spurring institutional facade.

The subnational-level cadres operating on the official side of the hazily delineated boundary between the private and public segments of the politico-economic space have increasingly come to be viewed as policy entrepreneurs, with their long tentacles now reaching as far as venture capital. The literature on the subject has grown in volume, exhibiting progressively greater breadth and depth, and furnishing rich theoretical and practical insights. Yet, until Andrew Wedeman and Yuen Yuen Ang entered this analytical realm, it remained fragmented, without a solid anchor and with no easy answers to the question of how the corruption-economic-development dynamics ultimately play out in the Chinese context.

At the heart of Wedeman’s exhaustive dissection of the subject at hand lies the apparent paradox confronted by students of economic development, seemingly conditioned to conceptualize the linkage between corruption and economic progress in unequivocally negative terms. This paradox stems from the fact that, whatever angle it is scrutinized from and whatever sources are dug into, China’s reform-era experience comes out as wholly inconsistent with the profoundly antagonistic views emphatically propounded by the flagbearers for the “Washington consensus” collectively espoused by leading international financial institutions such as the International Monetary Fund (IMF) and the World Bank, and incisively articulated by Paolo Mauro in his influential paper on the topic.

The time-series data, collected and organized by Wedeman, and extending over four decades, evidently lends support to his decision to sharply depart from the position firmly held by international policy makers.

236 See id.
237 See McDonnell, supra note 231, at 955.
238 See Yasheng Huang, How Did China Take Off?, 26 J. ECON. PERSP. 147 (2012).
241 See WEDEMAN, supra note 47.
242 See Mauro, supra note 43.
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and their senior advisors.\textsuperscript{243} This data set tells a “tale of two Chinas.”\textsuperscript{244} One tale describes China as enjoying an uninterrupted economic boom in which it is outperforming the vibrant industrialized economies of its dynamic neighbors in terms of GDP growth.\textsuperscript{245} The other tale is that China is awash with corrupt practices, which are, surprisingly enough, burgeoning rather than receding, as reflected in the trend exhibited by Transparency International’s CPI.\textsuperscript{246}

Moreover, this supposedly perverse pattern has not merely been a national-level phenomenon, possibly a statistical aberration, but has also clearly manifested itself at the subnational level upon the disaggregation of the data.\textsuperscript{247} Specifically, and perhaps even more surprisingly, provinces with the highest economic growth rates, and possessing a reputation for being “one step ahead” of others in genuinely embracing the economic reform agenda, have had the highest, rather than the lowest, incidence of corrupt practices, as proxied by the volume of disciplinary actions.\textsuperscript{248} This incidence rate has provided strong analytical underpinnings for the double paradox (explosive economic growth and escalating corruption) construct.\textsuperscript{249}

According to Wedeman, this configuration has selectively been observed elsewhere, even if there has been no dearth of exceptions to that unexpected covariation.\textsuperscript{250} Examples that fall into one of these two categories are readily available.\textsuperscript{251} Wedeman chose Japan and South Korea as cases lending support to his thesis that widespread corrupt practices need not necessarily hamper economic development; and the Philippines and Zaire as suggesting otherwise.\textsuperscript{252} Whereas the former two had enjoyed a remarkable rise in the standard of living while being engulfed by extensive manifestations of corruption, the latter two had not been able to shake off corruption’s adverse effects.\textsuperscript{253} As Wedeman has pointed out, when juxtaposing South Korea’s accomplishments with the Philippines’ and Zaire’s missteps, “While looting by the Mobuto regime certainly destroyed the Zairian economy and systematic rent scraping by Marcos hollowed out the Philippine economy . . . in South Korea it appeared that corruption provided a way for the ruling party to cash in on rapid growth and so provided an incentive to promote development.”\textsuperscript{254}

The economic pathway followed by Japan and South Korea, as well as the other East Asian Tigers,\textsuperscript{255} except for Hong Kong, had institutional features by virtue of which they earned the epithet of being “developmental

