Does religion matter to corruption? Evidence from China

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A R T I C L E   I N F O

A B S T R A C T

There is a growing interest in understanding how religion affects corruption. Using provincial-level panel data from 1998 to 2009, this paper investigates the effect of religious beliefs on bureaucratic corruption in China. The empirical results show that, bureaucratic corruption is negatively associated with local religious heritage, implying that religious culture plays a positive role in restraining official's corruption since religion has influence on political preference and work ethic. We also find that the negative association between religion and corruption is weaker in provinces with stronger law enforcement, which identifies the substitution effect between religious ethic and legal supervision in curbing corruption. Our findings also reveal that, among the different religions, the anti-corruption effects of China's native religions (i.e., Taoism and Buddhism) are more significant than those of foreign religions (i.e., Christianity and Islam). These conclusions are consistent and robust to various measures of main variables and a variety of robustness checks. Given the very few studies and limited data resources in the context of China, this paper as a tentative study provides new evidences of the relationship between religion and corruption.

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1. Introduction

Since the establishment of the People's Republic of China in 1949, corruption has vexed the national leadership. Especially with the launch of economic reforms, corruption has become even more widespread and exists at every level of China's political system. Despite the introduction of several anti-corruption campaigns, corruption has managed to flourish and seemingly become more virulent over time (Wedeman, 2012; Dong & Torgler, 2013). Even the Chinese government has admitted that corruption "is now worse than during any other period since New China was founded in 1949. It has spread into the Party, into Government administration and into every part of society, including politics, economy, ideology and culture" (Liang, 1994, p.122). The seriousness of this problem is exemplified by the new wave of ferocious fighting corruption and recent charges against five national-level officials, Yongkang Zhou, Caihou Xu, Boxiong Guo, Jihua Ling and Rong Su.[1]

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[1] After the 18th CPC National Congress in late 2012, China launched a new wave of anti-graft campaign, which targeted both "tigers and flies", referring to high and low ranking corrupt officials. According to public reports, more than 130 provincial and ministerial-level officials and over 200,000 officials at all levels have been charged in the past three years, among which even include Yongkang Zhou who was former Politburo Standing Committee Member, Caihou Xu who was former members of the Politburo and vice chairman of the Central Military Commission, Boxiong Guo who was former members of the Politburo and vice chairman of the Central Military Commission, and Rong Su and Jihua Ling who both are incumbent vice-chairman of the CPPCC.

Corruption in contemporary China has generated much literature in sociology, political science and economics (Yao, 2002; Gong, 2006; Cai, Fang, & Xu, 2011; Dong & Torgler, 2013; Ramirez, 2014). These studies have identified several possible causes of bureaucratic corruption, including political institutions, the judicial system and the level of economic development. However, to date, religious culture has received scant attention in the analysis of government corruption. It is a surprising omission given the extensive literatures on how religion influences individual-level political behavior (Flavin & Ledet, 2013). One of the oldest criticisms of corruption points to morality, which closely relates to religion. From the point of morality and religious principles, corruption is wrong because it involves theft, dishonesty, abuse of others, and illegality (Douglas, 2007). Therefore, religious culture may play a unique role in curbing public officials' rent-seeking activities, and thus depressing bureaucratic corruption.

In some previous studies, religious beliefs are viewed as a contributory factor to corruption (Treisman, 2000; Mensah, 2014). However, these studies are mostly based on western contexts and focused on the Protestant Christian. The traditional eastern religions such as Buddhism and Taoism and their effects on corruption have been ignored. The majority of corruption literatures, on the other hand, are cross-national investigations that use subjective survey data. As Treisman (2007) admits, perception-based data reflect impressions of corruption intensity rather than corruption itself, meaning that the data are correlated with survey respondents' beliefs and other social and economic conditions. The main purpose of this paper is to use province-level objective data from China to investigate whether and how religion affects the prevalence of bureaucratic corruption.

