How Chinese e-Public Feel and Think About Corruption

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How Chinese e-Public Feel and Think About Corruption:
A Case Study of Audit Storm (Shenji fengbao - “审计风暴”)

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ABSTRACT

Corruption is pervasive, rampant, enduring, and above all else an accepted (by the government), tolerated (by the people) and taken for granted (by all) social problem in China. Still, corruption is a major concern for the political leaders, general public and foreign observers. Foreigners complained about the corruption cost of doing business in China. Students took to the street and peasants staged violent protest against government corruption. The consensus is that corruption challenges CPC’s legitimacy and threatens China’s stability.

A systematic review of literature uncovers no investigation on the Chinese people’s reception and reaction to the corruption, in the net. This is a first attempt to do so.

This is a research into the “feelings” and “thinking” of Chinese internet users (e-public) on (anti)corruption in China. Specially, it tries to document and analysis the comments – reaction of the e-public to news articles on various aspects of “Audit Storm” in June – July of 2004.
What Chinese e-Public Feel and Think About Corruption:  
A Case Study of Audit Storm (Shenji fengbao - “审计风暴”) 

Introduction

Corruption is pervasive, rampant, enduring, and above all else accepted (by the government), tolerated (by the people) and taken for granted (by all) social problem in China.²

In March 2004, Jia Chunwang, the prosecutor-general of the Supreme People’s Procuratorate, reported investigating 39,562 cases of corruption and dereliction of duty involving 43,490 officials in 2003, leading to charging of 26,000 officials and recovering of 4.3 billion yuan for the state. In 2007, Jia Chunwang reported that Prosecutors investigated more than 180,000 cases of embezzlement, bribery, dereliction of duty and rights violation in the past five years (2002 – 2007), a marked decrease from prior year. But convictions rose 30.7 percent to nearly 117,000. 35 officials at the provincial or ministerial level, 930 at the municipal level and nearly 14,000 at or above the county level were investigated for embezzlement, bribery, and misappropriation of public funds in the past five years.³

Corruption is a major concern for the political leaders, general public and foreign observers. The CPC espoused a zero tolerance policy towards to keep corruption under control. President Hu Jintao speaking for the 16th CPC Central Committee, stressed: "The CPC never tolerates corruption …resolutely punishing and effectively preventing corruption is

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² “Anti-corruption Chinese official sentenced for bribery,” Epoch Times Nov. 20, 2003
³ Jia Chunwang delivered a work report of the Supreme People’s Procuratorate during the third plenary meeting of the First Session of the 11th NPC (March 10, 2008).
crucial to the popular support for the Party and its survival." In 2007, Transparency International's latest Corruption Perceptions Index rated China at 3.5 out of a possible 10 point scale, which ranks it about halfway between the worst countries (Myanmar and Somalia, both 1.4) and the best (Denmark/Finland, 9.7). The foreigners complained about the cost of corruption in doing business in China. Students took to the street and peasants staged violent protest against government corruption. The consensus is that corruption challenges CPC’s legitimacy and threatens China’s stability.

In spite of public concern with corruption we know very little how Chinese people “feel” and “think” about corruption. A systematic review of literature uncovers no investigation on the Chinese people’s reception and reaction to the corruption in the net. This is a first attempt to do so.

This is a research into the “feeling” and “thinking” of Chinese internet users on (anti)corruption in China. Specially, it tries to document the comments and analysis the content – reaction of the e-public to three news articles over investigation process, structure and result of “Audit Storm”

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8 How CNAO audit was conducted?
9 Who should conduct the audit, central vs. local?
10 What enforcement followed the Audit Report?
in June – July of 2004 (which uncovered substantial financial irregularities and official corruption.)

This article is organized in the following ways. After this brief introduction, Section I is on “Research Literature, Focus and Methods” The review uncovers no research into web based public opinion on corruption. Section II “Corruption in China” provides a brief overview on the prevalence of corruption and efforts in anti-corruption. Section III “Audit Storm” provides a brief background of “Audit Storm” and China National Auditing Office to contextualize this study. Section IV describes the “Research Data” used. Section V reports on “Data Analysis.” Final Section VI is conclusion.

I
Research Literature, Focus and Methods

Research literature

Research literature into corruption in the PRC are numerous,11 rich, variegated, and multi-disciplinary.12 Technical reports and academic papers have variously looked into the nature and characteristics,13 incidence and

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prevalence, distribution and trend, causes and remedies, impact and implication of corruption. 


Minxin Pei, “Corruption Threatens China’s Future.” Carnegie Endowment Policy Brief No. 55, October 2007 (Corruption penetrates every department of the state. It is “concentrated in sectors with extensive state involvement, such as infrastructure projects,
A closer examination of the literature shows that there is one area of corruption studies that is not adequately researched into, i.e., e-public opinion on the corruption and its counter-measures. Public opinion researches are all general attitudinal survey of how people feel about corruption in global terms. Public opinions collected were not from the respondents’ own words, and few addressed specific issues within particular context and concrete situations. No research to-date has been conducted analyzing e-public reaction to (anti)corruption efforts reported in the news. As a result, there is little data and scant knowledge of the variability, and with nuances, of the public’s (anti)corruption attitude and stance, feeling and real estate, government procurement, and financial services.”

Railroads, aviation, telecommunications, and electricity production sectors are particularly vulnerable to corruption.)


Carnegie Endowment for International Peace (Conservatively estimated at 13-16% of China's GDP)

http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=284&&prog=zh&proj=zdl


When the Hunan provincial government in 2004 put forward the proposal of partial amnesty of corrupt officials after five years of research, public reactions were initially negative. Eighty percent of the Sichuan internet users opposed the idea; 62 percent argued that it violated the principle of the rule of law; 20 percent disliked the idea; and only 16 percent said the idea could be experimented. Ming Pao, June 22, 2004, p. B12
thinking. Currently, public (negative) attitude towards corruption is often assumed, and not demonstrated, still less documented and analyzed.

**Survey on corruption as a social problem**

On January 14, 1999, the Xinhua news reported that a CPC survey of 121 communist members showed that 65 percent of 121 respondents believed that curbing corruption and strengthening self-discipline of Party members and government cadres are vital to uphold public morality and social ethics. In 1997, 22.3 percent of respondents cited education and propaganda as effective for improving public morality.\(^{20}\)

According to another government public opinion survey\(^ {21}\) conducted by Zhejiang CCP Discipline Committee on Party work style and clean government released on January 7, 2001,\(^ {22}\) most people in Zhejiang think

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\(^{20}\)“Senior Heads Roll as Fears of Social Unrest Mount,” *AP* Friday, January 15, 1999 [http://search.earthlink.net/search?q=Senior+Heads+Roll+as+Fears+of+Social+Unrest+Mount+&area=earthlink-ws](http://search.earthlink.net/search?q=Senior+Heads+Roll+as+Fears+of+Social+Unrest+Mount+&area=earthlink-ws)

\(^{21}\)Methodology: This is a province wide survey involving 11 municipalities and 25 counties (city, prefecture). 2500 questionnaires were distributed with 100% response rate. The random sample consisted of Party members, league members, democratic members, enterprise workers, peasants, political cadres, intellectuals, students, unemployed workers, retirees and others. Chinese University of Hong Kong. Survey shows: Corruption is the first factor affecting social stability. (“调查显示：腐败是影响社会稳定的首要因素”) *Eastday.com* January 7, 2001 [http://news.eastday.com/epublish/gb/paper148/20010107/class014800003/hwz285545.htm](http://news.eastday.com/epublish/gb/paper148/20010107/class014800003/hwz285545.htm)

\(^{22}\)It is always dangerous (misinformation and misinterpretation issues) to work with incomplete (focus, scope, depth, and context issues), unsubstantiated (reliability and validity issues) and second hand (selection and perspective issues) official survey data (misinformation and disinformation issues) that is reported in the news (agenda setting and gate keeping issues). This is particularly the case with CCP Party research and PRC press accounts (propaganda state issues). A number of methodological and analytical issues present themselves when interpreting this set of data: How was the survey item “corruption” conceptualized and operationalized? How was the survey conducted – why was there a 100% respond rate? How might CCP sponsored research affect the integrity of the research, in terms of conduct (bias researchers) and response (interactive effect)? [This is particularly problematic in rural setting when the people are relatively uneducated, unsophisticated and indiscriminate in research matters. Party, clan, and
that corruption is a very serious problem. For example, a majority of the Zhejiang people (74.58%) consider corruption in government to be very serious (10.28%), serious (22.4%) or somewhat serious (25.32%). The rest think that it is not serious or have no opinion (25.32%).

Table 1: Zhejiang CCP public opinion on seriousness of corruption - 2000

<table>
<thead>
<tr>
<th>Level of Corruption</th>
<th>Survey Result</th>
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<tbody>
<tr>
<td>Very serious</td>
<td>10.28%</td>
</tr>
<tr>
<td>Serious</td>
<td>22.48%</td>
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<tr>
<td>Somewhat serious</td>
<td>41.9%</td>
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<tr>
<td>Not serious</td>
<td>25.32%</td>
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Source: Adapt from “Survey shows: Corruption is the first factor affecting social stability” (“调查显示：腐败是影响社会稳定的首要因素”) Eastday.com January 7, 2001

The above Zhejiang CCP finding compares favorably with a 2001 Horizon Research Group (NGO) nation wide cities survey that finds 94.5% of the urban residents consider the problems of corruption as serious or very serious. When the Zhejiang people were asked to rank the impact of corruption on social stability, the respondents ranked it as number one. In order of ranking, the factors affecting stability include: (1) corruption; (2)

family members are also prone to group speak and loyalty response. Some of the same considerations afflict the democratic – election process. For example, rural people in China do not speak their mind and when they do, they do not voice individual concerns but collective ideas. Research problems and electoral issues with Chinese characteristics should be a subject matter of investigation.]

23 The differences of 20%, i.e. Zhejiang - 74.58 vs. Horizon – 94.6%, is substantial but not surprising. The Horizon survey is conducted in the cities where corruption is considered more rampant and crude, thus more viewed as more serious.
workers released into the market; (3) social disorder; (4) uneven distribution; (5) superstition; (6) cult.  

However when the Horizon Research Group asked urban residents to list seven top social problems, “clean government” did not show up as the most significant concern in three of the four years when the survey was conducted. In fact, in the four year surveys (1999 – 2002), “clean government” was picked as the number one social problem only once in 1999. Since then it has never made the top four most important social problems. The problem with “clean government” registered a decline from year to year, i.e., 1999 #1, 2000 #5, 2001 #6, until it dropped out of the chart in 2002. For example, in 1999, the first three social problems were “clean government,” “unemployment” and “public security.” In 2000 they were “environmental protection,” “unemployment” and “children’s education.” In 2001 they were “unemployment,” “environmental protection” and “social security.” In 2002 they were “unemployment,” “social security,” and “environmental protection.”

Table 2: List of social problems (Top 7) in major cities in China: 1999 - 2002

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<tr>
<td>1 Clean government</td>
<td>Environmental protection</td>
<td>Unemployment</td>
<td>Unemployment</td>
<td>Unemployment</td>
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<tr>
<td>2 Unemployment</td>
<td>Unemployment</td>
<td>Environmental</td>
<td>Social security</td>
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24 For further supporting official (CPC and government) research data validating this ranking scheme, i.e. corruption as the top of people’s concern from 1996 to 2002. See note 6 to Sun Liping, "Mechanisms and Logic: Research Regarding China's Social Stability" Conference on “China after the 16th Party”, The Carnegie Endowment for International Peace – China Program, November 16-17, 2002.
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<tr>
<td>3</td>
<td>Public security</td>
<td>Children’s education</td>
<td>Social security</td>
<td>Environmental protection</td>
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<tr>
<td>4</td>
<td>Pension system</td>
<td>Public security</td>
<td>Economic development</td>
<td>Medicare information</td>
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<tr>
<td>5</td>
<td>Housing reformation</td>
<td>Clean government</td>
<td>Housing reformation</td>
<td>Economic development</td>
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<tr>
<td>6</td>
<td>Environmental protection</td>
<td>Economic development</td>
<td>Clean government</td>
<td>Housing reformation</td>
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</tr>
<tr>
<td>7</td>
<td>Inflation</td>
<td>Pension system</td>
<td>Public Security</td>
<td>Children’s education</td>
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Source: Research on Chinese People Living Index (1999 – 2002), Horizon Research Group

In another national public opinion survey commissioned by the CPC Political Bureau and conducted by the Central Research Office (中央研究室) Chinese Academy of Social Science, Sociology Research Office and People's Daily Social Research Office in 26 large and medium size cities in 2003, the respondents were asked about their five most urgent expectations of the government. The top two were concerned with fighting corruption. The first requested the Party cadres and their family to release their personal financial data on income and property. The second requested Jiang Zeming to provide for an accounting of his efforts in fighting corruption and explain why he was not failed after three years in office. It further requested Jiang to open up all government records - investigation files, hearing records – bearing on corrupted cadres and officials.