\textsuperscript{243} See \textsc{Wedeman, supra} note 47, at 1–4.
\textsuperscript{244} Id.
\textsuperscript{245} Id.
\textsuperscript{246} Id.
\textsuperscript{247} See \textit{id.} at ix.
\textsuperscript{248} Id.
\textsuperscript{249} Id.
\textsuperscript{250} Id.
\textsuperscript{251} See \textit{id.}
\textsuperscript{252} Id.
\textsuperscript{253} See \textit{id.}
\textsuperscript{254} See \textit{id.}
\textsuperscript{255} See \textsc{The Four Asian Tigers: Economic Development and the Global Political Economy} (Eun Mee Kim ed., 1999).
States. Such States are deemed to be “hard” in that they are unwaveringly spearheaded by the politico-bureaucratic apparatus in a top-down fashion, unlike their incoherently drifting predatory or “weak” counterparts. In such States, as Wedeman has opined, corrupt practices proliferate but are predominantly of the structural variety, typically assuming the form of “under-the-table, illicit “contributions” from big business to the ruling party,” thus lacking the deep roots that normally render ongoing economic expansion difficult to sustain.

Amplifying the paradox, Wedeman has asserted that, when it comes to corruption, China cannot readily be placed in this developmental space. The reason is that countenance or encouragement of corrupt practices has never been essential to maintaining CCP rule as the party has not had to buy its way to power or receive payments to ensure that its hold on the instruments of power does not loosen. Indeed, as seen recently, the CCP has not hesitated to bring to heel businesses, however big, viewed as posing a threat to the CCP’s authority. Rather, corruption in China has borne close similarity to that witnessed in predatory and weak States. The implication is that the second paradox confronted in this context is that of “concurrent predatory corruption and rapid economic growth.” To elaborate, the Chinese experience may be noteworthy “not simply because it is an example of coincident high levels of corruption and rapid growth but because it is a singular contemporary example of coincidental high levels of predatory corruption and rapid growth.”

Wedeman has heavily drawn on the work of Ting Gong and Sun Yan in his quest for a factually sound depiction and theoretically credible explanation of the underpinnings of China’s double paradox. This has led him to the conclusion that neither cultural legacy nor some innate institutional anomalies have been the primary determinant of the nature of Chinese corrupt practices and their interplay with economic development. Rather, the key element of this complex equation has been the abruptness and scale of economic reform, as well as its post-1978 evolution and the structural-functional transitions encountered during this period.

The adoption of that construction of events has paved the way for a conceptualization of corruption by Wedeman as a dynamic, time-dependent,

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257 See id.
259 WEDEMAN, supra note 47, at 18.
260 See id.
261 Id. at 5.
262 See id.
265 See generally YAN SUN, CORRUPTION AND MARKET IN CONTEMPORARY CHINA (2004).
266 See WEDEMAN, supra note 47, at 5–7.
267 See id. at 6.
268 See id. at 5–14.
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and heterogeneous phenomenon. As economic reform broadened and deepened, fueling breakneck economic growth in the 1990s, corrupt practices thus metamorphosed from the 1980s-style individualized variant of power abuse to collective corruption featuring collusion between cadres and their non-party allies who had established protective networks, referred to as “protective umbrellas” (baosan) for the purpose of risk sharing. By the same token, corrupt practices had assumed multiple forms, some reinforcing the forward economic momentum and others, albeit to a lesser degree, hobbling it. Wedeman has not merely recycled ideas floated by other socio-legal scholars. First, he has claimed that this intricate pattern may be preserved considerably longer than generally assumed without inflicting material economic damage. Second, he has decisively turned the picture upside down by according economic growth the status of the cause and according corruption that of the effect; in this way, he balances the forces between the two such that the latter, via a feedback loop, has either greased the wheels of the economic locomotive (not an entirely original proposition) or has lacked the strength to contain it because it has been mostly confined to ultra-dynamic pockets of economic activity. Third, in an argument not previously comprehensively articulated, he claims that the CCP’s periodic anti-corruption campaigns have been so finely calibrated that they have culminated in relatively low-level equilibrium between the drivers of economic growth and the headwinds facing them, allowing economic progress to proceed largely unhindered.

