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CHINA – RURAL PUBLIC FINANCE

The Village Perspective

ANNEX 7: Report to the World Bank

VILLAGE FINANCE: TAX-FOR-FEE REFORM, VILLAGE OPERATING BUDGETS AND PUBLIC GOODS INVESTMENT

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1. INTRODUCTION AND BACKGROUND

It has been argued that the conduct of rural public finance is arguably China's biggest problem (Sonntag et al., 2005). The fiscal system, as designed, is out of date, generates inadequate revenues, poorly redistributes collected revenues and does not provide enough public goods (Wang et al., 1997). There were problems both on the revenue and expenditure sides and on the way public goods and services are financed. In one poor province, Shaanxi, it was shown that almost all local governments were operating at a deficit and that such a situation was distorting the way local leaders behaved (Park et al., 1996). Poor, agriculturally-oriented communities suffered the most because of the industry-bias of China's fiscal system (Nyberg and Rozelle, 1999).

In addition, the fiscal system also has been accused of creating incentives for local officials to assess fees and increase the burden of farmers in rural areas. By the end of 1990s, the heavy burden imposed on villages by local government became one of the most serious concerns of the governments. During this time, there was a perception that the income growth of the rural population stagnated (at least relative to that of urban residents) and inequality rose (Lu and Wang, 2001). At the same time there were increasing reports of conflicts between villagers and local governments (Bernstein and LU, 2000). To assist in the raising of rural incomes and improve the relationship between villagers and local government, in the government's 2000 Work Report, the central leadership decided to take action to address this set of problems. In their initial action, a pilot experiment of Tax-for-Fee reform was implemented in several rural counties of Anhui province in 2000. According to the reforms, there was supposed to be a standardized tax system that would gradually replace the range of taxes, fees and levies that had previously been imposed on farmers. The early policies strictly limited that the types and amounts of taxes and surtaxes that farmers were allowed to pay. A number of other taxs and fees were abolished. In addition, the reform policies set restrictions on the "labor services" assessments that local officials could demand from farm households. In 2001 the pilot experiment was expanded to several coastal provinces, such as Jiangsu and Zhejiang province. In 2002 the rural Tax-Fee reform was formally launched in almost all provinces—although the pace of implementation differed among regions.

Although rural Tax-Fee has been welcomed by villagers and its implementation has reduced their burden, there also may have been a number of potentially adverse impacts (Jia and Zhao, 2002). In the long run, rural development not only requires that individual incomes increase; a healthy developmental path also requires investment into public goods that will create an environment in which individuals and communities can live and work and prosper. With few exceptions, public goods provision, by definition, must be financed by the government—either through the formal government channels from above or by local governments (or quasi governments). All investments, of course, requires access to fiscal resources. Hence, also the fiscal reforms may have succeeded in helping ease the burdens of locally assessed taxes and fees, they also may have had the unintended effect of reducing the resources available for investment. If so, it is necessary to examine whether this is so and how large of an effect the rural Tax-Fee reform has had on rural public goods provision. The analysis will examine four conceptual dimensions:

a.) how Tax for Fee has affected the operating budget and the ability of local governments to operate and perform;

b.) how Tax for Fee has affected the ability of local governments to organize and invest in their own community's public goods;

c.) how upper levels of government have responded. In particular, we want to know to what extent upper level governments responded to the effects of the original policies in terms of the allocation of additional resources and other policy actions;

d.) how other aspects of the community's fiscal situation was affected.

In order to meet these objectives, the rest of the report will be organized as follows. The first section will provide an executive summary of our approach and key findings. The following sections will provide more detail, examining revenues, expenditures, financing of public goods investments, and etc. Each section will examine the situation for the average community, for the sample provinces and for rich and poor communities, before and after Tax-for Fee reform (year 2000 verses 2004).

Because of the broad nature of the goals, we necessarily had to narrow the scope of the analysis. Above all, this report only focuses on villages. Although villages are not an official level of government, they are still important in the process of building rural infrastructure and providing a solid fiscal foundation. In fact in some respects, villages are the most important level of government/quasi government. The infrastructure projects built in villages are the ones that are frequently most used and noticed by villagers. When projects are close to home they also have the most opportunity to participate in the planning and implementation of the projects. While we do recognize that public goods projects built outside of China's villages also will have an important effect on villagers, we only track the expenditures by upper level governments that make it to the villages. Hence, although we know we miss a large part of China's rural fiscal management system, our study is unique in that there have been few systematic analyses of village fiscal policy in recent or even in previous years.

We also focused on only two years, 2000 and 2004. The two years were chosen since they were before and after the implementation of Tax for Fee reform. We only could collect two years because in some villages a significant amount of information was gleaned from interviews or documents that were in files that were not put together systematically. Although the accounting books of some villages are well organized and carefully maintained, those of others are not. During pretests we attempted to get three years of data, 2000, 2002 and 2004, so we would have a year of data in the middle of the implementation of Tax for Fee reform. Unfortunately, we found that the quality of recall fell off remarkably when accountants, village leaders, party cadres and township officials were asked to create estimates for three years. They were much better at remembering time periods before and after the policy change.

2. EXECUTIVE SUMMARY OF APPROACH, DEFINITIONS AND RESULTS

This report provides a preliminary examination of changes in village fiscal affairs between 2000 and 2004. The basis for this assessment is a survey of 101 villages in 50

townships in 25 counties in 5 provinces in China that was carried out between March and April of 2005. The provinces include Jilin, Hebei, Shanxi, Sichuan and Jiangsu. In each province, the counties, townships and villages were selected to provide a representative cross-section. Our village survey was complemented by an investigation into fiscal changes in each of the 50 townships. Table 1 provides general statistics of sample villages by province, and by rich and poor.

During this four-year period, the Tax-for-Fee reform (*feigaishui*) was carried in all of the surveyed villages (note: only 3 villages introduced Tax-for-Fee reform as late as in 2004). This reform centralized significantly the funding of village expenditure by largely eliminating the taxing capabilities of village governments, and substituting revenue-from-above for locally collected taxes. In 2003 and 2004, there were also major initiatives by higher levels of government relating to public investment in China's villages. Thus, we are able to provide a "before" and "after" assessment of the effect of these reforms and initiatives on our sampled villages. Importantly, in this report, when we refer to Tax-for-Fee, we mean all initiatives that worked to help eliminate/reduce regular fee assessments from farmers (tiliu), policies that mandated the reduction of the agricultural tax, rule changes that govern the way villages manage their fiscal accounts, and the increased investment efforts by upper level governments.

Key Findings:

In this report, we focus on the revenue and expenditure implications of these changes at the village level. We provide an overall assessment for all 100 villages, but also examine village-level differences across provinces, as well as differences between villages in the richest and poorest quintiles of our sample. Of the 20 poor villages, 9 are in Shanxi, 6 are in Hebei, and 5 are in Jilin. Finally, we provide a very preliminary examination of township level fiscal changes, and consider the potential link to the village level changes reported.

At the risk of simplification (and the missing of many of the nuances that often are important), there are several major findings that emerge from our analysis, which are largely captured in Table 2 (entitled "Summary Table"):

1. Overall, the effect of the tax-for-fee reform on village revenues was negative. The elimination of regular fee assessments from farmers (or *tiliu*) was offset by a less than commensurate increase in transfers from above (about 40% of the loss). However, other sources of revenue—notably revenue from contract payments for land and for enterprises and from land and asset sales—made up of the remaining difference (60% of the loss). Hence, total revenues are almost exactly the same in 2004 (82.1) as they were in 2000 (78.7—Table 1, row 1). Since per capita rural incomes (CNSB) rose for the rural population between 2000 and 2004, total revenues as a share of rural income fell after 2000.
2. Village current expenditures remained the same, while village capital expenditures (2) nearly doubled in absolute terms (including both those financed out of current revenues/savings and those financed by debt—and not counting other sources). As a result, on average, villages go from being

fiscally in-balance to running deficits (when using the deficit/surplus (2) measure—Table 2, row 11).

3. Villages experienced a nearly four-fold increase in total public goods investment (financed from all sources—Table 2, row 12). Much of the increase in public goods investment was in roads. Approximately 75% of this increase was financed by revenue from above. The rest of the financing (the remaining quarter) came through from the village. Some of this remaining amount came directly from budget of the village committee (Table 2, row 11). Another part of it came from special assessments from farmers and from other sources (such as, donations).
4. Tax-for-fee reforms (including the increased investment financed with transfers from above) helped to redistribute resources to China's poorer villages (this is a different story for poor villages than it is for all villages—see number 1). In particular, the redistribution is driven by the increase in public goods investment provided by transfers from above. Despite the fact that capital expenditure from transfers from above to poor areas were higher than those to richer areas, we observe a slight increase in inequality of fiscal expenditure at the village level. This is likely due to the efforts of richer villages in managing their village's fiscal affairs.
5. There is considerably heterogeneity across provinces and even within provinces in the effect of these changes. Consequently, generalizations about the effect of these reforms should be made with considerable care.
6. The increase in transfers to China's villages may have come at the expense of the fiscal health of China's townships. Between 2000 and 2004, we see a marked deterioration at this level. It remains to be seen if there is a direct link to the increase transfers to villages.

In the rest of this report, we examine each of these issues in more detail. In our analysis we have looked at changes using both village and village per capita measures. The latter divides revenue or expenditures at the village level by village population. For most questions we ask, it does not matter if we use village or village per capita measures. In a few cases it does, especially when looking at issues relating to total fiscal flows across types of villages. This arises because of systematic differences in the size (as measured by the population) of rich and poor villages, as well as differences across provinces.

3. VILLAGE FISCAL REVENUES

Tables 3, 4 and 5 provide a summary of village per capita revenues in 2000 and 2004. Table 3 provides the summary for all 100 villages, while Tables 4 and 5 offer a breakdown by province and for rich and poor villages, respectively.