China presents an interesting case for this analysis not only because it is the largest transitional and developing country, but also because corruption has become more rampant since China launched its economic reforms. Although serious corruption in China has generated much literature (e.g., Gong, 2006; Dong & Torgler, 2013; Ramirez, 2014), few studies have examined the impact of religion on corruption in China, where the Communist government advocates atheism. Second, different from western developed countries, China lacks independent and efficient judicial system, so existing laws, regulations, and rules are performed poorly. When formal systems and ethical codes do not work effectively, we may rely more on informal power, such as religious culture, to curb corrupt behavior. North (1990) emphasizes the importance of informal institutions and suggests researchers to pay attention to economic consequence of informal systems. Williamson (2000) also argues that informal institutional arrangements such as culture and religion have an important impact on formal systems. In this sense, we predict that substitution effect between informal religious constraint and formal legal monitoring exists in reducing officials' proclivity to corrupt crimes, and thus religious traditions can play much more positive role in curbing corruption in transitional China.

One may presume religion does not work in China because Chinese Communist Party (CCP) members are atheism. China has 86 million CCP members by the end of 2013 and they are inclined to atheism. However, Chinese government advocates the freedom of religious beliefs, and more than 1.3 billion people do have the right to choose religious beliefs. Especially after the termination of political suppression in the modern Chinese society, long repressed religious beliefs were released (Du, 2013). The World Values Survey (2007) shows that 11% of Chinese people have religious beliefs. According to Chinese General Social Survey (CGSS), the population of religious believers in China has increased 120% from 2003 to 2010, and the annual growth rate reaches 18%. Some scholars even mentioned that, "a wave of religious climate is sprouting in China" (Yang, 2010).

This paper shines light on the impact of religion on corruption in China and goes further to explore whether the substitution effect between informal religious constraint and formal legal supervision exists in curbing officials' inclination to corruption. We construct a province-level index of "religious density" based on the number of religious sites, and examine whether religious adherence in different provinces affects regional corruption. Our empirical results show that provinces with stronger religious density are less likely to suffer from bureaucratic corruption, indicating that religion does matter and can reduce corruption. We also find that the negative association between religion and corruption is weaker in provinces with stronger law enforcement. This implies that, to some extent, religious constraint and legal supervision are two substitutive mechanisms in curbing corrupt crimes. In addition, after separating China's native religions (i.e., Taoism and Buddhism) from foreign religions (i.e., Christianity and Islam), our findings indicate that native religions have stronger impact in reducing corruption than foreign religions. The anti-corruption effect of Buddhism is much more significant than Taoism.

Our study contributes to the extant literature in several ways: First, to our knowledge, this paper is the first to examine the influence of religion on corruption in the context of China. Prior studies have identified several antecedents of corruption in China (Yao, 2002; Gong, 2006; Cai, Fang, & Xu, 2011; Dong & Torgler, 2013; Ramirez, 2014), but the religious traditions have been ignored. A study on the role of religion playing in fighting corruption is meaningful since religion has influence on political preference and work ethic; it is also timely for China as the country is faced with severe official corruption. Second, our paper also adds to existing literature on the value of religion. Although religion has long been part of economic thought, more recent stream of the literature has focused on the relationship between religion and macro-economic growth. For example, Barro and McCleary (2003, 2006) indicate that macroeconomic development has a negative correlation with church attendance across countries (but a positive one with beliefs in heaven and hell). Guiso, Sapienza, and Zingales (2003) find that religious beliefs are associated with "good" economic attitudes. Wang and Lin (2014) reveal that, among the different religions, Christianity has the most significant effect on economic growth. These researches provide valuable insights, but they are mainly focused on economic growth and generally used country-level cross-sectional samples. Moreover, they focus on the US context in which country the majority of the residents are Christians, but provide little evidence on the influence of other religions. Different with these studies, we analyze the role of religion in China, using provincial-level panel data. The study also identifies itself from focusing on China, whose government advocates atheism. The results can reveal how religions affect peoples' mind and unethical behavior in an invisible way.

Finally, we provide strong and robust evidence that religious culture and legal supervision have reciprocal substitution effects in reducing corruption. Although the impact of the two factors on corruption has been examined independently, little is known