Bo Rothstein has added a crucial dimension to this two-level synthesis of seemingly contradictory elements. Importantly, he has underlined China’s apparent uniqueness by noting that China has managed to enjoy an extended economic boom while evidently being weighed down by a plethora of corrupt practices—despite lacking a high-quality Weberian-type bureaucracy commonly regarded as vital for sustainable economic development. Rothstein found an answer to this side of the double paradox by highlighting the limitations of dichotomous typologies of bureaucracy (Weberian versus non-Weberian) and postulating that there is a third one, exhibiting strong dedication to a specific policy doctrine, which enables it to steadily make headway toward its goals in a terrain rife with obstacles. Such a single-minded pursuit of a sharply focused politico-economic agenda may have been the secret to the Chinese economy’s resilience in circumstances where rampant predatory corruption would have otherwise proven overwhelmingly costly.

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272 See id. at 6.
273 See id.
274 See id.
275 See id. at 8–14.
276 See id.
277 See id.
279 See id.
280 See id.
281 See id.
The Wedeman, or Wedeman-Rothstein, account of the corruption-economic development nexus in China may be considered a significant contribution to the academic literature on the subject for three reasons. First, this rudimentary comparative qualitative analysis has revealed the limitations of a strictly quantitative data manipulation that shows statistical regularities but leaves gaps in the knowledge repertoire. Second, if the double paradox notion is sufficiently empirically grounded and the Chinese experience is indeed without parallel, this paradox serves the same purpose by accentuating the value of in-depth qualitative exploration of “deviant” cases/outliers. Third, a number of potentially pivotal intervening/mediating and contextual variables (developmental State angle, economic policy content, time-dependency, heterogeneity of corrupt practices, pace of economic activity, potency of countervailing forces, balance and even harmony between the two, essence of bureaucratic constellation, and so forth) have been incorporated into the theoretical framework and have enriched it.

Ang’s journey far into the intellectual territory examined in this article, while not friction free, is perhaps the most insightful, original, and thought-provoking undertaking of its kind. Her first step in that venture has been to take issue with aggregate measures of corruption such as the CPI and the World Bank’s Control of Corruption Index, which produce bundled scores, one figure for each country, and proceed to unbundle the concept. Like Wedeman, and to a lesser extent some of his like-minded predecessors, her encounter with empirical realities has prompted Ang to embrace the proposition that, to properly grapple with the workings of the linkage between corrupt practices and economic development, the analysis needs a viable basis for conceptual differentiation and to rely on it to place manifestations of corruption in qualitatively distinct categories is a sin qua non for correcting the distortions associated with the use of conventional aggregate measures and presenting a more accurate picture of the unfolding dynamics.

A number of permutations are possible in this respect, but in order to maximize analytical value and to strike a balance between nuance and parsimony, Ang has opted for a two-dimensional differentiation scheme or typology, with one side focused on the distinction between corrupt practices that involve theft and those that involve exchanges, and the other side highlighting the difference between elite-level and non-elite-level corruption. The first dimension can be said to constitute a departure from the pattern observed in the academic literature and may be deemed novel. As Ang has elucidated: “I distinguish between corruption involving two-way exchanges between officials and social actors—including but not limited to bribery—and corruption involving theft, such as embezzlement or extortion.” This is considered a crucial ingredient of her conceptual structure because classical omissions of that factor result in a loss of essential

282 See ANG, supra note 48.
283 See id. at 7–8.
284 See id.
285 See id. at 8–9.
286 See id. at 8–9.
287 Id.
information by failing to identify “state actors who steal from public coffers, or who exhort without providing anything in return.”