In 2000, village revenue per capita is 78.7 yuan (Table 3, column 5, row 8). Before the tax-for-fee reform, village *tiliu* is the most important source (38.1%) of village revenue, with nearly three-quarters of villages reporting revenue from this source (row 2). The next largest contributor is revenues from land and asset sales, which make up 20% of

total revenue (row 6), followed by contract payments for land and enterprises (10.3+7.4=17.7%—rows 4 and 5). Transfers from above provide only 5.9% of all village revenue, with slightly less than half of all villages reporting transfers from above (row 1).

In 2000 there are significant differences across provinces in revenue per capita on the order of 5:1 (Table 4, columns 6 to 10, row 8). Jilin and Jiangsu have the most fiscal resources, with per capita revenues of 154.8 and 103.5 yuan, respectively, while Sichuan and Shanxi are the lowest. Underlying these disparities are differences in the revenue collected from *tiliu*; revenues from land sales, as well as revenue earned from the contracting of village land and assets (rows 2 to 6). In Jilin, the latter is especially important. Unexpectedly, the differences between the richest and poorest quintiles are sizably less, and on the order of magnitude of 2:1 (Table 5).

Between 2000 and 2004, village fiscal revenues only increase marginally by about 5% from 78.7 to 82.1 yuan (Table 3, columns 1 and 5, row 8). This percentage increase is much lower than the rise in per capita rural incomes (CNSB, 2004). The elimination of *tiliu* of 30 yuan per capita (row 2) was offset by an increase in revenue from several sources including an increase in transfers from above (17.8-4.6=13.2), land and asset sales (7.7), contract payments for land and enterprises (6.0), and the surtax rebate from the agricultural tax (4.5).[1] On average, other village sources of revenue covered half of the loss of revenue due to the prohibition on raising revenue through *tiliu*. Despite the increase, in 2004 transfers from above provide only slightly more than one-fifth of total village revenue. Revenue from village land and asset sales, on the other hand, is the source 28.6% of total revenue, with a third of all villages reporting income from this source in 2004, up from 18.8% in 2000. In the long-run, revenue from this source obviously is not sustainable.

Across provinces, we observe some differences in the effect of the tax for fee reform on revenues (Table 4). In three provinces, Jiangsu, Jilin, and Hebei, the changes in average per capita revenue were nominal. In Shaanxi, there was actually an increase of more than half. In Sichuan, however, there was a reduction of nearly a third. Some of this heterogeneity reflects differences in how villages made up the shortfall in revenue caused by the elimination in *tiliu*. In Jilin, for example, most of the shortfall was made up by an increase in transfers from above. In Jiangsu, a third came from transfers from above, half from an increase in contract payments for land and enterprises, and the rest was largely from the surtax rebate from the agricultural tax. In Hebei, the surtax rebate from the agricultural tax was the most important source of the offset, followed by transfers from above and land and asset sales. In Shaanxi, the reduction from tiliu of 7.3 is offset by a small increase from transfers from above (from 5.2 to 6.8), but a larger increase in the

[1] The surtax rebate from agricultural tax remittances were a category begun in 2002 during the first phase of Tax-for-Fee reform. At that time, this was supposed to be the main source of income to replace tiliu. In place of most fees that farmers were paying, a single agricultural tax assessment (in theory to be set at 8.5 percent of the local agricultural GDP) was collected from farmers. Although the entire amount was remitted to the township government, part of this amount (1.5 percentage points) was supposed to go back into the village's account as current revenue. This funding source is what is called in our analysis, the "surtax rebate from the agricultural tax." In 2004, however, the government decided to begin a three year program to eliminate the agricultural tax. In some provinces, provincial and local officials accelerated the government's program. As a result, only 58.3% of villages collected the surtax rebate in 2004. This amount is supposed to be replaced by direct transfers from above.

revenue from land and asset sales. In contrast, in Sichuan the increase from transfers from above only made up 10% of the decline due to the elimination of tiliu. The lack of other sources of incomes to offset the elimination of tiliu explains the decline in per capita revenue in Sichuan. More generally, the experience in Sichuan points to the fact that in some villages the effect of Tax-for-Fee reform was not revenue neutral. In fact, out of our 101 villages, 40% of them experienced a drop in revenue of 25% or more.

Importantly, we observe significant differences in the effect of the reforms across the richest and poorest villages in our sample indicative of a major redistribution in favor of the poorest villages (Table 5). Villages in the poorest quintile experienced an increase of 85% in revenues from 75.2 yuan to 133.9 yuan, while the richest villages experienced an increase of only 1%. For the poorest villages, the decline in revenue from *tiliu* of 19.1 per capita was more than offset by an increase from above of 37.4 yuan. Also, contributing to the increase was the very significant increase in revenue from the sale of land and assets, which increased from 25.5 yuan per capita to 62.1 yuan. In the richest villages, an increase in transfers from above (from 3.6 to 18.3 yuan), and an increase from contract payments for land and enterprises and land and asset sales offset the decline in *tiliu* of 46.5 yuan. One slight qualification to our interpretation about the redistribution in favor of poorer areas rises from the differences in the average size of poor and rich villages in our sample. Rich villages typically have populations that are 3 to 4 times larger than poor villages. This implies that although on a per capita basis more went to individuals living in poor villages, in absolute terms more was going to rich villages. Hence, to the extent that village revenues are going to fund public goods, it is possible that in a very real sense the Tax-for-Fee reforms are regressive.

Finally, the redistribution in favor of the poorest 20% villages may have come at the expense of the middle 60% of our villages. As noted above, nearly 40% of all villages reported a decline in revenue between 2000 and 2004 of 25% or more. This is consistent with an increase in the Gini coefficient for per capita fiscal revenue from 0.54 to 0.59 between 2000 and 2004 (Table 6).

4. VILLAGE EXPENDITURES

Tables 7, 8 and 9 provide the corresponding summaries for village expenditures. In the following discussion, the reader needs to be reminded that in our analysis we use several alternative measures of expenditures—current expenditures; capital expenditures (1) and (2); and total expenditure (1) and (2). These are carefully defined above. To anticipate future discussion, our assessment of the impact of the reform on the village fiscal balance depends critically on the measure we use.

In 2000, per capita expenditure (1) averaged 70.3 per capita (Table 7, columns 6 to 10), which was total expenditures (2) from row 12 (78.8) minus capital expenditures financed by debt from row 9 (8.4). Almost two-thirds of per capita expenditure (1) went to current expenditures (44.8—row 1). The other third (25.6) went to capital expenditures financed by current revenues/savings (14.6—row 8) and repayment of principle (11.0—row 10). Within current expenditures, more than half consistently goes to salaries and administrative expenses (rows 2 and 3). Slightly less than a quarter goes to maintenance expenditures (row 4). Expenditure on social welfare makes up much of the rest (row 5).

Capital expenditures financed from current revenues/savings in 2000 averaged 14.6 per capita (row 8), with a third of all villages reporting this kind of expenditure. A third of all villages also reported repayment of principle (row 10), which averaged 11.0 yuan per capita. Using per capita expenditure (2), average per capita expenditure rises to 78.8, the difference reflecting the capital expenditures financed by debt (8.4—row 9). Total capital expenditure (2—financed both from current revenues/savings and financed by debt) is equal to 22.8 (14.6+8.4), or 29% of total expenditures (2—row 11). Prior to Tax-for-Fee reform, villages were investing significant amounts of their own resources into public goods.

Differences across provinces in 2000 in the level of fiscal expenditure are slightly smaller than we observe for revenues (Table 8, columns 6 to 10). On the basis of total expenditure (1), Jilin, Jiangsu, Hebei have the highest levels of expenditures, which are 2-3 times that of Sichuan and Shaanxi (row 11 minus row 9). Using total expenditures (2—row 11), the differences between provinces narrow slightly, with Sichuan the obvious outlier (only 30.7 yuan per capita). Consistently, one-third or so of current expenditure goes to salaries in each province (row 2 divided by row 1). Hebei, Jiangsu and Shaanxi are notable for their high levels of per capita expenditures (2—row 7), while both Jilin and Shaanxi direct considerable resources to repayment of principle (row 10). Comparing the richest and poorest villages (Table 9) reveals significant differences in current expenditures (row 1), but nearly the same levels of capital expenditures (row 7). The one key difference is that in 2000, poorer villages were financing nearly 85% of their capital expenditures by debt (row 9), while richer villages were able to finance their capital expenditures by current revenue/savings.

According to Table 7 (columns 1 to 5 versus columns 6 to 10), between 2000 and 2004, there is no change on average in per capita expenditure (1—row 11 minus 9), but there is a significant increase of more than 20% in per capita expenditure (2—row 11). It is important to remember that per capita expenditure (2) reflects the increase in the capital expenditures financed by debt; this increases between 2000 to 2004 from 8.4 yuan to 25.2 yuan per capita. Also, according to the data, there is a shifting in total village expenditures from current to capital expenditures. With respect to current expenditures, there is an absolute decline of 10% (row 1), and only very small changes in the composition (rows 2 to 6). The amount and percent going to salaries is almost the same (row 2). On the other hand, there is a small decline in administrative expenses (row 3) and maintenance (row 4), and an increase in social welfare expenditures (row 5).

Across provinces, we observe significant differences in the changes between 2000 and 2004, especially with respect to expenditure measure (2—Table 8, row 11). Hebei (29 percent reduction) and Shaanxi (47 percent reduction) experience the largest reductions; Jiangsu and Sichuan have the largest increases. For Hebei, three-quarters of the reduction is because of the decline in the village's total capital expenditures (2), with the remaining cutbacks occurring in current expenditures. In the case of Shaanxi, current expenditures actually rise slightly, but capital expenditures financed by debt fall by more than half. Jiangsu and Sichuan experience increases in capital expenditures of nearly four times. These differences across provinces contribute to an overall increase in the inequality of per capita fiscal expenditure between 2000 and 2004, as reflected by the increase in the Gini for total village fiscal expenditure of 0.50 to 0.57 (Table 6).