The other three requests were: (3) Jiang should have breached the gap between the rich and the poor and provide social net for the less fortunate. (4) Jiang should have sought political reform and protect the rights of the people. (5) Jiang should have established the rule by law with equality to all and privileges to none. “Two items of public opinion
From this two set of research findings by Zhejiang CCP (2001) and Horizon Research Group (1999 - 2002) we can conclude that for the nation as a whole corruption is a very “serious” problem nation wide and especially to urban dwellers. However, “clean government” is not the only concern Chinese people have in mind.  

From this set of research findings commissioned by the CPC Political Bureau, we learned that the people want more open and accountable government. These research findings, typical of many others, confirmed what the Party and state leadership already know from their personal experience; corruption is pervasive in government, generating discontent within the people and eroding the legitimacy of the Party-government.

**Research focus**

In June of 2004, the China National Audit Office published an Audit Report revealing substantial financial irregularities and official corruption at all levels of government and multitude of state agencies. The current

made Jiang Zemin fearful” (两项民意调查拍死江泽民), Renmin Bao, [http://back.renminbao.com/rmb/articles/2003/1/7/24637.html](http://back.renminbao.com/rmb/articles/2003/1/7/24637.html) (When asked about their opinion of the Party and the new leadership, a full 72% has no confidence with the CPC leadership. Only 17% has confidence or very much confidence. Still most of the respondents, 68%, are full of confidence or have confidence about the nation’s future. The approval rating of Hu and Wen were over 80%, i.e. Wen by 87% and Hu by 82%. Wen was considered non-corrupt and Hu was considered as careful. Jiang’s rating was 0%.

The respondents also think that the government has taken the necessary steps to address corruption issues. Thus, between 1999 and 2000 7.8% more people thought that corruption was under control and 10.93% more people were satisfied or very satisfied with the Party’s clean government and anti-corruption efforts. Finally the most encouraging survey finding shows that 44.68% people was of the opinion that government organs have used great or very great effort in dealing with leading Party cadres’ disciplinary and legal violations. This is an increase of 7.36% and 9.76% over that of last two year (1999, 1998).

27 See discussion at Section “III: Audit Storm,” infra.

28 See discussion at Section “III: Audit Storm,” infra.
study is an investigation into Chinese people’s reception and reaction – feeling and thinking - about (anti)corruption, especially how they view “Audit Storm” issues, over the net.

“Reception” refers to “feeling, attitude, understanding” and “reaction” refers “opinion and judgment.” Since “feeling, attitude, understanding” provides the necessary foundation and with it the point of departure for “opinion and judgment,” and “opinion and judgment,” which is derived from and thus reflect upon the underlying “feeling, attitude, and understanding,” they cannot be easily desegregated conceptually or observed separately, empirically.

Conceptually, “feeling” is defined as “emotional” response associated and identified with certain facts and arguments. This can be operationally observed with the use of emotionally laden words: “Kill the corrupted officials.” “Attitude” is a personal disposition towards a set of facts or circumstances. This is demonstrated in ones approach to facts and issues. “Party cadres should be shameful and resign over corruption” is revealing of a person’s disposition – attitude over corruption by public officials.

“Understanding” is defined as “comprehension with reasoning.” This can be observed by interpreting and analyzing facts and data, with the help of (pre) suppositions. “How can a state employee be allowed to (mis)appropriate public money for private use.” “Opinion and judgment” is defined as taking up a position on issues based on feeling or reasoning. They can operationally observed by an acceptance or rejection of an argument: “There is hope for China.”

The data for this research comes from systemic gathering of web comments in 2004, right after the “Audit Storm” broke. The method of research is one of content analysis for themes and concepts.
Research methods

In order to assess public “reception” of and “reaction” to various issues presented by the “Audit Storm” and related events, e.g., Beijing Audit Report,\(^{29}\) In order for me to familiarize the reach and focus, contour and context, content and style of Audit Storm e-comments, I have read over all the 54540 public web comments on various aspects and different issues pertaining the auditing of PRC government activities at the national and local level that is posed to sohu.com.\(^{30}\) This allows me to have an overview of all the issues, and an overall “feel” and “touch” about the data. The “feel” and “touch” allows me to put any specific comments I analyzed in context.

The current research only deals with reception and reaction to three newspaper posting. The three posting are chosen to draw the public in discussing three issues: investigation process,\(^{31}\) structure\(^{32}\) and result\(^{33}\) of Audit Storm.

\(^{29}\) On July 29, 2004, Director of the Beijing Municipal Audit Bureau Yang Xiaochao submitted its annual Audit Report, i.e., Audit work report regarding implementation of 2003 Beijing municipality budget and other government receipt and expenditure} (《Guanyu Beijing shi 2000 nian shiji yuxuan zhixing he qita caizheng shou zhi de shenji》 - 《关于北京市 2003 年市级预算执行和其他财政收支的审计工作报告》) to the 12\(^{th}\) Standing Committee of the Beijing Municipality People’s Congress in accordance with 《Temporary method in the implementation of Beijing municipality budget audit》(Beijing municipality people’s government order number 29) 《Beijing shi yuxuan jixing qingkuan shenji zanxing fnfa》(Beijing shi renmin zhengfu di 29 hao ling) - 《北京市预算执行情况审计监督暂行办法 》(北京市人民政府第 29 号令) of November 3, 1995 http://www.bjab.gov.cn/zfgz/gzml22.htm

\(^{30}\) http://comment.news.sohu.com/comment/topic.jsp?id=220685254 The commentaries have been purged. I have copies of most of them on file.

\(^{31}\) How CNAO audit was conducted?

\(^{32}\) Who should conduct the audit, central vs. local?

\(^{33}\) What enforcement followed the Audit Report?
When I read the comments, I try to put myself in the shoe of the commentators; young, liberal, educated. I was reading for the range of issues raised and kinds of arguments made. I was also reading to ascertain the tone, texture, style, and manner of the discourse. What are the main themes and repeated ideas in the public – grass roots domain? What is the diversity and strength the public reactions? What is the foundation or basis of public reaction? What is the quality of the debate?

In the end, I am interested in deciphering – ascertaining and analyzing - the multifarious individual attitudes and essentialist collective dispositions towards the “Audit Storm,” particularly the historical, political, social and cultural context, such as ideological framework, value structure, social practices informing the discourse.

Discourse analysis, as distinguished with linguistic analysis, studies the meaning of discourse 'beyond the sentence', i.e., language in context; historical, political, social, cultural. I am most interested in uncovering the discourse framework identifying the political relationship between the people and the government, e.g., offering and demanding, solidarity and distance, dominance and subordination, and the value orientation of the people towards government corruption policies and actions.

34 John Searle, *Speech Act*, (Cambridge University Press, 1969) (Illocutionary force indicating devices, include: word order, stress, intonation contour, punctuation, the mood of the verb, the existence of performative verbs.)
36 This contrasts with types of analysis more typical of modern linguistics, which is chiefly concerned with the study of grammar: the study of smaller bits of language, such as sounds (phonetics and phonology), parts of words (morphology), meaning (semantics), and the order of words in sentences (syntax). Discourse analysts study larger chunks of language as they flow together.
Data set

The data set used is the opinions and comments posed to the “sohu.com web-friends discussion forum” (wangyou pinglun). The forum allows sohu web users to react to a certain posed news item. The news items originated from other printed or e-news outlets, e.g. China Daily or People’s Daily. The sohu news items are organized around a theme, in this case that of the “Audit Storm” under the title of “Special topic: Standing Committee of the NPC meeting, Ministry of Finance, Auditing Office audit work report”37 The “Special topic” discussion led with the story of: “Leaders of State Power Corporation of erroneous policy decision led to serious losses.”38 This led off news item reported that the 2003 CNAO Audit Report noted that the leadership and executives of the China State Power Corporation has squandered 3.28 billion as a result erroneous policy (zhengce shiwu) and illegal actions, including acting as guarantor for Beijing Wei Ke Rui Company (not a legal entity) between 1994 to 1996 leading to a loss in principle and interest of 1.12 billion yuan, under reporting of profit of 3.2 billion yuan in 2003 and 7.8 billion between 1998 and 2004, and unaccounted for fund of 4.5 billion yuan. There was also 12 cases of economic crime discovered amounting to 1 billion yuan, including embezzlement and fraud of 83 million yuan by the corporation’s general manager and his family. The item captures the essence of the CNAO Audit Report in content, i.e., pervasive corruption and gross abuses of power.

37 “Special topic: Standing Committee of the NPC meeting, Ministry of Finance, Auditing Office audit work report” (Zhuanti: Renda changweihui huiyi, caizhengbu shenjichu gongzuo baogao 专题 人大常委会会议 财政部审计署作工作报告).
38 “Former National Electricity Company leaders erroneous policy decision led to serious losses” (Yuan guojia dianli gongsi lingdao banzi juece shiwu zaocheng zhongda sunshi - 原国家电力公司领导班子决策失误造成重大损失” ) NEWS.SOHU.COM June 23, 2003 19:33 hours (Source: China News Web ) Zhongguo xinwen wang - 中国新闻网)
resulting in huge loss of state capital and assets, and tone, e.g., pointed criticism of wrongdoings. The item attracted voluminous,\textsuperscript{39} strong and diverse comments with the first\textsuperscript{40} saying “need to conduct (audit) vigorously” ("得狠\textsuperscript{41}办\textsuperscript{42}呀"), calling for continue effort to root out corruption and abuse.

Comments on “Audit storm” topics are of various lengths, some as short as one and others collected 2000 thousands of comments. The length of the comments varies but most of them are from one to three lines. One liner (in actuality 10 words of less) is the norm and one or two words are not uncommon. The longer ones, about 10\%, are from 4 to 8 lines. Few went beyond 12 lines. The style of comments ranges from emotion outburst to cynical rebuke to enthusiastic support to rational discussion. Most of them are negative and critical. All of them are in one way or another supportive of the audit, the auditors, and the national leaders.

\textsuperscript{39} 2313 comments in one week, i.e., between 2004年06月23日19时57分 and 2004年07月31日10时41分.
\textsuperscript{40} 2004年06月23日19时57分.
\textsuperscript{41} “Hen” can describe action or mental state. \textbf{The Pinyin CHINESE-ENGLISH DICTIONARY} (H.K. Commercial Press 1998), 277R. The translation provided is about the need for vigorous action. The other possible translation is to conduct the audit with ruthlessness of heart, i.e., having no mercy. It is not uncommon to attach two meanings to one word or phrase “rigorous action with ruthless heart”. Chinese civilization, as reflected in its literary tradition, prides herself on subtleness of expression, nuance in articulation and richness in meaning. The conventional saying: “all is in what is not being said” ("jinzai buyan zhong") informs that what is not being stated in China is as important, if not more important, than what is being said. This understanding of Chinese civilization and linguistic tradition cautions against rush to judgment, either certitude in ones translation or unproblematic interpretation of text, of what was being said on the web.

\textsuperscript{42} It is not clear in context whether “ban” or “to deal with” referred to the audit process or audit results. The comment might be directed at the conduct of the audit itself, i.e., need to investigate the case with thoroughness, or it might be directed at the follow up actions, i.e., need to follow through with the audit findings to hold people responsible, or possibility both.
It appears that the intensity and length of discussion levels off since June 23, the first day the “Audit storm” broke, as evident by the fact that the number of messages declined, the tone less visceral, the discourse more reflective, the reactions more nuances, the demand less punitive. It is also clear that after about 50 – 100 comments, the diversity and richness of the comments wear off. I have thus paid more attention to the first 100 comments.