Ang’s two-dimensional framework has been instrumental in allowing her to fruitfully unbundle corrupt practices and pinpoint variants that are unalike in their influence on economic activity. Four categories have emerged: petty theft (by non-elites); grand theft (by elites); speed money (exchanges by non-elites); and access money (exchanges by elites). Ample illustrations from diverse geographical contexts (Thailand for petty theft; Nigeria for grand theft; India for speed money; and China for access money) have been furnished to underscore the sound empirical underpinnings of this conceptual blueprint and its virtually universal relevance.

Interestingly, the first three types are almost invariably illegal, but this is not necessarily true of access money, which may be located within or without the bounds of the law. Examples of the former are bribes and kickbacks, frequently witnessed in China. Examples of the latter are opaque or entirely legal exchanges without a cash component such as “cultivating political connections, campaign finance, ‘revolving door’ practices (moving between leadership posts in private and public sectors), and influence peddling.” According to Ang, the academic literature is heavily centered on speed money, with access money, which she views as “more sludge than grease,” relegated to the periphery.

Whether legal or illegal, the four variants of corruption identified are assumed to notably differ in their impact on economic vitality. An analogy with drugs is invoked to equate petty theft and its grand counterpart with toxic substances that together do the greatest harm to the economic façade by depleting private and public capital. Moreover, these types of corrupt practices cripple law and order, discouraging foreign investors, foreign visitors, and even foreign aid purveyors. The consequences of exchange-based corruption are less obvious. One of the greasers’ most consistently advanced contentions is that speed money in the form of petty bribery bolsters efficiency by enabling citizens to bypass bureaucratic bottlenecks. Ang is not prepared to unequivocally embrace this argument because of the financial burden, tantamount to a tax, that this imposes on households and firms.

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288 Id.
289 See id. at 8–9.
290 See id.
291 See id.
292 See id. at 10.
293 See id.
294 Id. at 10–11.
295 Id. at 11.
296 See id.
297 See id. at 11–14.
298 See id. at 12.
299 See id.
300 See id. at 12.
301 See id.
302 See id.
Access money, by contrast, is deemed to be the “steroids of capitalism,” playing the role of “growth-enhancing drugs.” Rather than being regarded as a tax, it should be seen as an investment and is indeed perceived as such by economic agents. For instance, “Chinese entrepreneurs are willing to bribe their way into legislative congresses because the benefits of networking with party-State bosses more than offset the expense.” It does not inevitably follow that access money is uniformly beneficial for the economy as it, *inter alia*, distorts the allocation of scarce resources; at the same time, however, it acts as a powerful economic stimulant and the damage that it inflicts on the economic system normally only manifests itself when the economy experiences a full-blown crisis, which is a rare occurrence.

Ang’s explanation of China’s deviant case, or paradox, is derived from her typology and particularly the prominence accorded to access money within this scheme. The point is that she thinks that this variant of corrupt practices has been the principal vehicle for rent-seeking in the country since the curtain fell in 1978 on the two-decade-long and enormously costly Maoist experiment. That pattern, in turn, may be accounted for by the incentive structure adopted to mobilize politico-bureaucratic support for the open-door policy. This proposition is not entirely original, but Ang has drawn an illuminating distinction between inducements given to high-ranking cadres and those offered to their rank-and-file counterparts. The former have been won over by establishing a close linkage between the prosperity of the local economy and their personal gains and the latter by tying their considerable fringe benefits (“efficiency wage”) to the growth of local tax revenue (a function of GDP expansion).

Another economic development safeguarding element of this intricate picture has been the central authorities’ initiatives to clamp down on types of corruption most inimical to entrepreneurial dynamism. According to Ang, this is a sorely missing ingredient in analytical narratives liberally and vividly tracing the evolution of “crony capitalism” and the proliferation of corrupt practices in this milieu and elsewhere. As she has argued, “Corruption may induce communist officials to enthusiastically embrace market reforms, but the central government has to steer them away from corruption that damages growth and undermines state performance— theft and extortion.”