Finally, our assessment of the effect of the reform on the expenditure gap between the richest and poorest of villages depends on our measure of expenditure. Using expenditure (1—Table 9, row 11 minus 9), the poorest quintile experienced an increase of 40% in expenditure per capita, but using definition (2) there was a decline of slightly more than 10%. The rich, on the other hand, experienced a decline of 10% using expenditure (1), but an increase of 25% using (2). Underlying these differences is the reduction in debt-financed public goods expenditure by poor villages, and an increase in rich villages. Also especially noteworthy for the poor villages is an increase in the percentage of total expenditure going to repayment in principle. By 2004, 20% of the fiscal expenditures of poor villages is earmarked for this purpose.

5. VILLAGE FINANCE AND PUBLIC GOODS INVESTMENT

Tables 10 and 11 provide summary data for our 100 villages on per capita total public goods investment and the sources of financing. In 2000, average total public goods investment financed from all sources was 48.8 yuan. Roads, irrigation and schools (in order of importance) were the most important investment projects. Nearly 30% of all villages had investment projects in roads and irrigation, with one-sixth reporting investment in drinking water. On the other hand, 11.9% reported investment in schools.

As for financing, the most important source of finance in 2000 was the village itself. We divide this between that by the village committee (46.9%—through the use of current revenue/savings or financing by debt), and households (17.9%—through special assessments on farmers or jizi). Capital expenditures financed from above represents only a fifth (21.3%), and was slightly skewed towards roads and irrigation. The primary role of village (including households) self-financing in 2000 implies that a lot of the heterogeneity we observe in levels of total public goods investment reflects structures at the village level influencing the ability and willingness of the village to undertake investment projects.

Differences across provinces (Table 12) in total public goods investment are relatively small between four of the five provinces. Jilin is the obvious outlier. Total public goods investment in Jilin that is only a sixth of that reported in the other four provinces. There also are some important differences in the composition of public goods investment. For example, roads and irrigation are especially important in Jiangsu; in Sichuan, roads and drinking water consume more than 80% of total public goods investment; and in Shaanxi, more than two-thirds is going to investment in schools.

As for the poorest and richest of villages (Table 13), in per capita terms the differences in 2000 are marginal with poorer villages reportedly experiencing slightly higher levels of investment (65.8 yuan vs 63.4—however, again, it is important to remember that richer villages are three to four times larger in population terms). The largest differences are with respect to the kinds of investment that are being undertaken. Poorer villages weighted their own investment heavily towards schools, while in richer villages resources were primarily directed towards roads and an assortment of other kinds of investments. More than likely, this reflects differences in the endowments of public goods between rich and poor villages in 2000.

Between 2000 and 2004, we observe a major increase in public goods investment from 48.4 yuan per capita to 191.3 yuan (Table 10, row 7). If one is to believe the PPP conversion rates used in the World Bank publications, this means that by 2004 China total public goods investment almost reached US$100 per capita (PPP terms). There are significant increases in all provinces with the exception of Hebei (Table 12). The percentage of villages reporting investment in public goods also increases significantly from 59.4% to 94.1% in 2004. Only 6 villages out of 100 did not undertake an investment in 2004. In absolute terms, the increases are especially large in Jiangsu and Sichuan, which experience increases from 58.6 yuan to 352.7 yuan and 52.4 yuan to 214.5 yuan, respectively.

There is a marked bias in the direction of the increased funding in public goods investment (Table 10). About 70 percent of the increase in is occurring in roads and bridges, with irrigation and drinking water the other two most important destinations. Between 2000 and 2004, the percentage of villages with a road project increases from 1/3 to 2/3; the percentage reporting investment in drinking water rises from 15.8% to 31.7%; and for irrigation the percentage rises from 27.7% to 39.6%. The percentage reporting investment in schools increases, but investment in schools declines in per capita terms. Noteworthy is that we observe almost no investment in clinics, which largely reflects the fact that these have been subcontracted to individuals to run and manage.

Nonetheless, there are some differences across provinces as to how the increase in funds directed to public investment is being spent (Table 12). For example, in Jiangsu, 95% is going into roads. In Sichuan, about half is into roads, and the rest divided between schools, irrigation and "others". In Shaanxi, roads are about a third of the increase, drinking water consumes slightly less than 20%, and the remainder is largely directed to "others". In Jilin, roads and irrigation are each a third, drinking and "others" slightly less than 20% each. In Hebei, we do not see an overall increase, but there is a compositional change, with an increase in roads and drinking water, and a decline in "others". These differences likely reflect the effect of differences in initial conditions, i.e. the level of public good provision before the reform, but also the source of the funding.

In 2000, capital expenditures financed from above supported only 21.3% of the investment (Table 11, row 7). By 2004, capital expenditures financed from above had risen to 59.2% (column 2, up from 21.3%—column 7), while capital expenditures financed by the village committee from current revenues/savings and from debt declines to 22.1% from 46.9% (columns 3 and 8) and that from households declines to 11.0% from 17.9% (columns 4 and 9). Overall, public goods investment per capita financed from above increases by more than 100 RMB. This increase represents 72% of the overall increase of 142.9 yuan. Although the contribution in percentage terms of the village and households declined, in absolute terms, both increased: for the village, from 22.7 to 44.3, and for the household, from 8.7 to 21.3. These increases represent 14 and 9%, respectively, of the total increase.

Finally, we observe a widening in the gap in per capita investment in rich and poor villages (Table 13). Recall that in 2000, per capita investments were very similar between poor and rich villages (65.8 yuan versus 63.4 yuan). Although both increased significantly between 2000 and 2004, a gap appears. By 2004, investment in rich villages is 317.2 per capita, while that in poor villages it is 170.5. Largely underlying this

difference is the much larger public goods investment financed from above. Also contributing to the increase is the fact that in poor villages, there is a substitution of financing by the village (from current revenues/saving and by debt) to financing from above and other sources, with the absolute contribution of the village declining. In the richest villages, the increase in financing from above is being complemented by an increase in the absolute contribution of the village (from both current revenues/savings and from debt). There also continues to be differences between rich and poor villages in the kinds of investments being undertaken. In poorer villages, investments in drinking water and the "other" category are important in 2004. Investments in schools, a major priority in 2000, declines. The policy that increased the allocation of county-level funding to schools is likely accounting for part of this shift. In the richer villages, nearly 95% of the increase in investment is going into roads.

6. FISCAL SURPLUSES AND DEFICITS

We are now in a position to evaluate the net impact of the reforms and ensuing adjustments on village finances. There are a number of ways that we can calculate the fiscal surplus/deficit of the villages, which are tied to how we treat capital expenditures. On the one hand, we could include only public goods expenditure financed out of current revenue or savings (total expenditure (1)). Alternatively, we could include all capital expenditure carried out in a given year for which the village is fiscally responsible (total expenditure (2)). This will include capital expenditure financed out of current revenue, savings, borrowing or through debt. Table 1 provides the calculations on which this discussion proceeds.

Using the narrow definition (total expenditure (1)), villages on average were running surpluses in both 2000 equal to 20% of village revenue. There is considerable heterogeneity across provinces however. Villages in Hebei on average were running big deficits, and in Shaanxi smaller ones, while Jiangsu, Sichuan and Jilin have surpluses. The surpluses in Jilin were especially pronounced. Including all capital expenditures does not alter the basic picture, but does increase the size of the deficit in Shaanxi because of their significant debt-financed public goods expenditure.

In 2004, using total expenditure (1), the surplus is slightly larger than in 2000. Using total expenditure (2), however, our sample of villages is on average in deficit, with villages in four of the five provinces also on average in deficit. There is considerable heterogeneity across the provinces in terms of what happens between 2000 and 2004. Fiscally, Jilin remains more or less the same; the deficits in Hebei and Shanxi decline, while they rise in Jiangsu and Sichuan. The declines (rise) in Hebei and Shanxi (Jiangsu and Sichuan) are related to the decline (increase) in capital expenditure finance by debt taken on by the village. Figures 1 and 2 present the frequency distributions for fiscal surplus/deficit measured as a percentage of revenue in each year. The shift to the left of the entire distribution reflects the growing fiscal deficits being ran by our sample of villages.

As for our sample of rich and poor villages, using total expenditure (1), it appears that poor villages are running surpluses, which increase over time. Using total expenditure (2), however, it is clear that poor villages, which were initially running deficits, turn into surpluses since they summarily reduce their own capital expenditures, and increasingly

rely on public goods investment financed from above. Richer villages increase their surplus using total expenditure (1), but on the basis of total expenditure (2), richer villages go from running surpluses to running deficits. We believe that using total expenditure (2) seems to provide a more accurate picture: The redistribution of resources to poor villages by increasing investment financed from above makes them less dependent on their own current and future revenues, but has the opposite effect on richer villages. Richer village increase capital expenditure by financing them by debt. This also raises important questions of sustainability, and the ability of richer villages to finance debt in the coming years.

7. VILLAGE LIABILITIES AND ASSETS

The behavior of village liabilities and assets is an important dimension of fiscal wellbeing. We report data on village liabilities in 2000 and 2004, as well as village assets in the form of "receivables," including unpaid household taxes and fees and money the village is owed from higher level of governments, etc. We do not have information on the "stock" of village assets, but we collected information on the sale of all land and other assets since 1998.

In 2000, village per capita liabilities were 246.8 yuan (Table 14). This is equal to three times the annual per capita revenue from all sources. In per capita terms, village liabilities remain fairly constant between 2000 and 2004, as does the breakdown in the source. About half of these debts are to banks, with one-sixth to farmers. The rest is divided between enterprises, back-wages for cadres, and money owed higher levels of government, presumably in the form of taxes (and other fees) that were not remitted. Of the debt in 2000, village leaders estimated that 38.3% would be repaid; of the debt in 2004, it was estimated that 55.3% would be repaid. With the composition of the debt the same in 2000 and 2004 changes in these percentages reflect changes in the capacity of the village to repay, as well as their perception of the hardness of their own budget constraints.

There are large differences across provinces in the magnitude of these debts (Table 15). The highest was in Shaanxi, which was 462.1 yuan, followed by Jilin (397.2 yuan) and then Hebei (338.6), Jiangsu (145.2), and Sichuan (45.4). In Hebei, Shaanxi and Jilin (ranked in order of importance), debts to banks are especially important. Between 2000 and 2004, per capita village liabilities increased somewhat in four of the five provinces, but decline in Jilin.