II

Corruption in China

Prevalence of corruption

Corruption afflicts all levels of government. For example, former vice-chairman of the 9th National People’s Congress Standing Committee Cheng Kejie was executed on September 14 2000 for taking 41 million RMB in bribes, \(^{43}\) former deputy governor of Jiangxi province Hu Changqing was executed on April 8, 2000 for taking 5.4 million RMB in bribes and possessing 1.6 million RMB worth of property from unknown sources, \(^{44}\) and former vice minister of the Ministry of Public Security Li Jizhou was sentenced to death with a 2-year suspension in 2001 for accepting bribes of one million yuan, 500,000 U.S. dollars and 30,000 HK dollars from Lai Changxing, the mastermind behind the huge Xiamen smuggling case; \(^{45}\) and finally a top Guangdong court judge, Mai Sung-kai, was convicted in


December of 2003 for accepting bribes totaling 1 million yuan from 1989 to 1998.\textsuperscript{46}

Corruption penetrates every department of the state. It is “concentrated in sectors with extensive state involvement, such as infrastructure projects, real estate, government procurement, and financial services.”\textsuperscript{47} Railroads, aviation, telecommunications, and electricity production sectors are particularly vulnerable to corruption.\textsuperscript{48}

Then there are also corruptions in the private sector: “In 2005 alone, the China Banking Regulatory Commission (CBRC) unearthed irregularities involving misused funds of 767.1 billion renminbi (RMB), or $97 billion. The CBRC uncovered 1,272 criminal cases and disciplined 6,826 bank employees (including 325 senior managers).”\textsuperscript{49}

Finally, corruption is increasingly being organized and systemized.\textsuperscript{50}

\section*{Cost of corruption}

\textsuperscript{48} “Corruption and Anti-corruption Strategies in China,” Presented by Angang Hu, Center for China Study, Chinese Academy of Sciences, Qinghua University. February 13, 2001.\texttt{http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=284&\&prog=zh\&proj=zdrl}
\textsuperscript{49} Friedrich Wu, “China losing its battle with corruption,” \textit{The Japan Times}, Monday, Oct. 2, 2006. \texttt{http://search.japantimes.co.jp/cgi-bin/eo20061002a1.html}
\textsuperscript{50} “Systemic Corruption: Something Rotten in the State of China,” \textit{Economist} February 15, 2002. (“So pervasive is corruption in China that it would be hard to find any leader whose associates and family members are beyond suspicion.” For example, Li Peng’s wife, Zhu Lin, and his son, Li Xiaopeng, had control over Huaneng Power International, the country’s largest independent power. Li Peng was the second highest ranking Politburo member after China’s president, Jiang Zemin.) \texttt{http://www.globalpolicy.org/nations/corrupt/2002/0215china.htm}
Academic studies show that corruption is consuming huge portion of the GDP, and getting worse, with no end in sight:

“Conservatively estimated at 13-16% of China's GDP …First, tax evasion is the largest economic loss to corruption, accounting for 7.6-9.1% of GDP. Economic losses from lost tariff revenues are particularly large. In 1994, the official average tariff rate was 36%, while the effective tariff rate was only 2.73%. The loss of tariff revenue for the government was 7.1% of GDP. In 1998, the official tariff rate was 15%, while the effective tariff rate was 2.69%. The loss of revenue for the government was 1.7% of GDP. In 2000, the net economic loss from lost tariff revenue was 13.7% of GDP. Next, illegal management of public investment monies and public expenditures has made these activities the second largest economic loss to corruption, accounting for 3.4-4.5% of GDP. Third, rents from monopolies are the third largest economic loss to corruption, accounting for 1.7-2.7% of GDP. Rent-seeking behavior leads to a loss in consumer surplus and in social welfare. The main sources of rent-seeking behavior are dual track pricing, which is in decline; abuse of economic privilege and monopoly power; high import tariffs and quotas; and favorable government policies given to specific sectors or interest groups. Finally, income from the underground economy in illegal goods-smuggling, drugs, and trafficking—is the fourth
largest economic loss to corruption, accounting for 0.4-0.5% of GDP.”

Fighting corruption

CPC fight against corruption has been unrelenting. Since the 15th Chinese Communist Party Congress in 1997, over 2000 regulations or policies have been set up to stop corruption. Among these, about 120 were set up by Central Commission for Discipline Inspection of the CPC, (virtually the highest law and policy enforcing department), and the Ministry of Supervision.

Table 3: Statistics on Corruption Cases Investigated by Inspection Bodies

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Cases</th>
<th>No. of Officials involved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(county level and above)</td>
</tr>
<tr>
<td>1988</td>
<td>36,500</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>58,926</td>
<td>742</td>
</tr>
</tbody>
</table>

http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=284&&prog=zh&proj=zdl

Corruption and Anti-corruption Strategies in China,” Presented by Angang Hu, Center for China Study, Chinese Academy of Sciences, Qinghua University. February 13, 2001. Carnegie Endowment for International Peace (“At the ministry level, the chance of corrupt officials getting caught is about 1 in 10. The rate is about half of that for county level officials, where 90% of corrupt officials operate. Of those that get caught, the number of officials that get sentenced by criminal courts is about 6.6%, a negligible number. The intrinsic problem here is that the penalty for corruption is too light while the risks of engaging in corrupt activities are also too low.”)
http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=284&&prog=zh&proj=zdl

Source: China's Supreme Procuratorate Annual Reports

The CCP and PRC government has tried continuously and in different ways to fight corruption, including:

*First, grant of amnesty.* In order to induce corrupted officials to come clean with their corruption and start afresh, the PRC authorities - the CPC Central Disciplinary Commission, the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Supervision – has established a "Special Action" amnesty program known as "One, two, three project" (Yi, er, dan gongcheng”). Under the project corrupted Party members and government officials were given amnesty if they surrender their ill gotten gains into a special bank account authorized by CPC Central Disciplinary Commission a designated bank account with no question asked and no punishment imposed. The immunity project was conceived five years ago.

54 “一二三工程”
(March 2000) under the auspices of “Countermeasure research on punishment and prevention of corruption in China in the new millennium.” The research project was conducted by Wang Minggao of the Hunan CPC Organizing Committee and the Disciplinary Committee. The “One, two, three project” promises immunity if the corrupted official takes the following action. First, the corrupted officials turned in the ill-gotten gains by depositing it in a national account. The official need to turn in a "special fund hand-in form" declaring the time of hand-in, the amount of money surrenders and source of the money. Second, there will be no punishment for timely and full return of corrupted money or property. The immunity program – “Research on punishment and prevention and forfeiture of loots accounts” was being experimented in six provinces: Zhejiang, Jiangsu, Anhui, Xinjiang, Liaoning and Ningxia and 20 cities nation wide, including Shenzhen, Zhuhai, Jinan, Changsha.

Second, neutralize corruption rings. One way to fight corruption is to neutralize political factions and contain unhealthy relationship (guanxi), e.g., “Shanghai clique” vs. Communist Youth League (CYL) factions.

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56 “新世纪中国惩治和预防腐败对策研究” (Xin shiji zhongguo chenggzhi he yufang fubai duice yanjiu)
57 The research was designed by Wang Minggao and 20 other experts. The research was conducted by 69 researchers and divided into 12 topic areas. It involved distributing 11,000 surveys and in-depth interviews with 510 experts and consultation with affected agencies and organizations., e.g., police, procuratorate, court, custom, bank etc. The recommendations are summarized in Wang Minggao, “Reflection and recommendation regarding special action to punish and prevent corruption” (“Guanyu caiqu tebei xingdong chengzhi fubai de xikao he jianyi” - 《关于采取特别行动惩治腐败的思考和建议》).
58 惩治和预防腐败与设立全国退赃公开账号研究》 ( “Chenggzhi he yufang fubai yu sheli quanguo tuikzhuang gonggai changhao yanjiu”)
Corruption is made possible and easier, if it is facilitated by such factions or cliques.\textsuperscript{61} On April 4, 2002, the CPC promulgated a “Notice regarding leadership Party cadre cannot participate in self-organized “fellow village association”, “school mate association”, “comrade – in – arms association” organizations.”\textsuperscript{62} The “Notice” sought to reduce the influence of “clique” politics by breaking them up before they have a chance to get established. Thus, while acknowledging the benefits of the various associations to the Party cadres (\textit{ganbu})– from common bonding to mutual assistance, the

\begin{thebibliography}{99}
\bibitem{nathan1976} Tian Jing and Wang Chu, “China power struggles: Resisting reforms,” \textit{Asia Times} July 16, 2004 (Jiang’s Shanghai Clique holds different opinions on political reforms than Hu.) http://www.atimes.com/atimes/China/FG16Ad05.html
\bibitem{chu2004} Wang Chu, “Power struggle in Beijing: Hu vs Jiang,” \textit{Asia Times} July 16, 2004 (Hu is trying to wrestle power from Jiang whom tried to derail his reform program.) http://www.atimes.com/atimes/China/FG08Ad04.html Professor Willy Wo-Lap Lam, 'Civilization' balances bickering CCP factions,” \textit{CNN.Com} January 1, 2003. (Fudan University professor Wang Huning, advisor to Jiang, has argued that “zhengzhi wenming” means that cadres with different ideological slant and political agenda should learn to work with each other in a civilized manner.).
\end{thebibliography}
“Notice” made clear that the Party is much concerned with of the ill effects of *ganbu* using “guanxi network” (*guanxi wan*) or “small circle’ (*xiaoquanzi*) to entertain each other lavishly or conspire with each other for personal gains:  

63 “Leadership cadres participated in such organization activities mostly to make friendly contacts (*lianluo genqing*), establish wide social network (*guangjiao banyou*) or to facilitate home village economic development, to provide advise and assistance to construction of alma-mata. There are a small number of *ganbu* who in the name of making friends, eat and drink excessively. (*da chi da he*) spent to the excess (*huihuo wuduo*), and even establish “relationship network” (*guanxi wan*), set up “small circles” (*xiaoquanzi*) making cliques (*tuantuan huohuo*) or engaging in illegal organizing activities, having unwholesome effect in the midst of cadres.”  

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Third, reporting of property. On December 25, 2000, Wei Jianxing, secretary of the CPC Central Commission for Discipline Inspection (CCDI), on occasion of the Fifth Plenary Session of the Central Commission for Discipline Inspection of the CPC announced that in order to build a clean government CCDI would tighten disciplinary regulation of leading Party cadres. Officials should not accept payments, in cash securities or in kind, from people and units under their management and control. Such regulation

64 Notice regarding leadership Party cadre cannot participate in self-organized “fellow village association”, “school mate association”, “comrade – in – arms association” organizations” (Guanyu lingdao ganbu bude canjia zifa chengli de “laoxiang hui”. “xioyou hui”, zhanyou hui” zuji de tongzhi)  
http://www.nbu.edu.cn/allwebs/wwwjiwei/zywj.htm
will extend to their family and after they leave their post for transfer or retirement.\textsuperscript{65}

\textit{Fourth, transparency in hiring.} One of the ways to promote legitimacy and accountability in government anti-corruption effort is by introducing more democratic oversights in the PRC government and Party process and practice. In July 2000, the Supreme People’s Procuratorate (SSP) in Beijing was recruiting for 16 senior prosecutors, including the deputy head of the Anti-Corruption Bureau and head of department for the prevention of malfeasance. Candidates have to give presentations on personal motivation and qualifications and took questions from senior judges on controversial legal and jurisprudential issues.\textsuperscript{66} The selection was conducted in front of 400 people in a meeting room, including 13 senior judges, 37 staff members of the Anti-Corruption Bureau, 40 plus journalists, and others SPP members.

The candidates were assessed by president senior judges and rated by participating staff members in the respective departments in the SSP the candidate applied. The SPP would decide based on the candidates performance, judges assessment and staff votes.

Traditionally, Party leaders and government officials were selected competitively from lower ranks, administratively. Starting with 2000, the Party introduced open competition into cadres and officials selection process.


\textsuperscript{66} "People are complaining that corruption is bad, and the corruption of anti-corruption officials is worse. What is your comment on this, and what will you do if you get the post?"
SSP would eventually open up 80% of SSP, including 130 section chiefs, to such an open and competitive process of selection in the future.  

Fifth, Central Discipline Inspection Commission (CDIC) to consolidate powers. As Fan Ren points out,

Currently, Party discipline inspection organizations dispatched by the CCP CDIC to various localities are under the dual leadership of the CDIC and local Party committees. This structure has severely weakened the function of discipline inspection organizations. To put an end to this awkward situation, the Party Central Committee is freeing discipline inspection organizations from the leadership of local Party committees, to ensure they work independently, improve their role in supervising local authorities and thus ward off corruption. After the reform, Party discipline inspection organizations and staff dispatched by the CDIC to various localities will be under the direct and sole leadership of the CDIC.

Sixth, other proposals

In a report prepared for the Global Corruption Report, Guo and Liao Ran reported:

First, the Government Procurement Act came into force in January 2003, regulating public procurement and having

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guidelines to prevent corruption. Second, amendments to the Criminal Code were ratified, including the stipulation that the abuse of authority and dereliction of duty by judicial officials would be subject to a penalty of ten years’ imprisonment. Third, Guo and Liao referred to Shenzhen’s political reforms of separating the powers of policy-making, enforcement and supervision. Fourth, they emphasized the new leadership under President Hu after March 2003 called for an acceleration of anti-corruption drive, like dispatching 45 inspectors of the CDIC to visit all provinces. Fifth, an administrative licensing law was passed in August 2003 to streamline and introduce transparency into the administrative system. According to the new law, license applications would be filed in writing so as to “avoid face-to-face contact with officials, hopefully lessening the incidence of ‘improper fee collection.’”  

Nothing works?