The final component of this multifaceted explanatory framework is intense subnational-level competition. Ang has likened it to stiff electoral

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303 Id.
304 Id.
305 See id.
306 Id. at 12–13.
307 See id. at 13.
308 See id. at 14–18.
309 See id. at 14.
310 See id. at 14–16.
311 See id. at 15.
312 See id.
313 See id. at 16–17.
314 See id. at 16.
315 Id.
316 See id. at 17.
contestation in terms of the constraints that it seemingly imposes on predatory corrupt practices in the Chinese context. Given the imperative of attracting a large amount of capital from a variety of sources, local leaders are compelled to stamp out attempts by rank-and-file bureaucrats to enrich themselves through petty theft and speed money. Moreover, the constant pressure to bring complex deals to fruition forces local leaders to grant cost-containing or predatory corruption-minimizing preferences to investors and to maintain a semblance of institutional effectiveness.

Whereas Wedeman’s methodological approach is eclectic and rather loosely structured, Ang exhibits a relatively high degree of methodological consciousness. Data from multiple sources have been extracted and several tools have been employed to dissect them with a view to determining whether assertions, or hypotheses, regarding the relationship between corrupt practices and economic development are empirically sound. This comes close to qualifying as a mixed-methods research strategy. Importantly, conventional aggregate measures of corruption have been shunned in favor of disaggregated ones, and the data sets have been configured accordingly. The lack of similar scientific precision and versatility detracts somewhat from the robustness of Wedeman’s theoretical exposition without substantially diminishing its overall academic value. There can be little doubt that both authors have palpably pushed the frontiers of knowledge pertaining to the greasers’ side of the divide between scholars who inject some positivity into the corrupt practices-economic development nexus and those who are ill-disposed toward such a construction. That said, it is uncertain whether they have gone as far as making a dent in the latter’s conceptually and empirically underpinned assortment of negative premises.

VI. BACK TO THE FUTURE?

Over the years, the burgeoning manifestations of corruption in reform-era China have been systematically and productively scrutinized by a growing number of students of the country’s socio-legal landscape. Their studies, individually and collectively, have greatly enhanced the understanding of the etiology, features, and ramifications of corrupt practices in that particular setting. Some of these surveys, notably those comprehensively performed by Ting Gong and Yan Sun, have briefly been alluded to earlier without fully highlighting their factual and interpretative value-added because they provide a rather limited scope for generalizing beyond their specific geographical confines, absent further steps by “comparativists” to place them in a broader context.
Wedeman’s and Ang’s contributions potentially transcend national boundaries. But their contributions do not necessarily complement each other, let alone combine to build a solid theoretical chain consisting of mutually reinforcing elements. Wedeman has identified an anomaly in the form of an apparent covariation, extending over decades, between predatory corruption and economic development. Ang has challenged this diagnosis and has proceeded to endeavor to illustrate that economic development may be, and has been, sustained in circumstances where the seeds of a different type of corrupt practice, access money, has been allowed to germinate but predatory corruption has largely been suppressed.

This tension notwithstanding, Wedeman and Ang have nevertheless shed much new light on the drivers of corrupt practices in post-Mao but continually CCP-governed China, these forces’ evidently unparalleled constellation, and above all the possibly unusual role they have played in the process of economic development. Even if only a handful of their insights were found to be conceptually and empirically flawless, they would still constitute a meaningful contribution to comparative socio-legal inquiry, rather than being otherwise limited to a Chinese politico-economic environment marked by “peculiar characteristics.” That is due to these two authors’ portrayal of the corruption-economic development dynamics in a distinct manner that materially diverges from the rich body of findings pertaining to this controversial subject and yet which cannot be overlooked.

