

Confronting the Big Lie

Only by freeing itself of useless dogma can China start truly building a modern society. BY SIN-MING SHAW

FROM COMMUNIST PARTY CHAIRMAN JIANG ZEMIN DOWN to the taxi driver in Beijing, everybody knows that corruption is a way of life in the land of "socialism with Chinese characteristics." In countless communiqueés, top leaders warn that corruption has become the No. 1 threat to the party's survival, far outranking "Western hegemony." In fact, even foreign investors have become part of the problem. The recent failure of the giant Guangdong International Trust and Investment Corp. revealed a large amount of foreign loans that had not been approved by the State Administration of Foreign Exchange. Remind a Chinese business partner that ignoring the foreign-exchange rules is illegal, and you will sometimes hear: "You know how China works." Or even better: "Surely you must believe our credit is good, don't you?"

Why can't China do something to change this culture? Criminologists claim that crime rates decline as the cost of getting caught rises. But the cost is already very high in China, which has the death penalty. Others claim that corruption is endemic to Chinese culture. They point out how easily the barely 2 million nomadic Manchus conquered a Chinese nation of more than 100 million people in the mid-17th century—after the Manchus bribed a Chinese general to open the gate. For nearly three centuries, the Manchus ruled China with the collaboration of a compliant, well-paid Chinese officialdom. And by the late 19th century, British merchants still found more than enough Chinese compradors willing to sell opium to their fellow countrymen for profit.

But let's get this issue out of the way. In truth, corruption is not intrinsic to Chinese culture. Singapore and Hong Kong are among the least corrupt places in the world, with Taiwan not too far behind. All are Chinese societies, and Hong Kong does not even have the death penalty, though Singapore and Taiwan do. What really distinguishes them from mainland China is that their leaders are held accountable. The Hong Kong press recently vilified the wife of Tung Chee-hwa, the region's chief executive, for bad manners after she was denied her preferred seat on an airplane flight. Taiwanese reporters browbeat President Lee Teng-hui's administration nearly daily for tolerating corruption. In Singapore, Senior Minister Lee Kuan Yew quickly returned a condominium to the developer after hints that the developer might have charged less than the full market price. None of this could possibly happen in China.

Why not? In these other Chinese societies, honesty counts. Party leaders in Beijing, on the other hand, refuse to admit even the most basic truth: that they cannot reform their system, switching from communism to a market economy, without changing the social, political and legal structure of their society.

At present, all legitimacy rests on the supremacy of the Communist Party. Though party leaders profess to live under the law, no-

body in China believes that the rules apply to powerful cadres, their friends and allies. The Constitution puts the party on its untouchable pedestal in honor of its "Historical Mission." But nobody in China believes that the party has any sense of mission left—other than to hold onto power.

To get rich is glorious, Deng Xiaoping said, and why not? If there is a dominant creed in China, it is to acquire the same material civilization that we have in the "decadent" capitalist countries. The mark of the new China is not the Politburo, or even the reformist prime minister, Zhu Rongji. It is Zhu's U.S.-trained son, Levin Zhu, who was recently appointed to head a U.S.-Chinese investment bank co-owned by Morgan Stanley.

Getting rich becomes a problem only as China tries to reap the fruits of capitalism while also keeping the privileges and power of a dictatorship based on a communist "mission" to destroy capitalism. Everybody in China perfectly understands this hypocrisy. That is why so many people play the same game, using their official positions to grab as much as they can. Who can blame them? In China, the only sin is to be against the powers that be. A former mayor of Beijing, Chen Xitong, was jailed for flagrant corruption, for example. But his real sin was to flaunt his power, offending Chairman Jiang, a newcomer from Shanghai. Had Chen played his political cards more adroitly, he might still be in office today, enjoying his kickbacks and his villas stocked with mistresses.

Beijing's sympathizers point to Singapore and to the former dictatorships in Korea and Taiwan as examples of how a market economy can thrive under autocracy. But they ignore one thing. All these societies have been capitalist in ideology, and their economies have been firmly based on private-ownership rights protected by transparent laws.

A forward-looking China has to stop lying to itself. That is easier than it sounds, because everybody already recognizes the lie. By freeing itself of a useless dogma, Beijing can start building a modern, fair and efficient society resting on a true separation of executive, legislative and judicial powers. The present reforms—installing a better banking system, revamping the state-owned sector—are only stopgaps. Without going much further, discarding the communist credo and building a liberal society based largely on private ownership, it is hard to see how China can ever rid itself of systemic corruption. In fact, it is unclear that even the technical, stopgap measures can succeed without political reform. There is a popular saying making the rounds on the mainland: "To eliminate corruption is to destroy the party; to tolerate corruption is to destroy the nation." This shows how deeply the cancer has taken root. And that should be a sobering thought for Beijing's communist leaders.



Do the rules apply to China's leaders? Deng Xiaoping in 1992.