There are also considerable differences between the rich and poor provinces in terms of debt, which also remain more or less constant between 2000 and 2004. In 2000, per capita debt in poor provinces is 675.8 yuan compared to 377.5 in rich provinces; in 2004 the ratio is 663.9 to 367.1 yuan. The high per capita debts in poor villages are consistent with the picture described above regarding the significant deficits in these villages in 2000. In both poor and rich villages, the percentage to banks is more than half in 2000, and declines slightly over time. Poor areas also report that for 2004, they expected to repay a higher % of their debt (70.6%) than did rich villages (49.0).

Villages also hold a significant amount in receivables (135.9 yuan per capita) that in 2000 were equal to slightly more than half of their liabilities (Tables 16 and 17). The estimate

for 2004 is similar to that for 2000. Most of this is from farmers (more than half), and higher levels of government (~20%). The estimated recovery rate, however, on this is fairly low for both years—23.6% and 30.0%, respectively. In 2000, villages in Jilin (524.6) and Jiangsu (253.9) hold the most, half of which is unpaid taxes by farmers. The per capita holdings of rich and poor provinces in both years are fairly similar, and averages 250 rmb per capita. To help put this in perspective, this is three times annual per capita revenue.

8. ASSET AND LAND SALES

In our discussions of village fiscal revenues, we noted the important and increasing role that asset and land sales played as a source of village finance. As part of our survey, we obtained information on the number of times villages sold land or other assets over the period 1991-2004, and 1998-2004, respectively. This information is reported in Tables 17 and 18. In general, we observe significant increases in the frequency of these transactions over this period. Since the early 1990s, the number of villages selling land rights has increased from 3 to 4 per year to 24 villages in both 2003 and 2004, or nearly a quarter of our sample. The revenue from these sales in 2003 and 2004 that went to the village (which nets out the compensation to households) averaged 35,000 yuan per village. For other assets, including buildings, equipment, and timber, we observe almost a tripling in the frequency of sales, from 10 times in 1998 to 29 times in 2004. The average revenue per sale in 2003 and 2004 was also nearly 35,000 yuan.

9. LINKAGES WITH FISCAL REFORM AT THE TOWNSHIP LEVEL: A FIRST LOOK

So far in this report, we have focused our attention on the changes occurring at the village level. Yet equally important were changes occurring at the township level, some of which were directly related to the reforms at the village level. The tax-for-fee reform not only eliminated *tiliu*, but it also eliminated *tongzhou*, which were also the other part of regular fees from farmers collected at the village level and remitted to the township. This was an important source of township fiscal extra-budgetary revenue. Our interest here is in the effect that the village reforms and investments from above may have had on township fiscal affairs.

In Table 19, we provide summary information on the township fiscal balance for 2000 and 2004. We report averages for the entire sample, and then township averages at the provincial level. On the revenue side, we are able to break revenue down between:

1. local tax revenue;
2. net transfers with higher levels of governments (amount remitted to the county less earmarked transfers from the county);
3. extra-budgetary revenue; and
4. self-raised funds.

On the expenditure side, we have both budgetary and extra-budgetary expenditures. We calculate the township deficit/surplus by taking the difference between total revenues and expenditures.

In 2000, total revenue per capita was 187.24 yuan. On net, the township was a net recipient of funds from above. Extra-budgetary and self-raised funds also represented half of all township revenue. Total expenditure was 203.67, implying a revenue shortfall of 16.43. There were significant differences across provinces however. In Jilin, townships were reportedly running surpluses, while in townships in the four remaining provinces there were deficits.

Between 2000 and 2004, however, townships experienced a reduction in revenue of nearly a third, largely for two reasons. First, townships' fiscal position vis-à-vis the county deteriorated significantly, and the net transfer from above went from being positive to negative. Second, because of the elimination of *tongzhou*, townships experienced a reduction in self-raised funds. The first factor was the source of 60% of the reduction, and the second the remaining 40%. Expenditures dropped only marginally between 2000 and 20004 however, which lead to an increase in the deficit at the township level of nearly five fold from –16.4 to –78.3. We observe a worsening in every province, but the increase in the deficit in Jiangsu and Shaanxi was especially prominent, as was the reduction in the surplus in Jilin.

The important question that this raises (and which we will no address here) is the extent to which the significant increases in the net transfers to China's villages through the fiscal systems are being financed by what appears to be a squeeze of finances at the township level.

10. SUMMARY

So what does this mean? In briefest terms, we find the following:

1. Overall, the effect of the tax-for-fee reform on village revenues was negative. The elimination of regular fee assessments from farmers (or *tiliu*) was offset by a less than commensurate increase in transfers from above (about 40% of the loss). Villages appear to make up for the fall with the sale of land and other assets. Hence, in the long run such a system obviously is not sustainable.
2. While we do not attack the question here, there also is an increasing dependency of the village on transfers from above. In some villages there is a perception that these transfers are making village officials nothing more than hired agents of upper level governments. Anecdotal comments suggest that this might be leading to a declining degree of interest in village affairs and may decrease the interest of outstanding villagers in taking part in local politics.
3. Village current expenditures also remained the same. Hence, in terms of both per capita revenues and current expenditures, the fiscal strength of the village's current budget is not keeping pace with the growth of the economy. This may or may not be a problem and it obviously ultimately will depend on

whether or not upper level government continue to rely on local leaders to carry out their mandates or if services can be provided by others.

4. While current expenditures fell, village capital expenditures (2) nearly doubled in absolute terms (including both those financed out of current revenues/savings and those financed by debt—and not counting other sources). As a result, on average, villages go from being fiscally in-balance to running deficits (when using the deficit/surplus (2) measure).

5. While the current budget situation does not appear to be optimistic, villages experienced a nearly four-fold increase in total public goods investment (financed from all sources). Much of the increase in public goods investment was in roads. Approximately 75% of this increase was financed by revenue from above. The rest of the financing (the remaining quarter) came through from the village. Some of this remaining amount came directly from budget of the village committee. Another part of it came from special assessments from farmers and from other sources (such as, donations). It should be noted that although the upper level government is increasing its commitment, local actors are also contributing. There are a lot open questions on whether the quality of projects are improving and meeting the needs of villagers.

6. Tax-for-fee reforms (including the increased investment financed with transfers from above) helped to redistribute resources to China's poorer villages (this is a different story for poor villages than it is for all villages—see number 1). In particular, the redistribution is driven by the increase in public goods investment provided by transfers from above. Despite the fact that capital expenditure from transfers from above to poor areas were higher than those to richer areas, we observe a slight increase in inequality of fiscal expenditure at the village level. This is likely due to the efforts of richer villages in managing their village's fiscal affairs. This is a major story of this study.

7. However, despite the findings, there is considerably heterogeneity across provinces and even within provinces in the effect of these changes. Consequently, generalizations about the effect of these reforms should be made with considerable care.

8. Finally, the increase in transfers to China's villages may have come at the expense of the fiscal health of China's townships. Between 2000 and 2004, we see a marked deterioration at this level.

Appendix 1: Glossary of Terms

In all studies of fiscal management and policy, it is important to carefully define the scope of the categories that are being summarized, analyzed and discussed. This is important to help highlight the policy implications. It also helps facilitate comparisons with other studies of China; comparisons with studies of fiscal policies of other levels of government; and comparisons with findings from other nations.

The key definitions are as follows:

Revenues: In our definitions of **total revenues** we include all revenues earned by the village itself during the calendar year, including **regular fee assessments from farmers** (tiliu) that flow into village accounts; the **surtax rebate from the agricultural tax**; rental income, including income from contract payments from contracted out cultivated land and orchards (**contract payments for land**) and from income from contract payments from village-run enterprises (**contract payments for enterprises**); income from **land and asset sales**; and **other revenues**, including income from administration fees charged to village enterprises, income from profits shared with village enterprises, income, income from fines due to violations fo birth control policies, income from fines for violations of other policies, interest income, other rental income, income from collection of accounts receivables, income from collective-run services, etc. Total revenues also includes all **transfers from above** that are made into the current operating budget which were made to offset the fall in revenues that occurred after tiliu assessments were no longer allowed. This is a slightly different accounting procedure that is typically used in the fiscal accountant books in China's formal levels of government (when transfers from above are kept distinctly separate). Transfers from towns or project offices for any capital expenditures (public goods investments financed from above) were not included. Also, the funds for capital investments collected by village leaders from farmers were not included.

Expenditures: We divide **total fiscal expenditures** (or **total expenditures**) into three distinct categories. First, **current expenditures** include **salaries**, **administrative expenses**, expenditures to maintain public goods (**maintenance expenditures**—but not investments into new public goods or other assets), **social welfare expenditures** and **other expenditures** (which includes expenditures for interest payments, expenses associated with the provision of collective-run services, expenses on militia training, etc.). Second, **capital expenditures** includes two major types of outlays: a.) those that are **financed by current revenues/savings**; and b.) those that are **financed by debt**. This broader definition (which we can more precisely call *total expenditures made by the village leadership on public goods***)** is somewhat wider than what would ordinarily be used in a account system that is based on a cash basis (since some of the expenditures are financed by debt). In some discussions, however, we find it useful since it includes all expenditures on capital that are directly from the control of the village leadership. The expenditures financed by **transfers from above** or **from special fee assessments from farmers** (or *jizi*) or **from other sources** (e.g., donations from enterprises or rich villagers acting in some sense as a philanthropist) were not included. When using debt financing in the analysis, one must be careful, especially when discussing issues involving village revenues. It should be recalled that funds from banks or contractors that are used for

capital expenditures do not appear on the revenue half of the balance sheet. Finally, we separate out a third line item, cash expenditures that are used for the **repayment of principle** of loans and other debts that had been taken out during earlier years to finance village-level capital expenditures. In order to differentiate between the expenditure accounts when the capital expenditures financed by debt are included or not, we make two explicit definitions: **total expenditures (1)** are current expenditures PLUS capital expenditures financed by current revenues/savings PLUS the repayment of principle; **total expenditures (2)** are total fiscal expenditures (1) plus capital expenditures financed by debt.

