

CDDRL

WORKING PAPERS

Number 134
April 2013

Rural China: Poor Governance in Strong Development

Zhao Shukai
Development Research Center of the State Council

Center on Democracy, Development, and The Rule of Law
Freeman Spogli Institute for International Studies



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Center on Democracy, Development,
and The Rule of Law
Freeman Spogli Institute for International Studies
Stanford University
Encina Hall
Stanford, CA 94305
Phone: 650-724-7197
Fax: 650-724-2996
<http://cddrl.stanford.edu/>

About the Center on Democracy, Development and the Rule of Law (CDDRL)

CDDRL was founded by a generous grant from the Bill and Flora Hewlett Foundation in October in 2002 as part of the Stanford Institute for International Studies at Stanford University. The Center supports analytic studies, policy relevant research, training and outreach activities to assist developing countries in the design and implementation of policies to foster growth, democracy, and the rule of law.

During the past decade of this new millennium, China's rural areas have witnessed sound development with fast growth of both farmers' income and the supply of public goods. However, although farmers' living standards improved substantially, sound governance does not necessarily emerge along with rapid socioeconomic development. Instead, it is deteriorating in many aspects. The author believes that such a contrast between strong development outcomes and poor governance not only puzzles people trying to understand China's development, but also intensifies social tensions and anxieties and increases uncertainty for the expectation of China's future.

At present, the poor governance in rural China is mainly evident in two aspects. From the social aspect, it is demonstrated to be aggravating social conflicts in rural areas and increasing villagers' resistance against grassroots governments. Specifically, the types of conflicts and social groups involved as well as the total scale of conflicts are both on the rise. From the government aspect, the tension between governments at different levels is increasing. Mutual trust is decreasing among governments at different levels as well as among various government agencies. Therefore they tend to interact with each other in an uncooperative way. Such an increasing mistrust and friction within the government system emerges not only within the administrative system, but also between the Party organization and administration system, as well as between governments and social organizations. There is an inherent connection between social conflicts and government institutional conflicts. In other words, the inherent contradictions of the government institution directly give rise to a large number of social conflicts.

Historically speaking, the current imbalance between development and governance is not new over the past decade. Dating back to the middle and late 1980s', rural conflicts began to emerge. It was described, in policy language, as "tensions between cadres and the masses" and

“increases of mass disturbance”. At that time, most of the conflicts were about the heavy burden of taxes and fees imposed on farmers. The central government set up the standard for farmers’ taxes and fees and strengthened the supervision of local governments. In the meantime, governments at different levels emphatically pointed out that easing farmers’ burdens of taxes and fees was fundamentally related to the issue of accelerating economic development and increasing farmers’ income. The argument of “development is of overriding importance” was further highlighted. During the whole of the 1990s’, rural economy maintained a fast growth momentum. However, there were still increasing numbers of social conflicts around farmers’ burden of taxes and fees. For example, some local governments forced farmers to pool money for road/school construction or carders’ payroll, which was resisted by farmers. Such conflicts tended to become aggravated and expanded. Therefore, it is clear that economic development and income growth failed to solve the rural conflicts related to farmers’ burdens, while the risks for governance kept deepening.

It is since 2000 that Chinese government made up its mind to launch rural tax and fee reform and abolish the agricultural tax in a comprehensive way. At the same time, the state decision-makers realized that the basic cause for increasing rural conflicts was that the government overemphasized economic development while neglecting popular input for public services and goods. As a result, the government adjusted its rural policies as “giving more, taking less and loosening control”. It attached importance to improving public service in rural areas and allocating more funds for its infrastructure, education, public health, pension and subsidies for agricultural production. These favorable policies were well received by farmers. However, we have to realize that despite much better public service and living standards in rural areas, the relationship between farmers and the government did not fundamentally improve. Conflicts

between them are still rampant. Rural governance turns out to be worsening. It is a heavy burden and headache for grassroots governments to maintain the basic social orders and to deal with conflicts of various types (or “Wei Wen” which means to maintain stability). Apparently, neither fast economic growth nor substantial provision of public goods is the fundamental solution to improving rural governance.

Why does China encounter such an evident imbalance between rural development and rural governance? This question has aroused the concern of both decision-makers and the academic circle.

People usually attribute increasing rural conflicts and poor governance to social equity, such as unequal opportunities, income, the rural-urban gap and the regional gap. Apparently, inequity is the crucial reason for increasing social conflicts, which thus is an important perspective for governance research. However, the author believes that the government institutions themselves should be the key for exploring intensified social conflicts in rural China because the government institutions are an important cause of social inequity. And furthermore, it is the inherent institutional contradiction of Chinese government that leads to poor governance in rural areas. Our claim is that neither economic growth nor increasing public service can automatically solve the institutional contradiction.

The paper observes Chinese county governments and examines the institutional conflicts emerging in the operation of Chinese government, while discussing how institutional conflicts damage the quality and effectiveness of grassroots governance.

Ushered into the new millennium, Chinese central government adopted a series of measures to improve governance. In terms of social governance, it released the new Petition Regulation (Xinfang) in 2005 and announced the establishment of a new Rural Governance

Mechanism in 2006, which put emphasis on constructing institutions for farmers to articulate their interests. The government pays attention to adjusting the relationship between central and local governments and has launched many important policy measures for budgetary management, cadre management and mechanisms for maintaining stability. These reforms have exerted crucial influence on local governance or are doing so.

However, according to the author's observation, the current government governance institution is beset by inherent logical contradictions. To be specific, these institutional reforms aimed at improving governance represent two institutional forces in opposite directions, which co-exist and intertwine within the government system and conflict each other. They offset the effect of governance and intensify social conflicts. Such a widespread institutional contradiction within the government system not only distorts the relationship between the central and local governments, as well as the behavior among various government agencies at the same level, but also ruins the overall legitimacy of government institutions, which is the crucial cause for local governance risk.