In the end, nothing seems to work. On February 9, 2001 the China Daily published a commentary on the work of the Fifth Plenary Session of the Central Commission for Discipline Inspection. The commentary, if read closely, reveals the current thinking of the CPC leadership and new initiative on fighting corruption.  

Judging by the tone and texture of the commentary as a whole, nothing seems to work in anti-corruption drives and measures, to date:

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First, thus far anti-corruption measures have not been altogether successful in controlling corrupting at its roots. The commentary is brutally honest, in a nation given to personal flattery and a Party disposed to mass propaganda, in acknowledging that all is not well. Not one word was mentioned about how successful the anti-corruption drive has been in the past years.

Second, the fight against corruption determines the fate of the Party and the nation. The commentary was frank in acknowledging, through the words of Jiang, that legitimacy and standing, and indeed continue relevancy and ultimate survival, of the Party is determined by how the Party is successful in dealing with pervasive and corrosive corruption now afflicting every activities and segments or China political and economic life. More pointedly how CPC conducts itself in terms of work style, i.e., whether it is clean, and organizational discipline, i.e., whether it can fight corruption, in doing the people’s business is determinative of its legitimacy and survivability in the future.

Third, the lack of success in fighting corruption resulted from poor work style, i.e., lose of ideological spirit and lax in Party discipline. Particularly:

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70 The only person who is getting any praise is that of Secretary Jiang, even then his praise is more formal than real, more on his insights of past failings than his achievements in fighting corruption.
71 The only perfunctory endorsement came at the end of commentary: “Such being the case, while successfully carrying out this year's anti-corruption work, we must pay attention to maintaining the consistency and continuity of the work and thereby fulfilling the various tasks set forth previously.”
72 General Secretary Jiang Zemin made an important speech….the historical law that the will of the people decides the rise or fall of a political party and a regime…”
73 The Party has all but bet its survival on its ability to control and eradicate corruption.
“Leading Party and government officials assume general responsibility for the improvement of the Party style of work and promotion of clean and honest government within the scope of their respective responsibilities, if they take a perfunctory, negligent attitude toward the anti-corruption work within the range of their respective responsibilities, with the result that problems arise one after another, thus causing very bad influence, then these leading cadres will be investigated and affixed responsibility, and they must never be indulged in their dereliction of duty.”

To ratify the situation, reinvigorated ideological spirit, stricter Party discipline and more concrete ideas in fighting corruption at its roots is necessary. 74

Finally, the lack of success in fighting corruption also resulted from a lack of enthusiasm and effort at “some regions and departments, which develop a superficial style of work, often just hold another meeting to transmit the work arranged at a meeting without hooking it up with their local realities, they practice formalism, do things as a mere formality, and so on and so forth, this style of work inevitably bungles matters.”

The China National Auditing Office (CNAO) and Audit storm are the latest entries into China’s unrelenting fight against corruption. To this new anti-corruption player and initiative we now turn.

74 “President Hu charts path in anti-corruption drive,” China Daily. 2007-01-10 07:21 (Speaking to CPC Central Commission for Discipline Inspection (CCDI), Hu called for four steps to fight corruption: “step up ethics education; to keep up the momentum of the campaign by routing out key offenses and high-level suspects; to address the problems that pose a great threat to the public interest; and to mend the official system and its procedures at the same time.”)
III
Audit Storm
The China National Auditing Office (CNAO)

For the first 30 years (1949 – 1979), the People’s Republic of China has no national audit agency. In 1982, Article 91 of the PRC Constitution provides, for the first time, an “auditing body”:

“The State Council establishes an auditing body to supervise through auditing the revenue and expenditure of all departments under the State Council and of the local governments at different levels, and those of the state financial and monetary organizations and of enterprises and undertakings. Under the direction of the Premier of the State Council, the auditing body independently exercises its power to supervise through auditing in accordance with the law, subject to no interference by any other administrative organ or any public organization or individual.”

75 CONSTITUTION OF THE PEOPLE'S REPUBLIC OF CHINA (Adopted at the Fifth Session of the Fifth National People’s Congress and Promulgated for Implementation by the Proclamation of the National People’s Congress on December 4, 1982.) http://english.peopledaily.com.cn/constitution/constitution.html
Given the constitutional mandate, the CNAO was first established on December 1982, at the 5th Plenary Session of the 5th National People’s Congress. Article 2 of the Audit Law People’s Republic of China stipulates that:

“The State Council shall establish audit institution who will take charge of auditing revenues and expenditures of public finance of departments of the State Council and local governments at various levels, revenues and expenditures of state banking institutions, state enterprises and undertakings. The audit institution shall be under the direct leadership of the Premier of the State Council and exercise its power of supervision through auditing independently in accordance with the law and subject to no interference by any administrative organ or public organization or individual. People’s governments at and above the county level shall establish corresponding audit institutions. Local audit institutions at various levels shall be accountable and report on their work to the people’s governments at the corresponding levels and to audit institutions at the next higher levels.”  

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76 Audit Law of the People's Republic of China (Adopted at the Ninth Meeting of the Standing Committee of the Eighth National People's Congress on August 31, 1994, and amended in accordance with the Decision on Amending the Audit Law of the People's Republic of China at the 20th meeting of the Standing Committee of the 10th National People's Congress of the People's Republic of China on February 28, 2006)
As conceived, the CNAO, reporting to the Standing Committee of National People’s Congress through the State Council, is a government accounting office of the People’s Republic of China (PRC) responsible for conducting central, external, independent financial audits on all Party organizations and government agencies, nationwide, including Supreme People's Court, Supreme People's Procuratorate, Ministry of Public Security and Armed Police, amongst others.\(^{77}\)

According to the PRC Constitution and the Audit Law, CNAO exercise its audit functions independently and without interference from other authorities.\(^{78}\) The ambit of CNAO covers all persons and organizations receiving funds from or sharing revenue with the state or local governments.\(^{79}\) Currently, NPC and CCPCC are not audited by CNAO, but they will be in the near future.\(^{80}\)

While constitutionally, the CNAO functioned as a budget accounting and fiscal responsibility office, increasingly and especially after 2000, the office has been used as an all purpose clean government and integrity unit, i.e., to instill financial discipline, foster integrity, promote clean government, and fight corruption.

\(^{77}\) For a brief overview of CNAO, see “Government Auditing in the People's Republic of China” at CNAO official website, http://www.cnao.gov.cn/

\(^{78}\) According to PRC Audit Law (<<Zhonghua renmin gongheguo shenji fa>>-《中华人民共和国审计法》) and “Temporary means to conduct central budget audit” (Central<<Zhongyang yuxuan jixing qing kuang shenji jiandu zhenxing banfa>>《中央预算执行情况审计监督暂行办法》), the NCAO is required to conduct annual audit.


\(^{80}\) “Audit Report 2003: Heroes Wielding Calculators” (Oriental Outlook Weekly, translated by Guo Xiaohong, Tang Fuchun and Ni Xiaojialiang for china.org.cn, July 12, 2004) (Interview with Zhang Qiuxia, director of the National Audit Office’s (NAO’s) Department of Non-Profit Government Agencies Audit)
The strategy to use auditing as a clean government and anti-corruption device, first found support in Zhu Ronji’s administration in 2000, and has intensified since then. The change of policy is widely reported in the press. The People’s Daily reported in October 2000 that: “More Chinese ministers will be audited this year by the National Audit Office to more effectively curb corruption.”

The shift in CNAO function and focus was first hinted at the National Audit Working Conference (January 19 to February 22, 2000) by State Counselor and Secretary General of the State Council, Wang Zhongyu with Auditor General Li Jinhua outlining the anti-corruption work ahead in a report: “Highlighting Priorities and Strengthening Audit Forces to Fulfill Effectively Audit Mandate According to Law.”

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81 At an auditing conference (2000), Zhu stressed the importance of and need for a national auditing program to promote clean government and ethical officials. “Auditing Roots out More Corrupt Officials,” China Daily, October 27, 2000 (Since 1998, auditing uncovered 96.17 billion yuan (US$11.59 billion) corruption money); “Premier Stresses the Importance of Auditing Work,” China Daily January 14, 2003 (Zhu called for improved auditing of government departments and state enterprises to uncover fraud and corruption.) The national drive to use auditing as an anti-corruption tool found resonance in provincial and municipal administrations, see “Shanghai Stresses Auditing to Combat Corruption,” Xinhua March 6, 2001 (Vice Mayor Chen Liangyu stressed that complete and comprehensive auditing in areas of finance, state assets, social welfare fund and local leaders’ accounts help to combat corruption). For internal policy statements registering a shift of policy from general auditing to clean government initiative, see The General Office of CNAO, “Five Important Tasks of Chinese Audit in 2001”(2001-3-13) (“The first task is to deepen the audit of budget implementation in the light of financial system reform... In doing so, the audit work can help to disclose and correct the wrongdoings such as tax frauds and fight against power abuse and corruption”) and “Measures adopted by CNAO to root out corruption,” China Audit News, April 18, 2001 (To carry out the instructions of CCDI of CCP on “Timely Instituting Measures to Root Out Corruption” the CNAO (National Audit Office of China)


The new anti-corruption policy was fully embraced in the National Working Conference on Economic Fiduciary Duty Audit (October 26 to 28, 2000). The policy importance of the conference was reflected by the importance of leadership attending and scale of organization involved. The conference was jointly held by all Party and government agencies having a role in supervision, namely the CCDI of the CPC, the Central Organization Department of CPC, the Ministry of Supervision, the Ministry of Personnel and the National Audit Office. The conference was attended by: The State counselor Mr. Wang Zhongyu and the Deputy Secretary of the CCDI of CPC and Minister of the Ministry of Supervision Mr. He Yong both spoke of the importance of auditing work as an anti-corruption device. Auditor General Mr. Li Jinhua spoke on the auditing of economic fiduciary duties. Over 300 deputies from nationwide local institutions of disciplinary inspection, organization, supervision, personnel and audit offices attended.

The shift in policy was confirmed by the General Office of CNAO with the formulation of internal policy: “Five Important Tasks of Chinese Audit in 2001” (2001-3-13) states in pertinent part:

“The first task is to deepen the audit of budget implementation in the light of financial system reform... In doing so, the audit work can help to disclose and correct the wrongdoings such as tax frauds and fight against power abuse and corruption.... The importance should be attached to disclosing and correcting the misappropriation of public funds, hidden reserves, extravagance
and waste so as to promote the reasonable and effective utilization of public funds.”

Some of the internal measures adopted to make CNAO a more efficient and effective anti-corruption agency included: (1) Increase professionalism through collective review of audit decisions and dispositions. (2) Implement standardized audit regulation and uniform accounting standards. (3) Strengthen supervision of audit through strict enforcement of ethics rule, such as the Eight-Clause Prohibition, to reduce conflict of interests and influence pedaling. (4) Prevent corruption by revoking all the special bank accounts for the collection and surrender of penalty funds. (5) Improve effective monitoring of government offices and officials through internal accounting, i.e., financial management, economic supervision and fiduciary responsibilities. (6) Perfecting social supervision system through enhancing public participation and input, e.g., setting up opinion box, establishing complaining centers, hiring social auditors, and holding public hearings.

As a result of anti-corruption policy, CNAO became much more active in auditing to detect corruption. For example, since 1983, CNAO has audited more than three million work units around the country and recovered illegal funds worth 130 billion yuan (15.7 billion US dollars). In 2000

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84 CNAO official website
http://www.cnao.gov.cn/content/sr/reports_display/show_reports.php3?id=609
85 See “Measures adopted by CANO to root out corruption,” China Audit News, April 18, 2001 (To carry out the Instruction of CCDI of CCP on “Timely Instituting Measures to Root Out Corruption” the CNAO (National Audit Office of China) adopted formulated six implementation measures to fight corruption with auditing:
86 “China’s Improvement of Audit System Retrieves Huge Losses,” People’s Daily August 20, 2003. (Accordant to Li Jinhua, CNAO audited a total of 104,000 units in 2001
alone, the CNAO recovered 19.2 billion yuan (US$2.3 billion)\(^87\) and of public funds, or 14.8% of the 20 years total.\(^88\)

In the first 11 months of 2001, CNAO audited 107,000 institutions and uncovered malpractice involving 160 billion yuan (US$19.3 billion) vs. that of 104,000 institutions and 205.2 billion yuan (US$24.7 billion) of irregularities in 2002.