Public Investment: In this category we only include expenditures that were made for projects during the two years of our study, 2000 and 2004. If a project spanned two years (e.g., 1999 and 2000), we only counted the part of the project that was constructed during 2000. **Total public goods investment** includes the amount of funding from all sources, including public good investments **financed from above** (by upper level governments), the village itself (**capital expenditures financed from current from revenues/savings**; and **capital expenditures financed by debt**), and capital expenditures financed **from special fee assessments from farmers** collected by village leaders (*jizi*). There also was a category of funding called "other." This category was dominated by two sources, donations (from foreigners—often churches, NGOs or relatives from overseas; and well-off villagers and firms associated with village—either with their firm in the village or for firm in which the owner is/was from the village); and expenditures from commercial entities that have a commercial interest in the project (e.g., the drinking water supply company in drinking water projects or electric company in electricity grid upgrade projects). Capital expenditures financed by debt include funds that are from loans from banks or other financial intermediaries; accounts payable to contractors; and IOUs to project offices or upper level governments. In order to differentiate between the capital expenditure accounts when the capital expenditures financed by debt are included or not, we make two explicit definitions: **capital expenditures (1)** only include capital expenditures financed by current revenues/savings; **capital expenditures (2)** are capital expenditures (1) plus capital expenditures financed by debt. In fact, in any variable capital expenditures financed by debt are NOT included, unless there is an explicit subscript. Because of difficulties in valuing the labor of villagers, we did not include the value of the labor days that were used in the construction of the public goods projects. Although, in addition to investment into public goods, we also include investments by the village leadership into enterprises and other profit-making ventures (e.g., agricultural development projects, such as dairy cow rearing projects), in fact, less than 5 percent of investments are into such projects. Hence, it is fairly safe to equate total capital expenditures financed by the village leadership with village leader-led investment into public goods.

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Table 1. Descriptive statistics of village general information in 2004 by province/rich and poor

b	Total population	Total labor force	Per capita income (*yuan*)	Total cultivated land area (*mu*)	Irrigated area (*mu*)
By Provinces					
Jiangsu	2019	952	4421	3061	2550
Sichuan	1509	788	2388	1178	537
Shaanxi	839	419	1087	640	66
Jilin	1450	724	2863	4386	1123
Hebei	1244	710	2272	2000	1578
By Rich and Poor					
Not Nationally designated poor county	1641	842	3141	2663	1556
Nationally designated poor county	897	440	1406	1396	300
Total	1413	719	2608	2274	1170

Table 2: Summary Table **UNIT: THOUSAND YUAN**

		2004								2000							
		Total	**Jiangsu**	**Sichuan**	**Shanxi**	**Jilin**	**Hebei**	**Rich**	**Poor**	**Total**	**Jiangsu**	**Sichuan**	**Shanxi**	**Jilin**	**Hebei**	**Rich**	**Poor**
1	**Revenues**	82.1	109.8	22.9	48	156	41.2	145	133.9	78.7	103.5	32.9	31.2	154.8	40.6	143.1	75.2
2	Total Expenditure (1)	70.3	107.8	28.6	38.5	104.3	39.9	125.5	77.9	70.4	89.6	26.2	42.2	98.8	79.5	138.7	56.1
3	Total Expenditure (2)	95.3	167.5	55.8	51.9	104.3	49.7	187.9	84.7	78.5	98.2	30.8	73	99.5	84.2	141.5	94.1
4	Of which:																
5	**Current Expenditure**	40.1	62.1	19.6	26.5	53.8	21.9	70.9	37.6	44.8	65.8	20.3	23.3	68.3	28.5	75.8	42.8
6	Capital Expenditures (1)	17.3	36.9	1.1	4.4	16.8	14.2	37.8	11.8	14.6	17.1	2.3	4.3	2.4	45.8	45.1	6.2
7	Capital Expenditures (2)	42.3	96.6	28.3	17.8	16.8	24	100.2	18.6	22.7	25.7	6.9	35.1	3.1	50.5	47.9	44.2
8	Repayment of Principle	12.9	8.8	7.9	7.6	33.7	3.8	16.8	28.5	11	6.7	3.6	14.6	28.1	5.2	17.8	7.1
9	**Fiscal Balance**																
10	Deficit/Surplus (1)	11.8	2	-5.7	9.5	51.7	1.3	19.5	56	8.3	13.9	6.7	-11	56	-38.9	4.4	19.1
11	Deficit/Surplus (2)	-13.2	-57.7	-32.9	-3.9	51.7	-8.5	-42.9	49.2	0.2	5.3	2.1	-41.8	55.3	-43.6	1.6	-18.9
12	**Total Public Goods Investment**	191.3	352.7	214.5	156.4	78.2	63.4	317.2	170.5	48.4	58.6	52.4	69.4	6.6	60.1	63.4	65.8

Note: See Appendix 1 for definitions of key variables.

Total expenditure (1) is the sum of rows 5, 6 and 8; Total expenditur e (2) is the sum of rows 5, 7 and 8.

Deficit/Surplus (1) is row 1 minus row 2; Deficit/surplus (2) is row 1 minus row 3.

Table 3: Per Capita Fiscal Revenue: Sources of Funding **UNIT: YUAN/ PECENTAGE**

	Revenue Categories	2004				2000			
		Mean	Std. Dev.	%>0	% of total revenue	Mean	Std. Dev.	%>0	% of total revenue
1	Transfers from above	17.8	37.4	82.2	21.7	4.6	7.5	48.5	5.9
2	Regular fee assessments from farmers (tiliu)	0.2	1.5	1.0	0.2	30	39.0	73.3	38.1
3	Surtax rebate from agriculture tax	4.7	5.5	58.4	5.7	0.2	1.3	1.0	0.2
4	Contract payment for land	12	31.2	51.5	14.6	8.1	16.3	50.5	10.3
5	Contract payment for enterprises	7.9	44.2	12.9	9.6	5.8	31.8	17.8	7.4
6	Land and asset sales	23.5	85.2	32.7	28.6	15.8	55.1	18.8	20.0
7	Other revenues[a]	16	24.9	59.4	19.5	14.3	24.9	54.5	18.2
8	Total revenues[b]	82.1	123.4	100.0	100.0	78.7	93.4	99.0	100.0

[a.] Other includes Income from administration fee charged to village enterprises , Income from shared profit with village enterprises , Income from fine for violating birth control policy , Income from fine for other penalty , Interest income , Renting income , Income from getting back credits , Income from collective operation , etc.

[b.] Total revenues is the sum of rows 1 to 7.

Note: See Appendix 1 for definitions of key variables.

Table 4: Per Capita Fiscal Revenue: By Province **UNIT: YUAN**

	2004					2000				
Revenue categories	Jiangsu	Sichuan	Shanxi	Jilin	Hebei	Jiangsu	Sichuan	Shanxi	Jilin	Hebei
1 Transfers from above	19.8	9	6.8	42	3.1	5.7	7.3	5.2	3.7	0.3
2 Regular fee assessments from farmers (tiliu)	0.6	0	0	0	0	47.4	13.7	7.3	49.1	15.5
3 Surtax rebate from agriculture tax	8.6	1.9	5.8	0	6.6	0.5	0	0	0	0
4 Contract payment for land	21.8	0.2	2.3	13.4	15.3	8.4	0.2	3.6	14.4	13
5 Contract payment for enterprises	23.7	0.3	0.1	4.9	0.3	12.3	0.6	0.1	10.4	0.3
6 Land and asset sales	9.9	0.2	26.1	76.4	7.3	7.3	6.9	10.8	51.8	3
7 Other revenues[a]	25.4	11.3	7.1	19.3	8.6	21.9	4.2	4.3	25.5	8.5
8 Total revenues[b]	109.8	22.9	48	156	41.2	103.5	32.9	31.2	154.8	40.6

[a.] Other includes Income from administration fee charged to village enterprises , Income from shared profit with village enterprises , Income from fine for violati ng birth control policy, Income from fine for other penalty , Interest income, Renting income, Income from getting back credits , Income from collective operation , etc.

[b.] Total revenues is the sum of rows 1 to 7.

Note: See Appendix 1 for definitions of key variables.

Table 5: Per Capita Fiscal Revenues: Rich versus Poor **UNIT: YUAN/PECENTAGE**

Revenue Categories		POOREST								RICHEST							
		2004				2000				2004				2000			
		Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total
1	Transfers from above	46.1	103.8	80	34.5	8.7	12.4	55	11.5	18.3	16.1	90	12.6	3.6	8.4	25	2.5
2	Regular fee assessments from farmers (tiliu)	0	0	0	0	19.1	20.3	55	25.4	0.7	3	5	0.5	47.2	57.5	75	33
3	Surtax rebate from agriculture tax	3.8	4.6	60	2.8	0	0	0	0	7.3	6.7	65	5.1	0.6	2.5	5	0.4
4	Contract payment for land	16	29.3	50	11.9	19.1	31.2	50	25.5	23.3	46	80	16.1	11.1	16.4	75	7.7
5	Contract payment for enterprises	0	0.1	5	0	1.4	4.4	20	1.9	28.3	83.9	20	19.5	19.3	60.2	25	13.5
6	Land and asset sales	62.1	175.3	25	46.4	25.5	77.9	15	33.9	42.7	105.6	40	29.5	34.4	85.3	20	24
7	Other revenues[a]	5.9	13.3	35	4.4	1.4	3.3	20	1.9	24.3	28.8	85	16.8	27	35.4	80	18.9
8	Total revenues[b]	133.9	219.6	100	100	75.2	89	95	100	145	161.5	100	100	143.1	136.3	100	100

[a.] Other includes Income from administration fee charged to village enterprises , Income from shared profit with village enterprises , Income from fine for violati ng birth control policy , Income from fine for other penalty , Interest income , Renting income , Income from getting back credits , Income from collective operation , etc.