Such distinctiveness serves as a useful and timely reminder that the quantitative analysis of a large volume of data, culminating in sweeping observations, needs to be supplemented with diachronic, in-depth explorations of individual cases, followed by a synthesis of information generated by pursuing a host of research strategies. Corrupt practices and the milieu in which they are embedded are too complex to be squeezed into a technically anchored, tight straitjacket. Wedeman’s and Ang’s work brings into particularly sharp focus the crucial importance in this and comparable contexts of investigations of deviant, extreme, or most different cases (which may be contrasted with most similar, pathway, and typical cases).

Wedeman and Ang have made two additional notable contributions, conceptual and methodological, to the literature on the linkage between corrupt practices and economic development. Specifically, from a conceptual angle, they have pinpointed manifestations of corruption that seldom, if ever, are highlighted in the writings of other socio-legal scholars. Moreover, and this is again a novel feature, their typology construction has directly been geared toward fruitfully delving into the intricacies of the interplay between corrupt practices and economic development. Ang’s notion of access


326 See John Gerring, Case Selection for Case-Study Analysis: Qualitative and Quantitative Techniques, in OXFORD HANDBOOK OF POLITICAL METHODOLOGY 645 (Janet M. Box-Steppensmeier, Henry E. Brady & David Collier eds., 2008); Jason Seawright & John Gerring, Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options, 61 POL. SCI. Q. 294 (2008).

327 See KENNETH D. BAILEY, TYPOLOGIES AND TAXONOMIES: AN INTRODUCTION TO CLASSIFICATION TECHNIQUES (1994); D. Harold Doty & William H. Glick, Typologies as a Unique Form of Theory Building: Toward Improved Understanding and Modeling, 19 ACAD. MGMT. REV. 230 (1994); Susann Kluge, Empirically Grounded Construction of Types and Typologies in Qualitative Social
money is a telling example because it stands out in terms of being an original concept and closely matching her research objectives.

From a methodological perspective, Wedeman and Ang, particularly the latter, have compellingly shown that different forms of corruption have different economic consequences, calling into question the widespread reliance on aggregate indicators in projects aimed at gauging those impacts. Ang has gone a step further in developing disaggregated measures of her own and applying them with a degree of success. Whether or not one agrees with the results, there can be little doubt that by inspirationally raising relevant methodological questions and resourcefully seeking right answers, Ang has laid the foundation for a more nuanced approach to the study of the effects of corrupt practices. Her influence in this respect is likely to prove long-lasting.

That said, Wedeman’s and Ang’s pathbreaking surveys have flaws that preclude them from decisively propelling the greasers’ agenda beyond its traditional parameters. A fundamental shortcoming stems from insufficient concept extension or from narrowly equating economic growth with economic development. This is scientifically a rather old-fashioned practice and may be misleading if the necessary recalibration is not adequately made. As matters stand, economic development is viewed as an elastic concept reflecting headway in realms such as education and health (the United Nations’ Human Development Index), environmental preservation (green national product), social advancement (genuine progress indicator), and happiness/life satisfaction (gross national happiness). These are spheres of developmental activities in which China has generally not fared well, casting a shadow over its strictly material, reform-era achievements.

Moreover, Chinese economic growth over the past four decades or so, while solid, may have been less spectacular than the expansion of its real, or...
inflation-adjusted, GDP suggests.\textsuperscript{335} Estimates vary according to the source, as does the reliability of the data, but the growth of value-added tax (VAT) revenues,\textsuperscript{336} evidence obtained from trading partner statistics,\textsuperscript{337} and accounting distortions (stemming from subnational government’s propensity to invest in projects that are economically unviable and incorrectly marked to market),\textsuperscript{338} when taken together, paint a picture of an economy that is smaller and less dynamic than commonly assumed. Ang is to be commended on making appropriate and long-overdue adjustments to conventional indicators of corruption but should at the same time be faulted (this applies to Wedeman as well) for leaving the other side of the equation intact.