As a result of the change of policy, the CNAO is auditing less but uncovering more, i.e., being more productive. This suggested more focused and more effectiveness auditing.\(^89\)

CNAO officials when conducting audit are subjected to exacting auditing guidelines\(^90\) and demanding professional ethics,\(^91\) including:

“Practice Directions of Audit Institutions for Financial Audit of State Industry Enterprises” (Promulgated on December 17, 1996); “Standard of Audit Institutions on Audit Working” (Promulgated on December 11, 1996); “Circular of the CNAO on Implementation of the Government Auditing Standards of the People's Republic of China” (Promulgated on December 3, 1996); “Standard of Audit Institutions on Audit Evidence” (Promulgated on December 11, 1996); “Standard of Audit Institutions on Preparation of Audit

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\(^90\) Accessible at http://www.cnao.gov.cn/

\(^91\) MEASURES ADOPTED BY CANO TO ROOT OUT CORRUPTION(2001-4-18)
Programs” (Promulgated on December 11, 1996); “Provisions of Audit Institutions on Administrative Review of Audit” (Promulgated on December 16, 1996); “Provisional Practice Directions for Auditing Central Budgetary Implementation” (Promulgated by Decree No. 181 of the State Council of the People's Republic of China on July 19, 1995): “Standard of Audit Institutions on Preparation and Review of Audit Reports” (Promulgated on December 11, 1996); “Standard of Audit Institutions on Evaluation of Audit Items” (Promulgated on December 11, 1996); “Professional Codes of Ethics for Auditors of Audit Institutions” (Promulgated on December 16, 1996); “Standard of Audit Institutions on Computer Assisted Audit” (Promulgated on December 19, 1996); “Practice Directions of the CNAO for Financial Audit of the Central Bank” (Promulgated on December 5, 1996); “Practice Directions of the CNAO for Financial Audit of State Monetary Institutions” (Promulgated on December 5, 1996); “Practice Directions of Audit Institutions for Financial Audit of State Industry Enterprises” (Promulgated on December 17, 1996); “Practice Directions of Audit Institutions for Financial Audit of the State Commodity Circulation Sector” (Promulgated on December 16, 1996); “Practice Directions of Audit Institutions for Auditing Budgetary (Estimate) Implementation of State Construction Project” (Promulgated on December 17, 1996); “Practice Directions of Audit Institutions for Auditing Final Accounts at the Completion of State Construction Projects” (Promulgated on December 13, 1996); “Practice Directions of Audit Institutions for Auditing Special Agriculture Funds” (Promulgated on December 17, 1996); “Practice Directions of Audit Institutions for Auditing Operating Funds” (Promulgated on December 13, 1996); “Practice Directions of Audit Institutions for Auditing Administrative Funds” (Promulgated on December 13, 1996); “Practice Directions of Audit
Institutions for Auditing Social Securities Funds” (Promulgated on December 13, 1996).

The Audit Report


The Audit Report uncovered extensive financial improprieties and egregious budgetary irregularities with 41 of the 55 audited ministries and commissions under the State Council, involving a total of RMB 1.42 billion (171.56 million US dollars). Implicated organizations included: General Administration of Sports/Beijing Organizing Committee for the Games of

92 For a brief overview of history and development, structure and process of CNAO, see “Government Auditing in the People's Republic of China” at official website, http://www.gov.cn/  
the XXIX Olympiad (BOCOG),96 – Ministry of Education,97 State Power Corporation of China,98 Yangtze Water Resources Commission,99 the Industrial and Commercial Bank of China (ICBC). 100 For example, seven

96 “Sports Administration Denies Misuse of Funds,” China.org.cn July 7, 2004. (The reported misappropriation of 131m yuan ($13.2m) earmarked for the Beijing 2008 Olympics organizing committee since 1999 by the GSA, of which RMB 109 million went for constructing staff quarters.)

97 “Rampant Corruption Haunts Education Minister Chen Zhili,” Asia Time, July 18, 2004 (Translated by Epoch Times) (Some of the irregularities and improprieties included: Misuse of authority. From 2001 to 2002, Oriental College Town Development, Inc. illegally signed a contract with five village committees in Langfang city of Hebei province and Tongzhou district in Beijing, to leased farmers’ collective lands to build five golf courses (5,728 acres of cultivated land). Securing of risky loans. Loans for constructing college towns was not likely (impossible) or intended to be repaid. For example, 12 loan projects - Xianling and Jiangan districts of Nanjing city, and Xinxiao district in Pukou – amounted to 2.7 billion yuan (US$326 million). The schedule repayment amount surpasses annual income of lenders by approximately 40 to 80 percent. Heavy and growing debt burden. The audit investigated 17 provinces (district, cities) and 50 counties’ secondary education funds. “[A]t the end of 2001, secondary school debts from 50 provinces totaled 2.4 billion yuan (US$289.8 million). By the end of 2002, it had increased 30 percent to 3.1 billion yuan (US$374.3 million) … [by] June 2003, this number had increased another 25.7 percent, reaching a total of 3.9 billion yuan (US$470.9 million).” Collection of excessive and illegal fees. 45 of the 50 audit counties have this problem. In 2001, 413 million yuan (US$49.9 million) illegal fees were collected. Diversion of fund to inappropriate use. “Since 1999, the education board has used 13.56 million yuan (US$1.6 million) from the textbook fund for personal (11.03 million yuan (US$1.3 million) and entertainment use (25.2 million yuan (US$3 million). http://english.epochtimes.com/news/4-7-18/22515.html

98 “China's audit storm "involves" the issue of "power shortage," China Economic Net. July 26, 2004. (The CNAO found irregularities with the disposal of RMB 21.14 billion of state funds, including actual loss of RMB 7.84 billion (RMB 3.53 or 58%) and latten loss of RMB 3.28 or 42% due unauthorized or non-rule conforming decision making. There were RMB 7.8 billion in deliberate distortion of profits and losses, i.e., fraud, and RMB 4.5 billion loss of state-owned assets, i.e., unaccounted fund. RMB 1 billion involved “economic crime” by leaders.)

99 “Audit storm’ stirs furore in media,” People’s Daily, July 5, 2004. (“One official from the Yangtze Water Resources Commission, which was accused of collusion with jerry-builders in embankment construction, accused audit offices of trying to score political points by disclosing miscondus which were already uncovered.”)

100 “ICBC Lost 1b yuan in Bad Loans,” China’s Daily June 24, 2004. (“China's largest bank, Industrial and Commercial Bank of China (ICBC), lost more than 1 billion yuan (US$121 million) in loans made to a privately-owned firm in Guangdong's Nanhai city.” http://www.china.org.cn/english/features/audit/102450.htm “CNAO Reveals Widespread
ministries obtained a total of 96.73 million yuan by cheating on their number of work staff and fabricating construction projects. Since 1999, that the General Administration of Sports misappropriated 131 million yuan (US$15.8 million) earmarked for the organizing committee of the Olympic Games since 1999. About 109 million yuan (US$13.2 million) of the money was used to put up residential buildings for its staff and the rest was invested into companies, according to the audit report.

The 2004 audit has four focus: (1) uncover serious violations of law and regulations, such as when the Olympic Committee misused of funds to...
build residential housings for employees; (2) reflect major problems affecting the mass’ personal interests, e.g., when disasters funds were misappropriated or peasants land were confiscated illegally for commercial development; (3) focus on problems or loopholes in macro control, e.g. accountability with banks loans and credits and two channel for income and expenditures; (4) the effective and efficient use of financial resources.

In the end, the Audit Report outlined five main problem areas:

(1) “Fraud, embezzlement and misuse of government funds allocated to disaster relief, education, the Olympics and treasury bonds, by organizations of both the central and local governments;
(2) Financial irregularities at banks resulting from inadequate supervision;
(3) Tax irregularities, with some tax bureaus failing to collect taxes or failing to suspend or terminate levies when so ordered;
(4) Illegal requisitioning of land for development, with some local governments abusing authority in order to obtain profits;
(5) Misrepresentation and fraud employed by private enterprises to obtain bank loans.”

The CNAO, however, stopped short of recommending any administrative discipline and criminal charges in the Audit Report.  

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106 Id. (The Industrial and Commercial Bank of China (ICBC) disciplined 366 staff for financial misconduct.) For a summary of financial responsibilities and discussion of (possible) criminal liabilities, see Chen Jing Jing, “On criminal law analysis of “Audit list” – criminal law liabilities analysis of major case implicated by 2003 annual Audit Report” (“Dui ‘shenji qingdan’ de xingfar jiedu – 20003 niandu shenji gongzuo baogao suo she zhongdai xingshi zeren de fali fanshi” – 对“审计清单”的刑法解读——2003.
Reaction to Audit Report

The Audit Report (2003) attracted immediate attention and maintained sustained interests, domestically (with public media, private citizens, experts and scholars alike) and internationally. The Audit Report (2003) attracted immediate attention and maintained sustained interests, domestically (with public media, private citizens, experts and scholars alike) and internationally. The

**年度审计工作报告所涉重大案件刑事责任的法理分析** (Fazhi Ribao 《法制日报》)

107 “Audit Report Fallout Stirs Public Interest,” *China Daily* July 26, 2004


109 Experts discussing “Audit storm” (Zhuanjia tan zhongguo “shenji fengbao”)(专家谈中国“审计风暴”) (The audit was well received by all the people. The audit only uncovered the tip of an iceberg. In order for the audit to be totally effective, the auditing must be done by independent body. That is why local auditing units are not effective in checking local problems and it takes NAO to uncover corruption and abuses.) *dajiyuan* July 16. 2004. http://www.dajiyuan.com/gb/4/7/16/n597601.htm


111 “Audit storm’ stirs furor in media,” *People’s Daily*, July 6, 2004 (*People’s Daily*: The Yangtze Water Resources Commission accused CNOA of political grandstanding but later retracted. The ICBC acknowledged failings and disciplined 336 staff members. Southern Weekend: The report Li delivered exposed the unprecedented depth, breadth
controversy has come to be known in China as the “Audit Storm” (*Shenji fengbao*). The Auditor-General Li Junhua became an overnight anti-corruption hero.\textsuperscript{113}

Since its first publication (June 23, 2004), the Audit Report has courted controversies, one after another.

First, there is a recurring issue of why this Audit Report was handled differently, i.e., released and debated in the public domain.\textsuperscript{114} The Audit Report marked a change of guards, with its philosophy and policies, at Zhongnanhai.\textsuperscript{115} This thesis is supported by many circumstantial evidence. Premier Zhu Ronji (March 1998 to March 2003)\textsuperscript{116} was known for being

\begin{itemize}

\item Li Jinhua was number fourth on the top ten more influential financial persons in China in 2003 for publishing the Audit Report. The top ten most famous financial person in China in 2003 (2003 Zhongguo xida caijing mingliu - 2003 中国十大财经名流) *Hong Tat Times* http://www.hongtatimes.com.cn/htsb651/sj/01.htm


\item “China considering publishing all audit reports;” (The State Auditing Administration is considering publishing all audit reports of future projects, both Chinese premiers Zhu Rongji and Wen Jiabao read the audit reports in depth, and gave instruction accordingly. Wen never changed or revised any audit report. ) *People’s Daily* July 7, 2004. http://english.peopledaily.com.cn/200407/07/eng20040707_148801.html

\item Mentor to Premier Wen Jiabao, his successor.
honest, forthright and outspoken. As early as 2001, Zhu has proposed the use of audit to keep clean government. Yet under Zhu’s watch, the auditing process and findings were not discussed in public.

Audit Report marked a “generational” change of leadership is supported by the following facts and circumstances:

(1) Li Jinhua was reappointed as the Auditor-General by the Hu-Wen administration on March 16, 2003. He made it known then his priority was to fight financial irregularities and official corruption with national audit in all areas and at every level. In this regard, Li’s policy reflected Hu-Wen’s governing philosophy, i.e., open, clean and accountable government.