[b.] Total revenues is the sum of rows 1 to 7.

Note: See Appendix 1 for definitions of key variables.

Table 6: Inequality Measures for Fiscal Revenues and Expenditures

Gini coefficient	2004	2000
Revenues	0.59	0.54
Total expenditures (2)	0.57	0.5
Current expenditures	0.44	0.43
Capital expenditures(2)	0.73	0.68
Total public goods investment	0.64	0.6

Note: See appendix 1 for definitions of key variables.

Table 7: Per Capita Total Fiscal Expenditure: Composition of Expenditures **UNIT: YUAN**

	Total fiscal expenditures	2004					2000				
		Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)	Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)
1	Current expenditure	40.1	41.9	100.0	57.1	42.0	44.8	37.9	100.0	63.6	56.8
2	Salaries	14.4	11.7	98.0	20.5	15.1	15.0	11.8	96.0	21.4	19.1
3	Administrative Expenditures	6.7	7.3	99.0	9.5	7.0	9.0	8.6	99.0	12.8	11.4
4	Maintenance expenditures	8.0	10.5	80.2	11.4	8.4	10.6	14.2	80.2	15.0	13.4
5	Social welfare expenditures	6.1	17.6	74.3	8.6	6.3	3.8	6.2	71.3	5.4	4.8
6	Other expenditures	5.0	8.5	80.2	7.1	5.2	6.4	12.2	76.2	9.1	8.1
7	Total capital expenditures financed by the village leadership	42.5	105.7	66.3	60.4	44.5	23.0	66.8	40.6	32.7	29.2
8	Financed by current revenues/ savings	17.3	47.4	51.5	24.6	18.1	14.6	44.8	35.6	20.7	18.5
9	Financed by debt	25.2	85.6	32.7	35.9	26.4	8.4	47.3	12.9	12.0	10.7
10	Repayment of principle	12.9	33.4	50.5	18.4	13.5	11.0	27.6	32.7	15.6	13.9
11	Total expenditures (2)	95.5	138.9	100.0	135.9	100.0	78.8	85.4	100.0	112.0	100.0

Note 1. row1 is the sum of rows 2 to 6; row 7 is the sum of rows 8 and 9, row 11 is the sum of rows 1, 7 and 10.

Note 2: See Appendix 1 for definitions of key variables.

Table 8: Per Capita Fiscal Expenditure: By Province **UNIT: YUAN**

	Total fiscal expenditures	2004 Jiangsu	2004 Sichuan	2004 Shanxi	2004 Jilin	2004 Hebei	2000 Jiangsu	2000 Sichuan	2000 Shanxi	2000 Jilin	2000 Hebei
1	Current expenditure	62.1	19.6	26.5	53.8	21.9	65.8	20.3	23.3	68.3	28.5
2	Salaries	23.2	8.0	11.3	16.3	7.6	22.2	7.7	8.2	21.0	10.4
3	Administrative Expenditures	8.3	2.8	7.4	9.4	5.1	9.2	4.0	9.3	15.0	7.6
4	Maintenance expenditures	15.9	5.1	2.6	7.1	3.3	21.5	4.7	1.8	13.0	3.2
5	Social welfare expenditures	7.2	0.6	2.1	14.8	2.8	4.9	0.7	0.4	7.9	3.3
6	Other expenditures	7.5	3.0	3.1	6.1	3.1	8.0	3.2	3.5	11.4	4.0
7	Total capital expenditures financed by the village leadership	97.3	28.2	17.8	16.8	19.1	26.8	6.9	35.3	3.1	50.4
8	Financed by current revenues/ savings	36.9	1.1	4.4	16.8	14.2	17.1	2.3	4.3	2.4	45.8
9	Financed by debt	60.3	27.1	13.4	0.0	4.9	9.6	4.6	31.0	0.7	4.6
10	Repayment of principle	8.8	7.9	7.6	33.7	3.8	6.7	3.6	14.6	28.1	5.2
11	Total expenditures (2)	168.2	55.7	51.9	104.3	44.7	99.2	30.7	73.1	99.5	84.2

Note 1. row1 is the sum of rows 2 to 6; row 7 is the sum of rows 8 and 9, row 11 is the sum of rows 1, 7 and 10.

Note 2: See Appendix 1 for definitions of key variables.

Table 9a: Per Capita Fiscal Expenditure: Rich versus Poor-poorest **UNIT: YUAN/PECENTAGE**

POOREST										
Total fiscal expenditures	2004					2000				
	Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)	Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)
1 Current expenditure	37.6	23.2	100.0	48.3	44.4	42.8	30.1	100.0	76.4	45.5
2 Salaries	12.6	7.4	100.0	16.1	14.8	11.6	8.2	90.0	20.7	12.3
3 Administrative Expenditures	9.3	7.7	95.0	11.9	10.9	11.0	7.7	100.0	19.7	11.7
4 Maintenance expenditures	6.4	8.1	75.0	8.2	7.6	10.0	12.2	80.0	17.8	10.6
5 Social welfare expenditures	4.9	8.6	75.0	6.3	5.8	3.4	5.6	70.0	6.0	3.6
6 Other expenditures	4.4	5.5	75.0	5.7	5.2	6.8	9.5	65.0	12.2	7.3
7 Total capital expenditures financed by the village leadership	18.6	26.1	65.0	23.8	21.9	44.3	144.4	30.0	78.9	47.0
8 Financed by current revenues/ savings	11.8	19.0	50.0	15.1	13.9	6.2	14.9	20.0	11.0	6.6
9 Financed by debt	6.8	20.9	25.0	8.7	8.0	38.1	132.0	25.0	67.9	40.4
10 Repayment of principle	28.5	78.2	30.0	36.6	33.7	7.1	19.5	10.0	12.6	7.5
11 Total expenditures (2)	84.7	86.9	100.0	108.7	100.0	94.1	151.1	100.0	167.9	100.0

Note 1. row1 is the sum of rows 2 to 6; row 7 is the sum of rows 8 and 9, row 11 is the sum of rows 1, 7 and 10.

Note 2: See Appendix 1 for definitions of key variables.

Table 9b: Per Capita Fiscal Expenditure: Rich versus Poor-richest **UNIT: YUAN/PECENTAGE**

RICHEST

Total fiscal expenditures	2004					2000				
	Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)	Mean	Std. Dev.	%>0	% of total expenditures (1)	% of total expenditures (2)
1 Current expenditure	70.9	61.6	100.0	56.5	37.6	75.8	37.4	100.0	54.7	53.1
2 Salaries	24.3	15.3	95.0	19.4	12.9	25.5	13.5	100.0	18.4	17.9
3 Administrative Expenditures	10.7	10.2	100.0	8.5	5.7	12.2	9.6	100.0	8.8	8.5
4 Maintenance expenditures	16.3	13.9	100.0	13.0	8.6	22.6	17.5	100.0	16.3	15.8
5 Social welfare expenditures	11.1	30.3	90.0	8.8	5.9	6.5	9.2	80.0	4.7	4.6
6 Other expenditures	8.6	12.8	95.0	6.8	4.5	9.1	11.1	90.0	6.5	6.4
7 Total capital expenditures financed by the village leadership	100.9	178.9	90.0	80.3	53.5	49.1	78.2	70.0	35.4	34.4
8 Financed by current revenues/ savings	37.8	78.9	75.0	30.1	20.1	45.1	78.6	70.0	32.5	31.6
9 Financed by debt	63.1	146.1	45.0	50.2	33.4	3.9	8.3	15.0	2.8	2.8
10 Repayment of principle	16.8	30.9	55.0	13.4	8.9	17.8	39.1	50.0	12.8	12.5
11 Total expenditures (2)	188.6	212.4	100.0	150.2	100.0	142.7	77.8	100.0	102.8	100.0

Note 1. row1 is the sum of rows 2 to 6; row 7 is the sum of rows 8 and 9, row 11 is the sum of rows 1, 7 and 10.

Note 2: See Appendix 1 for definitions of key variables.

Table 10: Per Capita Public Investment: By Type of Project **UNIT: YUAN/PECENTAGE**

		2004				2000			
Public goods investment		Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total
1	Road & bridge	123.6	255.7	66.3	64.6	15.1	45.1	29.7	31.1
2	Schools	7.3	41.1	17.8	3.8	8.9	50.9	11.9	18.4
3	Irrigation	20.4	60.2	39.6	10.6	10.2	44.1	27.7	21.2
4	Drinking water	17.6	56.5	31.7	9.2	4.3	18.2	15.8	8.9
5	Clinic	0.9	8.3	4	0.5	0	0.3	2	0.1
6	Others[a]	21.6	86.7	33.7	11.3	9.8	34	16.8	20.3
7	Total public goods investment[b]	191.3	280.6	94.1	100	48.4	94.4	59.4	100

[a]. Others includes electricity, office building, green for grain, telephone, cable television, broadcast, etc.

[b]. row 7 is the sum of rows 1 to 6.

Table 11: Funding of Public Investment: By Project Type **UNIT: YUAN/ PECENTAGE**

	2004					2000				
Public goods investment	Mean	% from high government	% from Village Committee	% from farmers	% from others [c]	Mean	% from high government	% from Village Comittee	% from farmers	% from others [c]
1 Road & bridge	123.6	64.8	22.9	11	1.3	15.1	23.4	46.5	28.6	1.5
2 Schools	7.3	30.9	13.5	3.6	52.1	8.9	23.8	57.2	14.9	4.1
3 Irrigation	20.4	50.5	28.1	10.1	11.2	10.2	42.3	31.4	21.2	5.1
4 Drinking water	17.6	42.7	24.3	19.3	13.6	4.3	4.6	1.5	3.8	90.1
5 Clinic	0.9	0	3.8	0	96.2	0	0	100	0	0
6 Others [a]	21.6	61.3	13.5	8.2	17	9.8	1.2	74.1	6.9	17.8
7 Total public goods investment[b]	191.3	59.2	22.1	11	7.7	48.4	21.3	46.9	17.9	14

[a]. Others includes electricity, office building, green for grain, telephone, cable television, broadcast, etc.

