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**Minxin Pei**, *China's Crony Capitalism: The Dynamics of Regime Decay*. Cambridge, Mass.: Harvard University Press, 2016. 365 pp., including references and index. ISBN 9780674737297.

The current anti-corruption campaign in China shows no sign of ending any time soon. So far tens of thousands of officials have been investigated by the disciplinary organs of the Chinese Communist Party (CCP), resulting in sentences of warning, demotion or dismissal from Party positions. Some of the worst cases of corruption have been handed over to the state to be handled by the judicial system. This included the high-profile case of Bo Xilai, who received a suspended death sentence for his corrupt activities. So far more than 130 ministerial-level officials have been investigated and purged, including Zhou Yongkang, a former member of the Politburo Standing Committee and Head of the Party's Political Legal Commission. Most recently, the anti-corruption campaign has targeted Sun Zhengcai, a member of the Politburo and Party Secretary in Chongqing. The downfall of Sun Zhengcai has drawn huge attention in China and abroad, as Sun was widely regarded as a serious candidate for the position of Secretary General of the CCP when Xi Jinping steps down in 2022.

How has corruption developed to such a serious extent in China? What are the causes and roots of corruption among Chinese officials? Why are many officials in China able to engage in corruption for such long periods before being subject to investigation? What does the evolution of corruption in China tell us about the nature of the Chinese political-economic system? These and many more questions are discussed in Minxin Pei's new book, which is the most detailed examination of corruption in China published in recent years.

The empirical basis of Pei's book is the published accounts of more than 250 officials penalized for corruption. He divides the cases into several different categories including 'selling and buying of positions', 'corruption involving officials and businessmen', 'collusive corruption in SOEs', 'collusion between law enforcement and organized crime', 'cases of corruption involving judges' and 'cases of corruption involving officials in regulatory enforcement agencies'. Some of the cases involve dozens or even hundreds of officials. In Maoming, a town in Guangdong province, more than 200 officials including the local Party secretary and head of police were involved in buying and selling of positions (*maiguan maiguan*). Pei's account highlights all the details, down to the corrupt officials' single or multiple mistresses, drinking

parties and sex orgies. Often their families are also deeply involved in corruption.

Pei claims that the Chinese political and economic system is characterized by crony capitalism, which he defines as an 'instrumental union between capitalists and politicians designed to allow the former to acquire wealth, legally or otherwise, and the latter to seek and retain power' (7). He claims that at the heart of crony capitalism one finds the 'collusion of elites'. He also argues that elite collusion in any meaningful sense did not emerge until the early 1990s. Collusive corruption is more destructive than individual corruption because it destroys the organizational and normative fabric of the state. It is more difficult to detect and produces greater financial gains for those engaged in such behaviour.

Pei admits that China is not the only country that has evolved into a system characterized by crony capitalism. However, the key difference between China's crony capitalism and its variants in, for example, the former Soviet Union is that the looting of state-owned property took place in the Soviet Union after the collapse of the communist regime, whereas in China this phenomenon takes place while the CCP and the communist system are still in place. Moreover, appropriation of state-owned assets in the Soviet Union took place in a highly centralized manner, whereas looting in China takes place in a much more decentralized manner. A third key difference is that theft of state-owned property in the Soviet Union happened as a one-time event, whereas it is an ongoing process in China. This is related to the incomplete and ambiguous nature of property right reforms in China, which make it possible for corrupt officials to operate in a grey zone of partial property rights.

Pei presents an interesting discussion of various forms of collusion: vertical collusion, outsider-insider collusion, and horizontal collusion among insiders. The principal form of vertical collusion is 'buying and selling of positions'. Party chiefs in China wield decisive power in personnel matters. This is related to the nomenklatura system, according to which higher-level party organizations are in charge of personnel appointments at the next-lower level. Cash and various forms of gifts are used by officials who aspire to be promoted. Once they are promoted as a result of bribery, they will of course try to recoup their expenses by engaging in 'buying and selling positions' themselves. Outsider-insider collusion is especially used by private businessmen who approach Party officials in order to make them part of a network of corruption. Horizontal collusion among insiders is likely to take place among colleagues

in a government agency or public institution. Often the execution of a corrupt deal or act will depend on the cooperation of a number of insiders in the same government agency. Often officials at the same level are in a position to delay or obstruct each other's decisions. Therefore horizontal collusion can be necessary to overcome a mutual veto.

One of the key findings in this study is that participation in collusive corruption in SOEs yields comparatively high returns. Pei reports that the average amount of corruption for local officials selling offices and undertaking other corrupt activities is 6.45 million yuan over a career, while for SOE leaders it is almost 30 million yuan. Collusive corruption in SOEs is mainly committed by senior executives, i.e. the chairmen, presidents or general managers (157). Apparently, corruption is more common in large SOEs.

According to Pei, bribery, embezzlement and misappropriation of funds are examples of corrupt practices that are bound to undermine the organizational norms of the Party-state. Collusive networks subvert the political authority of the Party-state and weaken the CCP's internal unity. In fact, Pei argues that his findings challenge the established theory of 'authoritarian resilience' (264). This theory rests on political loyalty, integrity and the capabilities of the elite. Instead he finds degeneration of norms and disloyalty to the regime: in short, pervasive institutional decay.

In his conclusion, Pei warns that the process of regime decay may pave the way for an 'opportunistic strongman' (265) who can destroy his enemies through tactics disguised as anticorruption efforts. Undoubtedly Pei has present Party general secretary Xi Jinping in mind. Thus Pei is not necessarily in favour of the ongoing anti-corruption campaign since it can be used by Xi Jinping to usurp more power and thereby hasten regime decay.

It is important to note that Pei's study is based on open sources. In fact, all the cases he presents have been previously reported in Chinese newspapers, magazines, news agency reports, government documents, official press releases or court documents. Thus, the study is an instructive example of how far the researcher can take his/her research by relying on publicly available Chinese sources.

However, the fact that the Chinese authorities are not hiding this information, but are instead accepting its public availability, gives cause for some optimism as to the future of the Chinese political system. It is also clear that these examples of corruption are only one part of the picture when analysing the stability and resilience of Chinese political

institutions and administrative norms. Clearly, there are also dedicated and uncorrupted elements among Chinese officials. If this were not the case, it would be very hard to explain the great progress China has made in recent decades.

With these caveats, I do not hesitate to recommend this thoroughly researched and well-written study of an extremely important issue that has great impact upon China's future economic and political development trajectory.

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