To further complicate matters, the quality of the reform-era, drawn-out expansionary cycle, may leave something to be desired. Specifically, massive injections of capital have been required to sustain it, resulting in low productivity growth.\textsuperscript{339} This may be attributed to the nature of the governance regime, marked by fuzzy property rights, institutional inertia, lack of genuine economic freedom, persistent and steadily increasing dependence on State capitalism, and rule by law punctured by reversions to rule of man (as distinct from rule of law).\textsuperscript{340} Corrupt practices may be regarded as an integral part of that unmanageable system and should not be viewed in isolation without considering the broader context.

While Ang touches briefly on the adverse side-effects of access money,\textsuperscript{341} both she and Wedeman accord scant attention to the economic cost of corruption. Using complementary data sets and alternative measures of corrupt practices, Bin Dong and Benno Torgler have determined that such activities in China aggravate environmental degradation and income inequality, depress government expenditure on education, public health, and research and development, and diminish FDI flows into the country’s


\textsuperscript{336} See Chen et al., supra note 335.

\textsuperscript{337} See Fernald et al., supra note 335.

\textsuperscript{338} See Pettis, supra note 335.


\textsuperscript{341} See Ang, supra note 48, at 145–48.
regions. By the same token, Nicholas D’Amico has found that these activities slow down economic growth at the subnational level. Such and similar costs should duly be weighed against any possible benefits.

Severe environmental degradation, vividly documented by Elizabeth Economy, has been a crucial area of concern, from an international as well as a Chinese perspective. As Dong and Torgler have carefully demonstrated, corruption has been one of the culprits. However, there has been a tendency to assess its impact independently and thus to underestimate it. That pattern has now been partially reversed and there is, for instance, research showing how corrupt practices and the hidden economy have combined to wreak environmental havoc in China. This is a dimension that has sorely been missing from multifaceted surveys such as those delivered by Wedeman and Ang.

Key claims put forward by the two authors may also not be entirely tenable. Wedeman, for one, has laid much store by the power of the anticorruption campaigns to offset the adverse effects of corrupt practices. Yet, there is little evidence that these defensive operations have had any discernible positive influence on economic growth. Indeed, the opposite may be true. By the same token, as Wedeman himself has pointed out, the inferences that Ang has drawn regarding the high incidence/prevalence of elite-level corrupt practices (that is, access money and, to a lesser degree, grand theft) and the low incidence/prevalence of the grassroots-level manifestations of this phenomenon (that is, petty theft and speed money) may be misplaced because they are based on sources that overreport the former and underreport the latter.

Wedeman and Ang’s inherently macroscopic approach may account for another missing ingredient in their theoretical edifice. While monitoring corruption through a microscopic lens at the individual entrepreneur level, Kimberly Eddleston, Elitsa Banalieva, and Alain Verbeke have observed that, when they pay bribes, these actors “may in the longer run be enacting a ‘new normal’ business environment perceived as high in obstacles, especially in transition economies.” This, in turn, renders them “vulnerable to the dangers of perceiving greater obstacles over time and enacting an obstacle-ridden ‘new normal’ business environment.” The idea that anticorruption campaigns or any other similar policy turnarounds

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342 See Dong & Torgler, supra note 200.
343 See D’Amico, supra note 200.
345 See Dong & Torgler, supra note 200.
346 See Wang et al., supra note 200.
348 See Nie et al., supra note 200; Wang, supra note 200; Araral et al., supra note 347; Qu et al., supra note 347.
may overnight erase such economic growth-impeding attitudes lacks certain credibility.\textsuperscript{352}

