

those performing public and social benefit functions, and organizations performing commercial functions. The organizations performing government functions have been or will be integrated into the party-state hierarchy or follow the practices of the party-state, while organizations performing public and social functions are to be either fully or partly funded by budgetary revenue, and those performing commercial functions will be restructured as economic enterprises. It is also argued that the cadre status of the latter two categories will be downplayed in the future, and the cadre concept will refer only to those working in the government and party organizations (94–95). How the public service agencies are funded—fully or partially funded, or not funded at all—is only one aspect of the reform of the public service. Another aspect is what will be the relationships between the party-state and these organizations after changes have been made in the ways they are funded. Walder’s argument about the full integration of the state-owned steel giants into the party-state structure is relevant here, in that whether an organization needs funding support from the state is not the key issue. This line of analysis and the free and frequent flows of cadres between the party-state organizations and state-owned companies, noted in the chapters by Huang and Zheng and Walder, suggests that the concept of cadre plays a far more important role in the present regime and therefore is more enduring than the reforms might indicate.

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*States and Agents in China: Disciplining Government Officials*, by Yongshun Cai. Stanford, CA: Stanford University Press, 2015. xii+252 pp. US\$90.00 (cloth), US\$27.95 (paper), US\$16.49 (eBook).

Why does an authoritarian state tolerate corruption? Yongshun Cai observes that some agents of the Chinese party-state are punished for corruption while others are not. Drawing on data preceding the Xi Jinping era, Cai argues that punishment is politically costly and that even a possibility of punishment may be adequate to make the threat of punishment credible. Chapter 1 introduces a principal-agent framework through which to examine the “use of sanctions to deal with erring agents” (5).

Cai distinguishes between two different types of violations by agents: “duty-related malfeasance” and corruption, that is, “immoral and illegal self-regarding behavior” (36). He traces duty-related malfeasance to the incentive structure in the party-state hierarchy that ties promotion to performance quotas and image-

enhancing activities. Corruption, by contrast, is the use of public office for personal gain.

Cai initially hypothesizes that the party-state is more likely to tolerate duty-related malfeasance but more likely to punish outright corruption. One challenge in testing this hypothesis is that duty-related malfeasance and corruption appear difficult to distinguish empirically, and they are frequently cited as occurring together. In another set of straightforward hypotheses, violations with more serious consequences are more likely to be punished—as are officials bearing more direct responsibility for such violations.

Cai invokes McCubbins and Schwartz's 1984 analysis of "police patrols" (5) (active state monitoring of agents) and "fire alarms" (118) (mechanisms that enable citizens to bring attention to violations by agents), but Cai's presentation focuses mostly on "fire alarms" in the form of media coverage and citizens' petitions. There is a brief discussion of relevant institutions, namely, Party Discipline Inspection Committees, government supervisory agencies, legal institutions, and ad hoc anticorruption teams (54–55). However, there is no periodization of the various data that Cai compiles and analyzes, which range from the 1990s to the 2010s. Recent analyses of anticorruption efforts distinguish the Xi Jinping administration from its predecessors and place greater emphasis on the increasingly important role of Central Inspection Groups under Xi. These groups appear to function more as "police patrols."

Cai stands on one side of an emerging debate over the role of "third-party monitoring" of state agents by "social forces" (190). According to Cai, "The media plays an increasingly influential role in monitoring and disciplining state agents in China" (190). An alternative perspective emerging in the Xi Jinping era highlights Party control and growing limitations on the role of journalists and average citizens.

The core of Cai's contribution is his examination of the political costs to the principals, the leaders of the regime, associated with punishing agents. First, there are costs associated with discipline itself; punishment may alienate important members of the regime across levels. Thus, Cai hypothesizes that the higher the rank, the lower the likelihood punishment (62). In 111 cases of corruption that Cai gathered from various published sources, none of the highest-level officials were punished (table 3.3). In citing the findings from an ordinal logistic regression of the severity of punishment based on 2,500 cases collected from the *Procuratorial Daily*, Cai indicates that "officials at the lowest and highest ranks are both more likely to receive a severe punishment," even after controlling for a range of factors. It is unclear how to interpret these reported findings as a whole. Cai notes the influence of patron-client or factional ties in shaping the likelihood of punishment (129, 153–55). Such network ties may either protect officials or make them vulnerable. Analysts today debate whether Xi's anticorruption cam-

campaign represents a sincere effort to reduce agent violations or a tool of factional struggle and whether the political costs of the campaign—targeting both tigers and flies—are manageable.

Second, there are costs associated with failing to discipline erring agents. Failure to discipline may result in a loss of regime legitimacy among the public. Thus, Cai hypothesizes that when media attention is high, the likelihood of punishment is also high. The assumptions are that punishment is caused by revelations in the media and that the regime punishes in order to quell concerns about corruption—and hence legitimacy—in the public mind. The final political cost of failing to discipline is loss of authority: if principals do not punish violations by agents, the party-state may lose the ability to direct the behavior of its own officials. However, legitimacy and authority are not assessed empirically in this study. While Cai cites the Corruption Perceptions Index (132), he avoids survey-based measures and their attendant methodological and theoretical debates.

Another of the book's contributions is its exploration of the role of uncertainty and credibility in the regime's management of corruption. The analysis here would benefit from a clear definition and operationalization of credibility. Cai raises questions about the credibility of discipline: "Inconsistencies occur in the investigation and punishment of corrupt agents at both the central and local levels, thereby compromising the credibility of the disciplinary institutions" (133). Tips from citizens are used only selectively, casting "doubt on the credibility of anticorruption" (118). Yet Cai's ultimate conclusion is that discipline is credible, because agents value their positions in the party-state. By contrast, Melanie Manion, in *Corruption by Design* (2004), suggests that anticorruption efforts are unlikely to be effective or credible as long as China's institutions—the mass media, courts, and anticorruption agencies—lack independence from the party-state.

There is further potential to explore insights from the principal-agent framework that Cai introduces at the outset. For example, Jean Tirole, in his 1986 article "Hierarchies and Bureaucracies," analyzes principal-agent relations in a nested hierarchy to theorize the potential for agents across levels to collude against the principal—something Cai describes but does not theorize.

Overall, Cai's book offers a wide-ranging and creative exploration of the important question of why some Chinese officials are punished for corruption while others are not—a question that has great relevance in China today.

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