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118 “Thorough Investigation Into Audit Cases,” Xinhua 01/05/2001 (“Chinese Premier Zhu Rongji recently urged audit officials to "deeply" and "thoroughly" investigate cases involving serious financial infringement.”) http://www.china.org.cn/english/DO-e/6066.htm
119 “The Iron-fisted Auditor,” Xinhua News Agency (translated by China.org.cn) July 15, 2004 (When asked: “Did you expect that this year's audit report would receive greater public attention than last year's?” Li said, “Although I provided the materials, that was not my personal decision. It is the government -- or the premier -- that is determined to expose these problems in order to rectify and solve them.”) http://www.china.org.cn/english/2004/Jul/101377.htm
(2) “Audit storm shows government determination”\textsuperscript{122} to reform the nation. Audit Storm is one of the many steps to construct a nation of rule of law,\textsuperscript{123} open government and market economy.\textsuperscript{124}

(3) The Audit Report was enthusiastically embraced and strongly supported by the administration. Soon after the submission of the Audit Report, Wen promised follow up actions, including starting criminal investigation and administrative discipline of officials.\textsuperscript{125}

(4) The Audit Report was favorably reported by all official public media; CCTV,\textsuperscript{126} \textit{China Daily},\textsuperscript{127} \textit{People’s Daily},\textsuperscript{128} \textit{China Youth Daily}.\textsuperscript{129}

\begin{itemize}
\item \textsuperscript{122}“Audit storm shows government determination,” \textit{China Daily} July 1, 2004. (Audit Storm an integral part of a larger scheme to reform the government “This astonishing audit report again displayed the central government's determination and courage to face reality and push forward reforms,” including: Tightening CPC internal regulation, supervision and discipline; The State Council called for constructing governments ruled by law in ten years; Central government reforming the banking system by purchasing "questionable loans;" Standardization of enterprise taxation; Withdrawal of state-owned funds from the capital market; Tighten land approval and clear up projects misusing lands; Accelerate SOE reforms.) http://english.peopledaily.com.cn/20040701/eng20040701_148207.html
\item \textsuperscript{123}Administrative Permission Law of the People's Republic of China. (Adopted at the 4th Meeting of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on August 27, 2003, is hereby promulgated and shall go into effect as of July 1, 2004. Order of the President of the People's Republic of China, No. 7.) Art. 1 provides: ‘This Law is enacted in accordance with the Constitution to standardize the institution of the procedure for, and the granting of, administrative permission, to protect the legitimate rights and interests of citizens, legal persons and other organizations, to safeguard public interests and maintain public order, and to ensure and supervise the effective exercise of administration by administrative departments.”
\item \textsuperscript{124}“Audit storm shows government determination,” op. cit.
\item \textsuperscript{125}“Corrupt Officials to Be Prosecuted; Probe Ongoing,” \textit{China Daily} July 12, 2004 (Ministry of Supervision confirmed that misused of public fund will be investigated, serious cases will be prosecuted. Lin Kongxing, former general manager of the Huazhong Power Group, suspected of taking RMB 1 million in bribes and embezzling about 1 million yuan (US$120,000) was arrested and prosecuted. The GAO was also under investigation for embezzlement.) http://www.china.org.cn/english/2004/Jul/100976.htm
\item \textsuperscript{127}Corrupt Officials to Be Prosecuted; Probe Ongoing,” \textit{China Daily} July 12, 2004.
\end{itemize}
For example, The CCP Party School newspaper *Study Time (Xuexi shibao)* asked for full support of the Audit Report.  

Second, there are conflicting accounts on how extensive and deep financial irregularities were.  

Third, there is an issue as to why this Audit Report received “exceptional” public attention. The CNAO has been conducting auditing since 1983 discreetly. For example, the Audit Report of 2002, were 30 pages long and contained many revealing details about government financial improprieties and official corruption. It did not attract as much attention as Audit Report of 2003.

Finally, many believed that the Audit Storm was mounted as much to clean up China, actualize public supervision, improve international image, enhance governance capacity, as it was to eliminate political oppositions (Shanghai Gang) and consolidate Hu-Wn’s power base.

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128 “Hundreds punished amid audit storm,” *China Daily* September 1, 2004. ((Audit Storm resulted in nearly 600 people punished, including PCB (368 people, with 52 fired, 4 prosecuted); Huaihe River (202 people disciplined); Ministry of Water Resources (21 people criminally investigated); Education authorities in Huazhou City and Zhanjiang City in Guangdong Province (10 people disciplined); Huazhou Municipal Education Bureau (director fired); Wujiang/Zhanjiang (directors fired); The State Power Co. (vowed to improve management))


129 “Audit Report Fallout Stirs Public Interest,” *China Daily* July 26, 2004 (China Youth Daily called for swift actions to deal with Problems revealed in Auditor-General Li Jinhua's report.)

130 Fan Dula (“Shenji fengbao” shi yi kuai shijinshi -“审计风暴”是一块试金石”

STUDYTIMES.COM (Issue 245) （第 245 期）


133 Chinese Communist party Publishes Key Policy Document on Governance Capability,” *People’s Daily* (English) online, September 26, 2004.


134 Tracy Quek, “China Cleans House, But consolidation of political power at the heart of anti-graft drive, say experts,” *Straits Times*, Feb 5, 2007 (“Over the past three years,
IV

Research Data

This research seeks to capture e-public’s (internet users) reception and reaction to three “Audit Storm” news stories, capturing their feelings and thinking on three major issues: process, structure, and outcome of Audit Storm.

(1) On process of audit

Auditor - General Li Jinhua has submitted a report to the NPC about problems of auditing in China. National Audit Office (NAO) Wuhan was in charge Yangtze River engineering projects. The audit team uncovered a conspiracy to inflate budget, cut costs and compromise quality in a key levee project at the Yangtze River, uncovering a total of 80 millions yuan deficiencies. In a Zhongguo Qingnian Bao report, the NAO Wuhan audit team was asked to reveal their secret of success.

NAO Wuhan team painstakingly reconstructed the investigation step by step, including, how irregularities in construction were uncovered and

the Hu-Wen team has been carrying out the party's anti-graft drive in a more serious fashion, especially compared to the Jiang Zemin era.' Anti-corruption drive was meant to shore up support for the Hu-Wen 'people-centred' approach and lessen influence of Shanghai influence (arrest of Party boss of Shanghai Chen Liangyu).  


135 The Wuhan auditors meticulously check receipts and billings against work done. Id.
how vice-chairman of the board of directors of the China Electricity Council Lin Kongxing was prevented from fleeing the country.  

Wuhan auditors also related many of the difficulties confronted during the investigation, including:

First, failure of cooperation; to answer questions, to produce data, to explain work done, to supply false/misleading information;

Second intimidation of audit workers by all means (SMS, phone, memos) and with all kinds of people, e.g., gangs;

Third, bribing of auditors. For example the Wuhan team was offered 120,000 yuan for report 1 million yuan less of loss in the audit report.

Fourth, interference with investigation. Corrupted officials sought to interfere with investigation through Party leaders, relatives and friends.

Fifth, lack of resources. In order to demonstrate independence and maintain objectivity, the Wuhan auditors had to survive on a shoestring budget, augmented by personal outlay for meals and travels.

This item is chosen because it provides transparency to the process of investigation. It allows the readers to react to how the audit was conducted, not just result achieved.

The first entry was on June 30, 2004, 5.55 am. There were 351 entries as of July 28, 2004, 00.05 am. The first 100 comments were translated and analyzed.

(2) On outcome of audit

Lin wanted to go back to Henan to summer break. The investigators were suspicious that he might flee. The case was reported to Li Jinhua [the Auditor General]. Lin and a number of partners were detained at the airport and charged with stealing 83 million yuan earmarked for a construction project. Id.

2004年06月30日05时55分 IP地址: 221.196.159.

2004年07月28日00时05分 IP地址: 222.90.58.
On month after the outbreak of the Audit Storm, none of the leading Party cadres or senior government officials implicated by the audit was held officially responsible or have personally resign. The question raised and to be discussed was: What is the public opinion towards Audit Storm outcome? This issues was dealt with in an article published on July 27, 2004. The title of the news item reflected mal-contentment, “Up till the present no officials resigned as a result of audit storm, the press is agitating for “no release for four” (souhu article)\textsuperscript{140} This article referenced prominently other articles from STUDYTIMES.COM (Xuexi shibao) published by the CCP Party School in arguing for speedy and resolute follow ups action to the Audit Report findings.

In elaborating of the theme and elucidating on the issue, two articles were found at the STUDYTIMES.COM in the relevant period corresponding to the main theme in the souhu article discussion, i.e. Fan Dula’s article “Audit storm” is a piece of testing stone” (CCP article 1)\textsuperscript{141} Fan Wei’s article “What are people’s expectation after the “storm”? (CCP article 2).\textsuperscript{142}

In CCP article 1, the author observed the total absence of serious follow up action and meaningful accountability one month after the submission of the Audit Report. Specifically, notwithstanding the shocking Audit Report to the NPC and the strong reaction by the public afterward,
there was follow up (san)action, i.e., senior Party cadres or high government officials being held responsible. In fact there were more concerns expressed about Auditor – General’s well being than the officials audited by him. There were many attempts to quibble (jiobian), negotiate (jishe), and plea for mercy (suoqing) and very little effort to confront the findings of the Report and deal with the issues raised.\(^{143}\)

In CCP article 2, the author argued for keeping faith with Premier’s Wen’s “four not quitting” pledges (in dealing with national disasters), being: “not relenting (“quitting”) until reasoning for the incident is thoroughly investigated, not relenting until people who were responsible are dealt with, not relenting until reform measures are in place, not renting until lessons are learned.” In so doing, Fan started by asking the question of what has been achieved by the “Audit Storm.” He observed, as with CCP article 1, that in spite of the finding of problems and responsibilities, no officials has been punished according with “Regulation of the Communist Party of China on Disciplinary Action”\(^{144}\) or resigned according to “Temporary Regulation on Party leadership Cadres resignation.”\(^{145}\) He suggested that audited department and officials should correct mistakes and learn lessons from the audit. They should follow the admonitions of Wen of Feb. 16, 2004 that in dealing with major safety issues, public officials should adopt that ‘four not quitting.’\(^{146}\)

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\(^{143}\) Fan Dula (“Shenji fengbao” shi yi kuai shijinshi -“审计风暴”是一块试金石”)

\(^{144}\) 《Zhongguo gongchandang jilu chufeng tiaoli》《中国共产党纪律处分条例》

\(^{145}\) 《Dangzhengganbu ciji zhanxing guding》《党政领导干部辞职暂行规定》

\(^{146}\) The “four not quitting” are: “shigu yuanyin bu chaqing bu fangguo (事故原因不查清不放过), shigu zeren zhe de budao chuli bufagnguo (事故责任者得不到处理不放过), zhenggai cuoshi buluoshi bufangguo(整改措施不落实不放过), jiaoxun bu xiqu bufangguo, (教训不吸取不放过)”
This item is chosen because it speaks to remedial actions taken after the “Audit Report” or outcome of Audit Storm. It allows the e-public to speak to the CPC and government reaction than the Audit Report’s process and findings of corruptions. In essence, tapping into how people “feel” and “think” about state response to corruption, after being uncovered by NCAO. To the Chinese, and particularly after Deng, actions speak louder than ones.

The first comment was made on July 27, 2004 at 11.67 hours and the last on July 30, 2004 at 20.13 hrs. There were a total of 50 pages of responses, or about 1000 entries. 100 items were randomly analyzed.

(3) On structure of audit

With the publish of report there is call for local audits. As proposed by the Information Times:

“Realistically, the method adopted by the can set an example for local audit offices. It is more appropriate to say, local audit offices in carrying out their own duties has made important contribution, but compare with the bold deed and brave action, we rarely hear about such large scale exposure of economic problems at various constitutive government departments at different level. Is that because there are fewer problems at local vs. central level? Or is it the case that local audit office dare not act and afraid to do? Looking at the facts, with many of the problems exposed by, many of them involved the local levels, why is that the local audit office have not discovered the same?

147 “Local (government) auditing should also be reported daily (Difang shenji ya ying gongu nian dubao - 地方审计也应公布年度报) Information Times (Xinxi shubao- 信息时报) June 25, 2004 http://news.sohu.com/2004/06/25/44/news220704463.shtml
It looks like, the local audit office has the need to audit itself: to see how far it comes when compared with? What should be done next time? 148

The reason why this news item is chosen is because it raises an important policy issue: Who has the right, duty, motivation and capacity to conduct audit at the local level? More importantly, practically, who is more effective in rooting out local corruption? The debate shifted from substantive, i.e., how people feel about corruption and counter measures, to how should anti-corruption be conducted.

V

Data Analysis

(1) On audit process

Feeling of appreciation

The strongest feeling expressed is one of effusive appreciation: “Salutation to all audit workers. Salutation to all people of honesty and integrity,”149 and unreserved admiration: “You people are really being responsible to history, society and personally.”150 It is important to note that both comments spoke to a larger purpose of what the auditors were doing, i.e., making history, enriching society as it upholds (rediscovered) principles of honesty and integrity.

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148 "Local (government) auditing should also be reported daily (Difang shenji ya ying gongu niandubao - 地方审计也应公布年度报) Information Times (Xinxi shubao- 信息时报) June 25, 2004 http://news.sohu.com/2004/06/25/44/news220704463.shtml
149 2004 年 06 月 30 日 05 时 55 分 IP 地址：221.196.159.
150 2004 年 06 月 30 日 09 时 04 分 IP 地址：218.28.152.
The basis of appreciation was that the “Audit comrades are doing a good job.” More specifically, auditors were appreciated for: *Standing up to power*: “Preserve until the end, do not back down in front of the strong, all people under heaven bow in respect, whole nation will remember you! Salutation!” *Defending good against evil*, “Comrades keep on with the good work. The integrity of the country depends on you… Work hard, and do battle with the evil forces.” *Making a difference*, “You work under extremely difficult situations, and yet you have conduct cases much better than Anti Corruption Bureau, Courts and Disciplinary Commission,” *Saving a nation*: “Savvier of Chinese race.”