A line of reasoning that runs from Susan Shirk to Yuen Yuen Ang, two accomplished and creative scholars, implies that rampant corrupt practices have been a “necessary condition”\textsuperscript{353} for economic development in the Chinese context. A simple counterfactual thought experiment\textsuperscript{354} may opnug this firmly entrenched idea. Let’s assume that the CCP was led to victory against its Nationalist foes in 1949 by Lee Kuan Yew, the “founding father” of the Republic of Singapore, rather than Mao Zedong, and that the former established an authoritarian-style capitalist regime, but one basically governed by rule of law and free of corruption. Because of its size, China would have perhaps not been able to emulate Singapore’s developmental accomplishments, even if it might have been able to match those of Japan. Let’s also assume that, as the hypothetical architect of the post-1978 Chinese reform program, Lee Kuan Yew would have chosen the path he followed at home rather than the strategy embraced by Deng Xiaoping, China’s greatest leader of the modern era, if not an infallible one. It would be legitimate to infer that the Chinese people would today be in the position to enjoy a standard of living comparable and possibly better than their Taiwanese compatriots and at a lower cost, broadly speaking. The notion of historical inevitability has compellingly been discarded by the prominent philosopher Isaiah Berlin in his 1955 trenchant critique of determinism,\textsuperscript{355} and it is debatable whether resurrecting it, other than for descriptive and related explanatory purposes in these special circumstances, is a sound course of action.

VII. CONCLUSION

A one-dimensional construction of corrupt practices has given way to a multidimensional one, tangibly enhancing the understanding of this complex phenomenon in its various aspects. At the same time, the “intellectual diversification” that has ensued has ineluctably induced a healthy (for the most part) rise in previously latent analytical controversies and a revival of old ones. Among the latter, the intensifying tension within the set of socio-legal researchers, whose work is influenced by the law-and-economics school of thought but who are divided in their views regarding the impact of corruption on economic development, stands out because of its substantial policy relevance at both the macro and micro levels.

A growing volume of quantitatively based inquiries seems to have settled the issue in favor of those who see no virtue in pursuing greater economic welfare via strategies that leave room for corrupt practices. However, two


\textsuperscript{353} See Jan Dul, Necessary Condition Analysis (NCA): Logic and Methodology of “Necessary but Not Sufficient” Causality, 19 ORGANIZATIONAL RSCH. METHODS 10 (2016).


\textsuperscript{355} See ISAIAH BERLIN, HISTORICAL INEVITABILITY (1955).
novel and thorough qualitatively oriented investigations, incorporating elements of the versatile mixed-methods approach, may have slightly tilted the picture in the opposite direction. These studies have focused on China, a country where corruption has deep historical roots and where it has mushroomed in the past four decades or so. On the face of it, the findings generated by the scholars who have conducted those studies clearly suggest that, if certain conditions are met, corruption and economic development may comfortably occupy the same space. Even if the choice is made to regard this pattern as a deviant, extreme, or most dissimilar case, this choice cannot be overlooked because of the potentially wider lessons for what remains an incompletely chartered territory and the fact that this choice involves a major regional and global power.

There is virtual agreement that the Chinese “economic miracle” has been “caused” by a mixture of outward-looking policies geared toward maximizing the country’s comparative advantages—high savings rate and massive investment, gradual domestic liberalization, fiscal decentralization, and ample supply of labor in the rural areas. The authors in question do not challenge this diagnosis or insist that corrupt practices be selectively added to the list. Indeed, their research design does not feature a formal causal structure along the lines observed in the academic literature on case study analysis. It is nevertheless reasonable to infer that they treat corruption as a mutually reinforcing intervening/mediating variable that has contextually played a complementary role to the economic drivers identified above rather than one that has operated as a mutually antagonistic force. We believe that, despite the enormous descriptive and explanatory insights furnished by them, this calls for a leap of faith that is insufficiently supported by the evidence provided. As a practical test of the viability of the vision invoked, it would be inconceivable to suggest that the IMF, World Bank, or any of its regional counterparts should recommend that industrializing countries, including those belonging to the access money category, incorporate Chinese-style corrupt practices into their development-promoting strategies.


358 See Britt, supra note 93, at 86–90.