[b]. row 7 is the sum of rows 1 to 6.

c. Others includes donation from foreign, donation from enterprise, donation from university, investment by small group, investment by private, investment by power supply corporations, investment by broadcast bureau, etc.

Table 12: Per Capita Public Investment: By Province and Type of Project **UNIT: YUAN**

	Public goods investment	2004					2000				
		Jiangsu	Sichuan	Shanxi	Jilin	Hebei	Jiangsu	Sichuan	Shanxi	Jilin	Hebei
1	Road & bridge	302.5	118.5	38.9	23.6	18.7	18.9	25.9	8.4	4.4	12.4
2	Schools	0	14.4	30.2	1	2.7	6.6	2	45	0	6.8
3	Irrigation	36.4	9	13.1	23.6	9	22.4	4.6	8.4	1.5	8.5
4	Drinking water	12.5	20	17.3	16.3	24.9	0.1	18.7	2.1	0	0.2
5	Clinic	0.1	3.5	0	0	0.8	0.2	0	0	0	0
6	Others[a]	1.1	49.2	56.9	13.7	7.4	10.4	1.3	5.5	0.7	32.3
7	Total public goods investment[b]	352.7	214.5	156.4	78.2	63.4	58.6	52.4	69.4	6.6	60.1
8	% financed by village committee	27.4	13.2	11.4	21.5	30.1	43.9	13.1	50.9	47.1	84.0
9	% financed by high government	65.8	54.9	56.1	49.5	37.9	33.3	19.8	27.7	0.0	1.5

10	% financed by farmers	5.0	19.5	7.0	17.6	27.0	12.2	27.9	14.4	52.9	14.6
11	% financed by others[c]	1.8	12.5	25.5	11.3	5.1	10.6	39.2	7.0	0.0	0.0

[a]. Others includes electricity, office building, green for grain, telephone, cable television, broadcast, etc.

[b]. row 7 is the sum of rows 1 to 6.

[c]. Others includes donation from foreign, donation from enterprise, donation from university, investment by small group, investment by private, investment by power supply corporations, investment by broadcast bureau, etc.

Table 13a: Per Capita Public Investment: Rich versus Poor, and Type of Project **UNIT: YUAN/PCENTAGE**

POOREST

Public goods investment	2004				2000			
	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total
1 Road & bridge	14.3	42.1	45	8.4	0.7	2.5	10	1.1
2 Schools	30.7	98.9	40	18	50.3	136.5	20	76.5
3 Irrigation	14.1	44.3	20	8.3	11.6	46.4	20	17.7
4 Drinking water	41.6	122.2	30	24.4	0	0	0	0
5 Clinic	0	0	0	0	0	0	0	0
6 Others[a]	69.7	132.7	50	40.9	3.2	8.3	10	4.8
7 Total public goods investment[b]	170.5	254.5	90	100	65.8	179	35	100

8	% financed by village committee	10.9				67.2			
9	% financed by high government	49.4				20.5			
10	% financed by farmers	5.7				9.3			
11	% financed by others[c]	34.1				3			

[a]. Others includes electricity, office building, green for grain, telephone, cable television, broadcast, etc.

[b]. row 7 is the sum of rows 1 to 6.

c. Other includes donation from foreign, donation from enterprise, donation from university, investment by small group, investment by private, investment by power supply corporations, investment by broadcast bureau, etc.

Table 13b: Per Capita Public Investment: Rich versus Poor, and Type of Project (Continue) **UNIT: YUAN/PECENTAGE**

RICHEST

Public goods investment	2004				2000			
	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total
1 Road & bridge	277.9	370.6	75	87.6	25.5	31	45	40.3
2 Schools	0.8	5.6	5	0.3	7.1	30.5	10	11.2
3 Irrigation	22.2	35.2	60	7	2.6	5.7	30	4.1
4 Drinking water	13.3	53.7	30	4.2	0.1	0.6	5	0.2
5 Clinic	0	0	0	0	0.2	0.5	10	0.3

6	Others[a]	2.9	6	20	0.9	27.8	60.6	30	43.9
7	Total public goods investment[b]	317.2	359.9	100	100	63.4	79.1	75	100
8	% financed by village committee	31.6				75.6			
9	% financed by high government	62.0				12.4			
10	% financed by farmers	4.3				7.0			
11	% financed by others[c]	2.1				5.0			

[a]. Others includes electricity, office building, green for grain, telephone, cable television, broadcast, etc.

[b]. row 7 is the sum of rows 1 to 6.

c. Other includes donation from foreign, donation from enterprise, donation from university, investment by small group, investment by private, investment by power supply corporations, investment by broadcast bureau, etc.

Table 14: Per Capita Village Liabilities **UNIT: YUAN/PECENTAGE**

Village liabilities	2004				2000			
	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	%of total
1 Village debts	253.4	864	86.1	100	246.8	834.4	74.3	100
2 Higher levels of government	20.8	54.1	24.8	8.2	27.3	76.7	21.8	11

3	Banks	120.3	522.7	58.4	47.5	130.6	576.4	50.5	52.9
4	Enterprises	35.8	92.6	45.5	14.1	22.8	72.4	28.7	9.2
5	Back wages	14.3	27.9	40.6	5.7	8.8	24	32.7	3.6
6	Farmers	41.5	138.3	52.5	16.4	40.6	125.9	35.6	16.4
7	Other	20.7	178.2	24.8	8.2	16.8	112	16.8	6.8
8	Estimated % to be repaid	55.3	44.5	71.3		38.3	44.4	53.5	

Note: row 1 is the sum of rows 2 to 7.

Table 15: Per Capita Village Liabilities: By Province, and Rich versus Poor

Table 15-1: Per Capita Village Liabilities: By Province **UNIT: YUAN**

Village liabilities	2004					2000				
	Jiangsu	Sichuan	Shanxi	Jilin	Hebei	Jiangsu	Sichuan	Shanxi	Jilin	Hebei
1 Village debts	176.6	90.9	541.5	274.8	354.5	145.2	45.4	462.1	397.2	338.6
2 Higher levels of government	27.3	24.8	31.1	14.5	5.9	42	23	26.9	34	1.4
3 Banks	18.1	22.3	250.3	149.4	281.8	17	9.2	271.3	200	286.1
4 Enterprises	71.9	17.3	59.2	16.4	7.5	29.2	1.9	38.8	39.7	8.1
5 Back wages	9.5	4.3	21.4	17.7	25.6	5.3	2.4	10.9	18.2	10.2
6 Farmers	37.3	21.5	66.4	63.3	29.1	33.2	8.9	53.2	89.5	27.1
7 Other	12.6	0.7	113.1	13.5	4.6	18.6	0	61.1	15.8	5.6
8 Estimated % to be repaid	56.5	44.9	64.1	50	61.5	49.5	43.4	14.3	41.7	42.5

Note: row 1 is the sum of rows 2 to 6.

Table 15-2: Per Capita Village Liabilities: Rich versus Poor **UNIT: YUAN/PECENTAGE**

Village liabilities	POOREST								RICHEST							
	2004				2000				2004				2000			
	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total	Mean	Std. Dev.	%>0	% of total
1 Village debts	663.9	2444.2	90	100	675.8	2264.2	80	100	367.1	465.5	75	100	377.5	548.2	65	100
2 Higher levels of government	32.4	96.2	15	4.9	55.3	142.3	20	8.2	22.9	56.9	15	6.2	36.9	102.8	10	9.8
3 Banks	344.5	1326.8	60	51.9	392.1	1452.6	55	58	195.4	475	45	53.2	216.2	504.1	45	57.3

4	Enterprises	48.5	132.2	45	7.3	50.5	133.7	50	7.5	77.1	140.9	55	21	48.1	101.8	25	12.8
5	Back wages	24.4	37.3	50	3.7	21.5	46.5	45	3.2	6.6	24.9	15	1.8	0.5	3.8	10	0.1
6	Farmers	96.8	365.7	50	14.6	78.2	291.8	30	11.6	60.2	113	45	16.4	66.5	137.4	35	17.6
7	Other	117.4	532.6	35	17.7	78.2	327.7	25	11.6	4.9	11.4	25	1.3	9.2	22.3	25	2.4
8	Estimated % to be repaid	70.6	40.9	80		37.5	46.6	45		49	46.8	60		46.5	45.3	55	

Note: row 1 is the sum of rows 2 to 6.

Table 16: Per Capita Village Receivables **UNIT: YUAN/PECENTAGE**

Village receivables	2004				2000			
	Mean	Std. Dev.	%>0	%of total	Mean	Std. Dev.	%>0	%of total
1 Village receivables	139.9	256.8	78.2	100	135.9	283.7	70.3	100
2 Higher level of government	35.1	132.8	18.8	25.1	22.2	124.4	7.9	16.4
3 Cadres	1.1	6.6	5.9	0.8	0.6	4.1	5	0.4
4 Farmers	79.1	138.4	72.3	56.5	79.3	128.7	70.3	58.3
5 Others	24.6	74.1	19.8	17.6	33.8	96.6	16.8	24.9
6 Estimated % to be repaid	30	35.3	61.4		23.6	32.1	53.5	

Note: Row 1 is the sum of rows 2 to 5.

Table 17: Per Capita Village Receivables: By Province, and Rich versus Poor

Table 17-1: Per Capita Village Receivables: By Province **UNIT: YUAN**

	Village receivables	2004					2000				
		Jiangsu	Sichuan	Shanxi	Jilin	Hebei	Jiangsu	Sichuan	Shanxi	Jilin	Hebei
1	Village receivables	147.1	44.4	83.3	336.1	42.2	127.1	36.1	69.4	394.9	25.1
2	Higher level of government	40.4	0.1	4.2	103	6.9	4	0	0	103.6	2.1
3	Cadres	0.2	2.7	0.7	1.9	0	0	1.5	0.9	0.8	0
4	Farmers	69.4	41.3	74.6	167.6	35.3	72.1	34.3	63.2	198.1	22.8
5	Other	37.1	0.3	3.8	63.6	0.1	50.9	0.3	5.3	92.3	0.2
6	Estimated % to be repaid	37.4	29	18.7	30.1	35	26.7	33.4	13.2	28.3	16

Note: row1 is the sum of rows 2 to 5.