The appreciation comes from all quarters, revolutionaries, “In the name of revolution, we salute the audit workers,” as well as common people: “The common people support you!!!!”

*Rendering of support*

The effusive appreciation is back up with strong offer of support, including more money for the investigation: “Whenever there is a need for money, just make an announcement on the web, I will be first to donate…” more income for the auditors, “The Audit Department should be paid well to instill integrity!!!” more political support for the cause, “Chinese love their country … there is no way to repay. We need to work
together, before China can be awakened,” emotional support from groups, “We support you with our life,” and personal support from individuals, “Is the audit office hiring? I want to do it.”

**Feeling of hope**

There is a sense of hope: “We have renewed hope!” “Chinese now really have ‘hope!'” At its core, the hope rests on the belief that there are still officials with honesty and integrity around, “China still has upright people. The Chinese Race now has hope.” More importantly, the “Audit Storm” renewed people’s hope for the Party, “We firmly believe that the Party will solve problems involving itself in a proper manner … We hope that audit work quickly penetrates different areas, and achieve systematic supervision, and use the heavy punch of law, to punish people who violated the law.” In the end, the audit gives the people hope for a better China, “If the current (audit) work is carried out steadily, then our Chinese race will have hope! We can be able to establish an honest, fair, democratic, wealth and strong society. If so our Chinese race will have hope of revival!”

These comments clearly show that the Chinese people are sick and tired of corruption practices and polices of old. They are yearning for a change. They look forward to the day when China can become strong and respected. That day would not come until and unless the Party and

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160 2004年06月30日08时47分 IP地址：61.134.11.
161 2004年06月30日09时12分 IP地址：218.0.151.
162 2004年06月30日09时41分 IP地址：218.19.160.
163 2004年06月30日08时04分 IP地址：202.113.12.
164 2004年06月30日08时24分 IP地址：218.246.82.
165 2004年06月30日07时57分 IP地址：202.120.20.
166 2004年06月30日08时40分 IP地址：61.243.183.
167 2004年06月30日08时13分 IP地址：218.22.240.
government come clean. Much to the credit of Hu-Wen, the Audit Storm provided a sense of hope, long eluded the people in the last 20 years.

**Feeling of empowerment**

With hope, the people also felt empowerment. “In reality, everything cannot escape the watch eyes of the people.” People are now confident that: “whatever the corrupted officials do, we can all see, and feel. They dare not.” Justice will be done: “In fact, in this world all matters are known “in heaven, on earth, to you and me. If there is an investigation, no one can escape.” Specifically, the people believe that they can clean up China, in house: “Currently, some leaders’ children use public fund to do business and earn illegal money. There is corruption. The country must deal with them, otherwise they will escape to other counties to enjoy themselves!! Need to close the door to hit the dog!!”

**Feeling of negativities**

Hope also gives rise to anxiety. People are anxious that the “Audit Storm” will not last.

Anxiety leads naturally to skepticism. “A lot of empty talk.” A few are critical: “Do not look at the advertisement, look at the effect.” Others cautions against rush to quick judgment: “we need to wait and see!!”

In the end, people are afraid that, judging from past experience, the bark might be worse off than the bite. “Need to see result, we have witness a
lot of big thunder, small rain.”  

Many times in the past, Chinese leaders have failed to carry through with their anti-corruption campaign, especially when senior leaders are implicated. “The investigation should go up and up, until it ends. However many times the investigation ends without reasons after discovering the culprits, this is the tragic story of China.”

As to corruption, people feel alarmed by the magnitude. “Too scary to meet the eyes.” As to corrupted officials, they feel hatred. “Kill! Kill! Kill!!” “Kill, no reason why this kind of people should escape being killed.”

What needs to be done?
The public made a number of constructive comments and concrete suggestions, including:

(1) More, and more thorough investigation. The public wanted the audit to go deeper, “Should investigate into the problem deeper,” spread wider,” grow stronger, “Strengthen the audit, this is being responsible to the people and country” and continue until done, “Preserve until the end, do not back down”!

(2) Institutionalization. “It is necessary to institutionalized Li Jinhau (effort), then and only then can our government live and rule forever.”

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175 2004 年 06 月 30 日 07 时 59 分  IP 地址: 61.240.171.
176 2004 年 06 月 30 日 08 时 21 分  IP 地址: 218.246.82.
177 2004 年 06 月 30 日 08 时 40 分  IP 地址: 61.175.232
178 2004 年 06 月 30 日 08 时 25 分  IP 地址: 218.1.21
179 2004 年 06 月 30 日 07 时 10 分  IP 地址: 61.150.127.
180 2004 年 06 月 30 日 07 时 15 分  IP 地址: 222.76.37.
181 2004 年 06 月 30 日 08 时 00 分  IP 地址: 210.82.50.
182 2004 年 06 月 30 日 07 时 51 分  IP 地址: 61.155.24
183 2004 年 06 月 30 日 08 时 29 分  IP 地址: 222.39.110.
(3) **Legalization.** “Only one Li jinhua is not enough. Should establish a legal system. Only then can (the audit) be strengthen, deepen, lengthen!!!”\(^{184}\)

(4) **More power.** “Recommended that the Audit Department be given power to arrest, similar to that of Hong Kong ICAC.”\(^{185}\)

(5) **More publicity.** “Recommend the establishment of a CCTV audit channel.”\(^{186}\)

(6) **More transparency.** “The more transparent the better…”\(^{187}\)

(7) **More incentives.** “Should set up an audit incentive fund: such fund can be taken out of a portion of seized illegal money, the money can be used to reward audit personnel or pay informers or witnesses, and encourage more and more people to participate in this kind of activities and mobilize and speed up our nation’s legalization process.”\(^{188}\)

(8) **More supervision.** “Who is to audit the auditors in their execution of audits!”\(^{189}\)

(9) **More restrictions on suspects.** “There should be strict investigation into the nationality and foreign travels of sons, daughters and relatives of high officials! They should openly register to all the people.”\(^{190}\)

(10) **More accounting for officials.** “Calling for public release of official family property, to see whether income and expense is balanced.”\(^{191}\)

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\(^{184}\) 2004 年 06 月 30 日 09 时 07 分 IP 地址：218.27.64.

\(^{185}\) 2004 年 06 月 30 日 08 时 35 分 IP 地址：61.167.60.

\(^{186}\) 2004 年 06 月 30 日 08 时 05 分 IP 地址：218.28.41.

\(^{187}\) 2004 年 06 月 30 日 07 时 54 分 IP 地址：218.71.222.

\(^{188}\) 2004 年 06 月 30 日 08 时 19 分 IP 地址：61.185.215.

\(^{189}\) 2004 年 06 月 30 日 08 时 28 分 IP 地址：210.22.108.

\(^{190}\) 2004 年 06 月 30 日 08 时 39 分 IP 地址：218.58.248.
(11)  *Auditing hiring system.* “Why is it that the hiring system is not being audited? That is most fundamental.”

(12)  *Prevention over punishment.* “The focus of this line of work should be in prevention, not correction. This way we can stop future problems of this kind from happening. If we audit in the front end, there will not be that many more problems. This way we have achieved the purpose of supervision.”

(13)  *Pay attention to systemic small cases.* “When Comrade Jinhua investigates the big and important cases, he should also paid attention to many small corruption which affect collective interests, and proposes some preventive measures to stop illegal billing. We look forward to reform at the roots.”

(14)  *Keep investigation process secret.* “Is there a need to report on the details of audit? Reporter comrades should only report the result, otherwise the tactics and techniques will be revealed….”

(2)  **On local audits**

*General support for audit*

There is the usual and expected amount of outpour of jubilation, adulation and support. “Auditor-General Li Jinghua, you are great! On behave of the billions of China workers and peasants I salute you! The
National Audit office is finally on the right track, Director Li is setting a good example.”

**General agreement on principle**

As a matter of first principle, no one argues against public accountability and formal supervision, and open audit. “All local audit departments should publish their reports, this is being responsible to the people, to the nation.”

**Local audit needed in practice**

As a matter of practice, local audit is deemed necessary in order to get to the bottom of corrupt matters. “Great! But investigation should go to the bottom of it all! We should learn from painful experiences, change our past painful mistakes, this is the way to make China civilization great again!” Conversely, national auditing, no matter how vigilant, will not be able to get to the core and roots of corruption problem. “China is big, can we just rely on National Audit Office? One must understand, basic level audit also represent the image of audit agencies.”

In fact many argued that local audit is indispensable in the fight against corruption because, first, there are more corruption at the local level, “Local audit is more important, because there are more and larger problem.” Second, the local level is less open and more conducive to
corruption. “I think local places are more dark (corrupt), more necessary to use more effort.”

Thus, in order “[t]o reduce or eliminate corruption, the National Audit Office must strengthen the leadership of the local audit offices, insist on yearly audit, elevate the powers of the local audit departments, not controlled by local government as a result of dual leadership.”201 In this regard, there is a lot the locals can learn from the central government, “Local audit organization should learn from National Audit Office.”202

Three schools of thoughts: idealists, pragmatists, realists

Ultimately, the debate turns on whether local audit is a feasible policy. In this regard, there are three schools of thoughts, the idealists, the pragmatists and the realists.

For the idealists, the reasons for local audit are citizens’ right to know and official accountability, Their sentiments are best captured by the following comment:

“The National Audit Office openly published financial usage conditions of various departments, this method is very good. The taxpayers and public has a right to know about the financial situation. This is conducive to supervising work of functional departments. Local governments should also publicized audit reports routinely. Local government should establish news reporting system, answer questions by media and the public.”203
For the pragmatists, the problems with local audits are lack of independency and conflict of interests:

“The reason why Audit Office dare to do hard battle and reveal so many problems with central ministries and commissions is because it is directly led by the Premier, but local audit agencies is attached to local government, if local government heads do no want the problems to spread, especially when they involve issues of local interests, will necessarily downsize the problem from big to small and to none. Local audit agencies are at best local government’s internal organs, its independence is relatively small, it is in a difficult situation. There is a need to change the audit management structure.”

The pragmatists

The pragmatists accused the idealists of ignoring realities: “This fellow is either a dumb book person, or he is speaking blindly with open eyes. What is the condition of China’s audit situation right now? particularly with local audits.” Idealists are accused of being crazy: “For the local audit to be published like the Audit Report is a crazy person’s dream talk.”

That does not stop some pragmatists to show admiration for and seek reconciliation with idealists’ point of view, in spite of differences, “Though not feasible, still admires the person’s courage.” Specifically, the pragmatists point out that local auditors deserve credit in standing by
idealistic principles. “To tell the truth, that [being ethical] is the most basic requirement of a person, but in order for the government to achieve this, it is so difficult”\textsuperscript{208} and “[t]here are just too many questions, this is merely the beginning, most local audits are just passing through, it is difficult to have anti-corruption effect, but it is all a good thing, and should be supported.” \textsuperscript{209}

The idealist should definitely be given credit for trying, “Local audit department dare not publish annual audit report! This is too difficult for them, please have mercy for them.”\textsuperscript{210}

The pragmatists point out that there are a number of political, structural and operational problems associated with local audits:

\textit{First, problem with politics.} “Local audit in the end is a bargain.”\textsuperscript{211} More egregiously, “Local audit departments are protective umbrellas and instrumentalities to harm others who are against those in power. It should be led vertically by National Audit Office, and cannot be controlled by local government, otherwise it is just useless.” \textsuperscript{212}

\textit{Second, problem with dual control.} ”The hiring and firing of local audit department head reside in local hands, although business leadership is in the hand of upper level audit departments, i.e. so called “dual leadership”. Under this condition of personnel management authority remaining with the local, the idea of dual leadership has no real meaning. Subordinates to audit superiors, how can that be done?”\textsuperscript{213}
Third, problem with local financing of operations and control of process. “How dare the local audit (agencies) expose problems of local government like the National Audit Office? Local audit offices depend on local financial support to eat! … The local audit only caters to the local government.” 214

Fourth, problem with administrative control. “I am a local audit worker, if local audit is to be published openly, the first thing to do is to have “tiaoguan” (management from above). It is only after “tiaoguan” that we can strengthen audit independence. Think about it: Can you confront one who can frame you and give you your rice bowl?” 215

The idealists

The idealists, while conceding difficulties, are of the opinion that local audits should and can be done.

First, audit is important for China. ”The method of National Audit Office has great meaning, with deep and long impact.” 216

Second, there is a right to know. “Local audit should publish annual audit report. Thus it allows us the taxpayers to know that money paid was used the people. There should be a right to know, I appeal to increase perfection of the legal system.” 217

Third, we should do what is right. “We should do what is required of us, we will not become soft.” 218
Fourth, where there is a will, there is a way. “If we have the support of the central government and the coordination of the people, nothing cannot be overcome!!”