The institutional conflicts of government operation are mainly demonstrated in the following aspects.

First, there are institutional conflicts over budgetary management. Over the past several years, the central government has recognized the problem created by continuous centralization since the mid-1990s' and started to explore other ways to grant more powers to grassroots government. The most important component of its endeavor is the policy of enlarging the powers of counties at whose core is an adjustment in the budgetary relationship. It adopts the fiscal system reform of county administered directly by province and lifts the budgetary control over county governments by municipal governments. At the same time, some municipal executive

power is also delegated to county governments. However, governments at a higher level also come up with more and more rigorous requirements of specific budgetary arrangements and fiscal management of grassroots governments. The governments at higher levels, including central, provincial and municipal governments, usually require the grassroots governments to allocate a certain amount of fiscal revenue for designated purposes. They impose on grassroots government specific requirements of office equipment and even the office space for grassroots leaders. What is more, the central government sets up pay levels for village officers and utilizes both routine supervision as well as the personnel control power at higher government levels to guarantee the implementation of the budgetary control. Under such circumstances, the budgetary power of grassroots government is seriously eroded, which gives rise to a large number of conflicts during the work of grassroots government, and produces a grudge of grassroots leaders against their superior government.

Second, there are institutional conflicts over cadre management. Over the past decade, the central government re-started centralization again which featured strengthened vertical management. This endeavor was not only resisted by grassroots governments, but gave rise to many problems. Currently, the vertical management of institutional establishment is fading away, but it is not the case with cadre management. Although some government agencies, as a whole, are not subject to vertical management, their leaders are directly appointed by their superiors. This is exemplified by land and resources authorities. The department set-up and numbers of staff in grassroots governments have been historically under the direct control of superior governments, while over the past years this control turns out to be more rigorous. The central and provincial governments even directly control the scale of township governments which are unable to set up their own departments in line with local conditions. In addition, the

governments at higher levels also strengthen their control over the appointment of grassroots leaders. County leaders were usually appointed by municipal party committees. Now this power has been transferred to provincial party committees. Similarly, township leaders were used to being appointed by county party committees, while now this requires the approval of the municipal party committee. It is more and more common for party committees at a higher level to select staff from organizations at the same level as the leaders of grassroots governments. Thus the grassroots governments are led by increasing numbers of officials who are not familiar with grassroots governance. Such officials are usually called “parachuted officials”, which literally means “officials descending from the heaven”. This type of appointment is strongly resisted by grassroots officials not only because “parachuted officials” take away their opportunities of promotion but because “parachuted officials” are not familiar with grassroots affairs and are incapable of dealing with complicated issues which usually exacerbates tiny issues into big problems.

In recent years, the official selection mechanism has seen increasing openness and participation. The scope of official selection is widening and its procedure is stricter. However, at the same time, the superior government is strengthening its control over the results for official election. In other words, the superior governments, on the one hand, place stress on expanding democratic elections and on the other hand, take measures to ensure the election results are in line with “the intention of superior authorities”. Such a paradoxical system seriously damages the efficiency and authority of the election mechanism.

Thirdly, there is institutional conflict between government performance and accountability. The current system keeps strengthening the top-down assessment and inspection, which intensifies its internal tension. Over the past decade, the evolution of the government

accountability system presents the following features. On the one hand, the public has higher demand for government accountability. The grassroots governments are required by their superiors to be accountable for people under their jurisdiction. On the other hand, the governments at higher levels continuously intensify the assessment of grassroots governments in a comprehensive way. In 1980s and 1990s, the governments at higher levels usually assessed the performance of grassroots governments in areas like family planning, fiscal revenue and economic development. Ushered into the new millennium, the superior governments not only strengthen existing assessment items but further introduce and highlight new items, such as land utilization, and special fiscal fund and public security, among which petitioning and maintaining social stability are important items. Currently, the performance assessment itself is incurring new problems. The superior governments usually adopt the number of petitioners and ways of petitioning as the standard to assess or penalize grassroots officials, but do not take into consideration whether the grassroots governments have the responsibility or due power to deal with petitioning. The assessment system for maintaining social stability not only damages grassroots governments' trust for their superiors, but also breeds chances for some people to take advantage of this unreasonable assessment system to create more trouble for governments.

Fourthly, there are institutional conflicts of grassroots government and grassroots autonomy. The central government advanced villager autonomy since the end of 1980s'. Now its specific rules and regulations as well as villagers' political participation have improved substantially. However, since entering the new millennium, the governments at higher levels have launched new regulations to strengthen the Party's control over village organizations, as well as direct control over village organizations from the grassroots government in face with their power disputes. Grassroots governments increasingly manage village organizations as a part

of the government bureaucratic system, which is seriously opposed by villagers due to enhanced political autonomy. Thus although the governments seemingly manage to strengthen their control over village organizations, in fact it is the opposite. Villages are drifting away from the management of grassroots governments.

Digging into the internal operation of grassroots governments, we find out that although the whole government system uses highly consistent political language, their practical operation is beset with increasing contradictions. In most cases, the grassroots leaders not only disagree with policy measures from the governments at higher levels but also doubt the integrity and capability of their superiors. The power disputes between party committees and administrative departments are intensifying at grassroots levels, together with contradictions between different departments within the administrative system. All these conflicts undermine the government authority and governance efficiency which directly leads to poor rural governance.

China's rural governance is today mired in inherent self-contradiction. Both governments at higher levels and grassroots officials and the mass are agonized by the governance risk. The key for building good governance in rural China lies in solving the inherent conflicts of the governance system through institutional innovation.