Table 17-2: Per Capita Village Receivables: Rich versus Poor **UNIT: YUAN/PECENTAGE**

	Village receivables	POOREST								RICHEST							
		2004				2000				2004				2000			
		Mean	Std. Dev.	%>0	%of total	Mean	Std. Dev.	%>0	%of total	Mean	Std. Dev.	%>0	%of total	Mean	Std. Dev.	%>0	%of total
1	Village receivables	230.2	396	65	100	220.1	380.7	65	100	250.1	341.4	95	100	265.1	448.5	75	100
2	Higher level of government	3	13.3	5	1.3	3.3	14.4	5	1.5	98	208.4	35	39.2	71.7	232.9	10	27.1
3	Cadres	0.7	2.7	5	0.3	0.8	3	5	0.4	0.8	5.3	10	0.3	0.6	5.9	5	0.2
4	Farmers	189.3	321	65	82.3	171.7	273.7	65	78	77.7	103.3	80	31.1	90.1	118.8	75	34
5	Other	37.1	116.6	10	16.1	44.3	135.2	10	20.1	73.5	109.1	55	29.4	102.7	144.7	45	38.7
6	Estimated % to be repaid	21.3	28.7	45		17.5	27.5	40		44	35.2	85		25.7	29.5	65	

Note: row1 is the sum of rows 2 to 5.

Table 18: Village Land Sales: 1991-2004

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
villages of sold land & rent land	2	7	3	4	6	7	8	15	16	9	14	10	24	24
villages of sold land	1	6	1	3	3	4	4	9	5	4	8	6	13	11
villages of rent land	1	1	2	1	3	3	4	6	11	5	6	4	11	13
times of sold land & rent land	2	7	3	4	7	7	8	16	16	9	14	10	24	24
times of sold land	1	6	1	3	4	4	4	9	5	4	8	6	13	11
times of rent land	1	1	2	1	3	3	4	7	11	5	6	4	11	13
times of sold land & rent land	2	7	3	4	7	7	8	16	16	9	14	10	24	24
village %	0	0	33.3	50	14.3	28.6	50	31.3	50	33.3	42.9	30	33.3	45.8
township %	50	42.9	0	0	28.6	0	0	12.5	6.3	11.1	14.3	30	4.2	4.2
county %	0	42.9	66.7	0	14.3	14.3	25	25	6.3	11.1	14.3	10	16.7	16.7
government above county %	0	14.3	0	50	28.6	42.9	12.5	18.8	12.5	22.2	21.4	10	20.8	8.3
other%	50	0	0	0	14.3	14.3	12.5	12.5	25	22.2	7.1	20	25	25
Area	33.5	27.1	40	131	41.6	42.6	113.1	42	18.8	29.4	34.4	20.4	63	34.9
per area compensation a (yuan)	0	2452.6	2857.1	1302.6	3003.4	2830.8	22101.7	7303.9	23160.9	7316.5	14304.8	5226.3	10961	18576.2
per area compensation b (yuan)	3166.7		800	78.4				150		4000	939.6	416.7	504.9	985.9
% pay to farmers	0	36.5	3.8	100	63.4	85.2	98.5	59.3	87.5	69.8	57.6	91.3	55.4	66.8
% pay to small group	0	27.9	0	0	0	1.9	0.3	0.3	0	0	8.8	0	40.5	26.9
% pay to village	100	35.6	96.2	0	36.6	12.9	1.2	40.3	12.5	30.2	33.6	8.7	4.1	6.3

Compensation a : payment of compensation is by one time • Compensation b: payment of compensation is by year after year

Table 19: Village Asset Sales: 1998-2004 **UNIT: THOUSAND YUAN**

Year	1998	1999	2000	2001	2002	2003	2004
Villages	10	10	16	12	20	19	24
Times	10	11	19	13	24	21	29
of which :building	2	3	5	5	10	9	12
equipment	1	3	4	1	4	0	7
timber	6	4	8	5	9	6	8
amount (per times) € thousand yuan •	15.9	14.8	20.2	118.6	27.4	29.8	38.6
amount (per villages)(thousand yuan)	15.9	16.3	24.0	128.5	32.9	32.9	46.6

Table 20: Township Fiscal Revenue and Expenditure

	2000						2004					
	Total	Jiangsu	Sichuan	Shanxi	Jilin	Hebei	Total	Jiangsu	Sichuan	Shanxi	Jilin	Hebei
Total revenues	187.24	301.81	104.9	72.06	256.84	90.23	119.53	222.48	36.76	61.44	132.97	62.25
Total local revenues	70.1	113.43	46.87	78.99	66.67	10.77	66.13	115.7	39.95	22.41	36.53	57.38
Net Fiscal Transfers	24.61	36.14	12.11	-28.3	115.67	-10.13	-9.37	-58.88	-8.36	-45.8	92.57	-4.82
Extra-budgetary Revenues	55.15	139.8	16.84	14.04	0	15.98	52.77	150.35	1.89	34.81	3.87	9.69
Self-raised Funds	37.38	12.44	29.08	7.33	74.5	73.61	10	15.31	3.28	50.02	0	0
Total Expenditures	203.67	329.36	122.9	130.56	169.28	147.79	197.79	336.48	77.71	200.69	137.37	158.01
Budgetary Expenditures	141.7	202.04	81.85	115.08	169.28	109.3	138.72	170.86	71.93	165.48	133.48	144.94
Extra-budgetary expenditures	61.97	127.32	41.05	15.48	0	38.49	59.07	165.62	5.78	35.21	3.89	13.07
Fiscal Balance												
Deficit/surplus	-16.43	-27.55	-18	-58.5	87.56	-57.56	-78.26	-114	-40.95	-139.25	-4.4	-95.76

Notes: 1. Total local revenues is equal to the total tax revenues retained by the township.

2. Net fiscal transfer is equal to the revenue out of local revenue that is remitted up less transfers from above.

3. Total revenue is the sum of total local revenue + net fiscal transfer + extra-budgetary revenues + self-raised funds

4. Total expenditures is the sum of budgetary and extra-budgetary expenditures

Figure 1: Distribution of Village Fiscal Surplus-Deficit: 2000

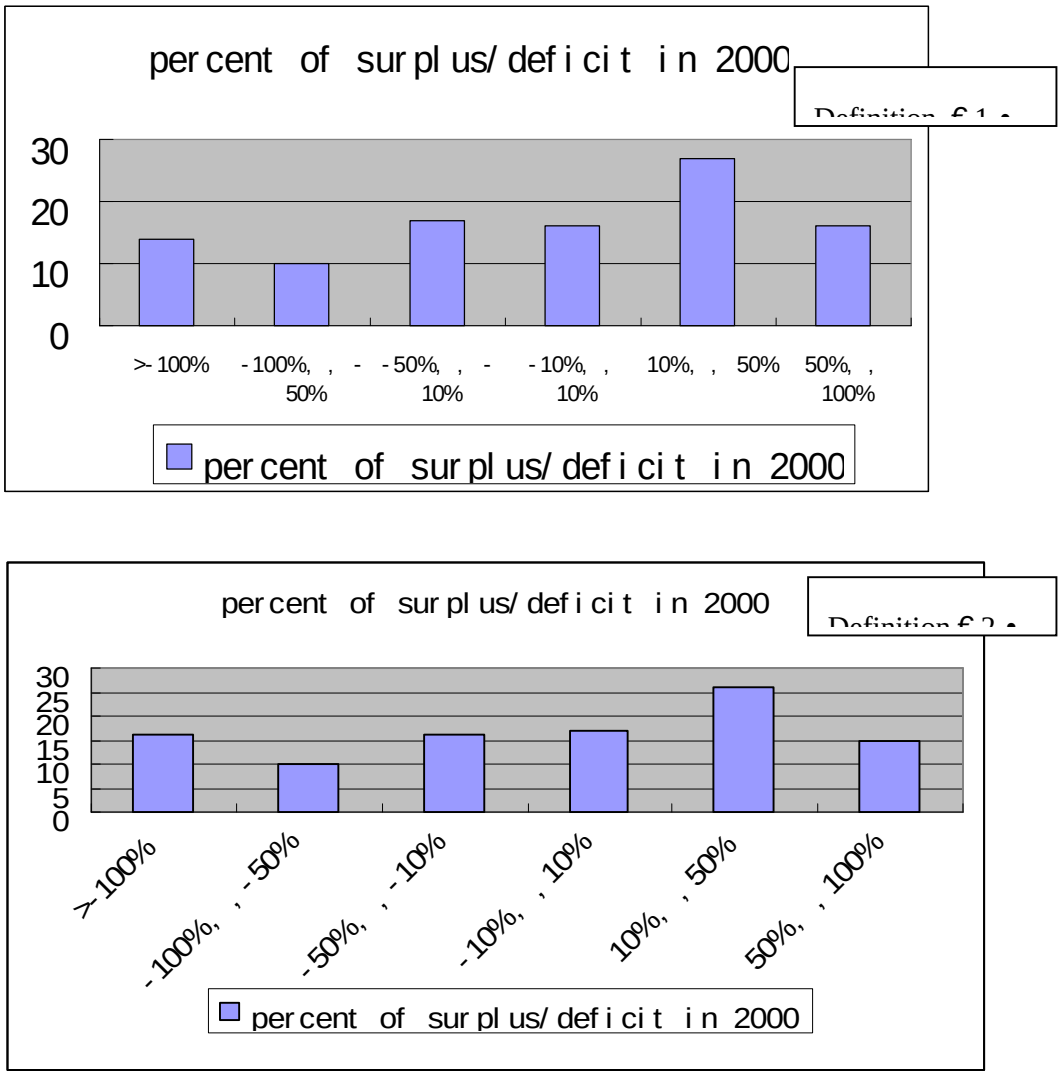

Figure 2: Distribution of Village Fiscal Surplus-Deficit: 2004