Fifth, Li Jinhua is a good example, “An era requires examples, society requires spirit … from their hearts to the central government. We learn about hope for the motherland. There is nothing impossible in this world. Only if we tried to conquer them.”

Sixth, China is changing, starting with the top. “From the revelation of last year’s “Audit Storm” to this year’s audit report, it is evident the nation’s top management is getting more transparent.”

Seventh, it is about balance of power. “It is all a matter of supervision, problem with balance of interests and balance of powers.”

In order to introduce open local audit, idealists suggested a number of reform measures:

First, local auditors report to NPC; “Audit should be managed directly by the NPC.”

Second, local auditors report to State Council, “Well said, should only report to State Council.”

Third, local auditors report to Premier, “Hope that Audit Office resemble Hong Kong ICAC, and have more authority. Also there should be
vertical management, only obey the command of the Premier, not too many other superceding authorities.”

*Fourth, local auditors report to central administration.* “Local audit should be vertically led by central audit office, cannot be controlled by local government.”

*Fifth, open local auditing should be required by law.* “Local audit agencies publishing audit report requires revision to the Audit Law.”

*Sixth, NPC should strictly enforce audit law.* “NPC is not only concerned with having law to following, more importantly law should be obeyed.”

*Seventh, audit law must be detailed and with sanctioned.* “NPC should immediately legislate that audit departments at every level to report directly to NPC annually about audit results of relevant departments. Failure to report is considered a dereliction of duty. If the audit findings are not dealt with, officials will be sidelined.”

*Eight, holding auditors responsible and accountable.* “Improve the quality (sic) of audit work, should hold responsible auditors who become corrupt on audit problems found.”

*Ninth, learned from central.* “Local audit organization should learn from National Audit Office.”

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225 2004年06月26日16时36分 IP地址: 221.233.43, p. 2
226年06月26日18时44分 IP地址: 218.3.246,
227 2004年06月26日07时01分, p. 3
228 2004年06月26日09时04分 IP地址: 219.145.160, p. 2
229 2004年06月26日08时58分 IP地址: 218.94.36, p. 5
231 2004年06月26日19时15分 IP地址: 61.182.32, p. 1
The realists – cynics, see the whole audit process in general and local audit in particular, as a big show, “Local audit departments, is the ear of a deaf person - - for show, only know how to sing songs of compliments!!”\(^{232}\) Or that, “For now, local audit departments are decorative vases,”\(^{233}\) and a formality, “It is just formality and going through the motion, this is the normal official work style of our government officials.”\(^{234}\)

**(3) On outcome of audit:**

How do people feel of lack of follow up with NCAO audit report?

*People are disappointed.* There were more words than deeds, promises than performance. “Loud thunder, noisy wind, heavy clouds, scattered rain.”\(^{235}\) For example, they do not understand “why is it that no responsible people were being held accountable”\(^{236}\) and “who is protecting the corrupted officials?”\(^{237}\)

*People are insecure.* “Only thunder strike, with no rain. When the thunder past, everything will be back to normal.”\(^{238}\)

*People are disillusioned,* and “can no longer see any hope.”\(^{239}\) One dispirited commentator asked, “What happen after resignation or firing? The next lot of officials will be better? If one were to look at what happened to those being fired, I think they will still be corrupted. How
many officials have been really punished, except for those who bite each other like a dog.”

The public felt misled, “In reality it is mild “wind” yet it is promoted as a “storm” and the Party is putting on a big PR show. “Big thunder little rain. Engaging in formalism.” More pointedly, “If there is no follow up with the audit, then it is best not to do so, this way the public would not be frustrated. I do not understand why. Is it really the case that punishment stops with high officials.”

The public felt betrayed, “A few days ago there seems to be hope, but now it is again despair, with no hope. I have to cry.”

As to coping, some chose to accept reality, “You can scream and yell until your throat is soar, they do not mind.” Others, not knowing what else to do, clinged on. “It is better to have hope, even though we know that hope is like a building floating in the sky, but the only thing we have is hope.” Still others found it wise to lower their expectation, “Forget it, don’t have high expectations! Do not know how Li Jinhua feel? We still support the Audit Office, who let us know the truth.”

In the very end, people became stoic “[u]ltimately, all these will disappear in thin air, history told us so, why be angry?” and put up with it, “Tolerate.”
What do the people want?

Irrespective how the public felt, they have natural aspiration and dreams, legitimate wants and needs. “Absolute powers corrupt.”250 Sadly, the stronger the aspiration and deeper the dreams, the more emotional and horrific the demand. “Firing a batch will make way for another batch. People keep coming, one after another. Should kill it at the roots”251 and “(f)or social order, for country’s development, for people’s trust in Party – government, should act when need to, kill when need to, cannot be too soft.” 252

The public “strongly demands accountability.”253 “The government has to be more forceful, in showing its strength. Do not leave the common people with a bad name to be yelled at for generations to come!!!”254

The public demanded accountability as a matter of right, “If there is no accountability, the people of the whole country would not agree.”255 They demanded accountability because (according to Mao) the “mass’ (qunzhong) knows right from wrong, “The people’s eye are clear sighted, please do not disappoints them!!!” 256

People’s democratic demands cannot be taken lightly, nor be avoided easily. They “strongly request the implementation of accountability
system, not only chanting slogans.” 257 Ultimately, the public want action, not words. “If no one deals with what the audit turned up, the same as having no audit” 258

Loud slogans and empty promises are not harmless. “If we discovers audit problems and take no action to resolve the same, it is best not to audit at all because a lot of people will get hurt in the process.” 259

Broken promise also challenges the Party’s commitment to law. “Need to look at audit carefully to determine whether the movement is for real. Whether we are serious in establishing a rule of law system in holding officials accountable by law” 260 and in the process harm the well being of the people, “Being tolerant of and compassion with corrupted officials, large and small, is cruelty to the people.” 261

**What are some of the concrete demands?**

**People wanted truth** “What is happening? We need to search for the truth.” 262 **People wanted quick action.** “Activities which hurt people’s interests should be dealt with in a speedy fashion.” 263 **People wanted resignation.** “Firmly request that they resign.” 264 **People wanted retribution.** “Should not allow bad people off the hook;” 265 **People wanted measured and nuanced response.** “Reform is a slow and experimental
process, should not take it too fast. Chinese reform is an entirely new exercise, looking at Russia as an example, the most important thing at to take care of is to maintain a social stability, promote strong nation, create wealth for the people, and establish a rule of law country and society. Then and only then will China have hope.”

“Everything can be settled.”

What is the problem? Or, why no follow up action – firing or resignation?

Why do officials not resign?

Officials have privileges. “Being a Chinese official has a lot of benefits.” “It looks like being an official is to obtain self benefits, if not would have resigned early.” “Job position is hard to earn, how can one resign that easily?”

Officials (cadres) have no shame. “Are you still behaving like a communist party member? You have done a lot of bad things and still feel no same. Do you resemble a Chinese? Are you still a human being?”

“Should the community party members not make an example of self?”

Why no official sanction?
Leadership problem. “If most of the people do not confront the issues head on, then even if we ourselves do the wrong thing there is no shame, why should people resign?”

Conflict of interest reason. “People will not use a knife to cut up his own kind. In a one party state, it is natural that there is self-protection, and no opportunities given to others. In between money and power, one has lost his self (identity, integrity), who can solve this problem”?

Rule of man problem. The nation cannot function based on personality (Li Jinhua), rule of man (Party leader) or central command, “Why is it that we need the Primer to say something before we punish those illegal people.”

Political reason? “Is it true as foreign scholars said, contemporary China has regress to 20th century, each force occupies an area, the central government can do little to rule?”

Political culture reason. “How far China can be compared with Western countries? This problem is not too difficult. Chinese political culture still has a ways to go.”

Historical reason? “Punishment stops at the doorstep of the officials.”

Philosophical-jurisprudential reason? “This is the compassion of our legal system.”

Moral reason? “Conscience is missing”
Practical reason? “This is a big country, there is only one Li Jinhua, that set your hope too high.”

Work style reason. “Do not confront big ones, deal with small ones has no meaning!!!”

Self-serving reason. “How to do deal with it? If one if not careful, one might get another big fish?”

Prudential reason. “If there is arrest it implicates many, if not arrest it is hard to be accountable. If arrest, do not know how many people will be involved.”

Feasibility issue. “Nearly all are corrupted officials, who are you going to audit?”

Structural reason. “The audit storm shows that the audit office has done its best!! What problems the audit report revealed got delayed, is the problem of the Supervision Department!

Bureaucratic reason. “This society operated abnormally, if everything is turned over to the audit office, what is the use for discipline commission and the courts.”

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279 2004年07月27日12时46分 IP地址：211.90.191
280 2004年07月27日12时26分 IP地址：218.18.95
281 2004年07月28日10时22分 IP地址：61.163.62
282 2004年07月27日12时15分 IP地址：221.6.37.
284 2004年07月28日11时16分 IP地址：221.3.211
285 2004年07月27日12时28分 IP地址：221.192.68
286 2004年07月28日09时54分 IP地址：218.57.205
Supervision reason. “Confronted with that much evidence, what did the procuratorate do? Do they not have a problem? If so, who is there to supervise?”  

How to be successful in fighting corruption?

There are two broad principles that are most fundamental. First, “Without the participation of the people, anti-corruption struggle will not be won! We have to fight a people’s struggle against corruption.” More pointedly, “The rise and fall of a nation ultimately rest on the shoulders of each individual. Only the people can move history.” The question here is who to represent the people. “Only the people’s power cannot be resisted, however who is really standing for the people.” This is where the second principle comes in. Second, “we need to see the conviction of the Party and government leaders!!”

In terms of strategy and policy, the following need to be adopted:

First, *earn people’s trust.* “When we cannot take care of obvious problems, how can we obtain the trust of the people? Are we not promoting corruption?: What a sorry mess, Li Jinhua trying to get water but turn up empty.”

Second, *follow the truth.* “This might sound like a slogan, but the only weapon against corruption is truth.”

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287 2004年 07月 27日 12时 24分 IP地址: 195.177.212
288 2004年 07月 28日 10时 29分 IP地址: 221.217.145. See also “We need to undertake a people’s struggle.” 2004年 07月 28日 10时 30分 IP地址: 221.217.145.
289 2004年 07月 27日 22时 33分 IP地址: 221.219.197
290 2004年 07月 28日 09时 26分 IP地址: 218.2.221
293 2004年 07月 28日 11时 29分 IP地址: 221.3.211.
Third, establish legal system, “perfect the legal system.” “Have rule but not follow, implement law, but not strict. This is the legal system in China.”

Fourth, follow rule of law. Rule the country by law., focus on rule. If rule does not bear fruit, how can we make people obey the law.”

Fifth, pursue deterrence. “Drastic action is necessary to make an example to provide for deterrence, “Execute a few by firing squad, otherwise it is not going to finished.”

Sixth, set examples. “If we do not dispose of a few, this kind of things will last forever.”

Seventh, go after leaders. “In small places, we must in order to arrest the thieves we must first catch the kingpin.”

Eighth, establish accountability. “Should led the judicial system investigate the subjects of audit. If those who are responsible are being suppressed, then it will be easier to deal with later.”

Ninth, instill administrative accountability. “It should be the case that once we find out which department has problem, we will hold the department above responsible.”

VI

294 2004 年 07 月 28 日 08 时 21 分 IP 地址: 218.56.22.
295 102 2004 年 07 月 27 日 13 时 04 分 IP 地址: 218.28.66
296 2004 年 07 月 27 日 12 时 51 分 IP 地址: 220.171.147
297 2004 年 07 月 28 日 08 时 01 分 IP 地址: 221.1.148
298 2004 年 07 月 27 日 12 时 46 分 IP 地址: 219.150.203
299 004 年 07 月 27 日 23 时 32 分 IP 地址: 211.156.183.
300 2004 年 07 月 28 日 03 时 32 分 IP 地址: 137.229.38
Conclusion

This research of first impression documents the feeling and analyzes the thinking of Chinese e-public towards (anti)corruption in China; in process, structure and outcome. In the process it finds that the e-public were overwhelmingly in support of the Audit Storm, especially the auditors, and their putative leader, Li Jinhua. All agreed that the Audit Storm is a move in the right direction.

The e-public were jubilant and hopeful about the audit process but were less sanguine with the outcome and most uncertain about the prospect of a clean China. Still, they are ready to serve up a fistful of penetrating observation, e.g., Audit Storm is more “thunder” than “rain,” and rendered a bundle of constructive comments.

If the Chinese authorities are reading this, the e-comments are most important to take to heart. The best way to fight corruption is to institutionalize the Audit Storm, to legalize the law enforcement system, and finally to allow for people’s supervision through transparency in governance.