

Marketization, Democratization, and the “Reach of the State” in Rural China

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A perennially contested theme in the making of modern China is the role of the state and its relationship to society. One cannot escape paying attention to the vicissitudes of the Chinese state whether one examines the frustrations and failures of the late Qing dynasty, the arduous struggles of Republican era, the utopian dreams and wretched excesses of Maoist rule, or the dynamic economic transformation of the post-Mao period.

Following Mao’s death and China’s “reform and opening,” observers of state-society relations in rural China tended to dwell on the second liberation of the Chinese countryside from the bondages of collectivization and especially of the hated “People’s Communes.” Yet not everyone was as sanguine, and few were as thoughtful, as Vivienne Shue in *The Reach of the State: Sketches of the Chinese Body Politic*.¹ Writing when the contours of the reform order were only vaguely visible to outside observers, Shue argued against the post-Mao conventional wisdom that state control of the countryside had decreased with the advent of market reform. First, she claimed that scholars had tended to overestimate the Maoist state’s penetration of rural China. Like the gentry who had preceded them, rural cadres maintained dual loyalties to national authorities and to the communities they served; they served not only as agents of the state, but also as buffers against its exactions when they viewed it as demanding too much.² Second, she suggested that, insofar as marketization alters this dual-loyalty dynamic, post-Mao reforms “may ultimately serve state-strengthening, even statist, ends.”³ As a result, the market-oriented

¹ Vivienne Shue, *The Reach of the State: Sketches of the Chinese Body Politic* (Stanford: Stanford University Press, 1988).

² See also Helen Siu, *Agents and Victims in South China: Accomplices in Revolution* (New Haven: Yale University Press, 1992).

³ Vivienne Shue, *The Reach of the State*, 6.

reforms might render “some rural villagers more rather than less vulnerable to the designs of outside power holders.”⁴

In this article, we analyze Shue’s hypothesis that post-Mao reforms would increase the vulnerability of villages to state penetration. In particular, we evaluate the ways in which two reform-era processes, marketization and democratization, have affected the buffering roles performed by village cadres—particularly in regards to village collective land. We make two primary claims: First, the particular path of marketization followed in rural China has increased the vulnerability of villagers to state-led land expropriation, specifically by distinguishing the interests of villagers and cadres with respect to land. Second, while village elections hypothetically have the potential to align cadre and village interests, they have so far made only limited headway in realizing that potential, largely due to the rural political and socioeconomic structure in which democratic reforms have had to be accommodated.

The remainder of this paper describes the effects of these two processes on the vulnerability of villagers “to the designs of outside power holders,” primarily at the township and county levels. Section I evaluates the buffering role played by village cadres during the Maoist era. We argue that while village leaders did little to deflect central-state exactions, they often served as buffers between their communities and predatory local authorities. They did so not only out of loyalty to their friends and neighbors, but also because rural policy during the Mao era helped to align their material interests with those of their fellow villagers. Section II describes how the market reforms pursued by post-Mao leaders have gradually delinked these interests, making village cadres less likely to perform their traditional buffering role. We note in Section III that grassroots democratization has the potential to, among other things, realign cadre and villager interests in regard to land policy. However, village elections have done little to curb land expropriation in a political environment that remains quite inhospitable to democratic governance. Section IV adds a layer of complexity to the story of increasing village vulnerability. We note two reforms that could potentially realign cadre and villager interests. Furthermore, we contend that, despite rising numbers of land seizures,

⁴ Ibid., 77.

state-society relations may be improving in the countryside due to a renewed focus by the central leadership on investing in the countryside.

Section I: The “Gloved Hand” of the Maoist State?

Before revisiting Shue’s hypothesis that marketization will increase state penetration into the Chinese countryside, we should first evaluate the empirical claim upon which it is based. Shue memorably contends that pre-reform “village cadres could glove the hand of the state, dulling its senses as it probed into rural affairs, and smoothing its stroke over the bent backs of the farmers.”⁵ Did Mao-era village cadres really “glove the hand of the state,” buffering their communities from higher-level exactions? If so, how and why?

In this section we make two arguments about rural China that will guide our analysis going forward. First, contrary to Shue’s argument in *The Reach of the State*, we observe that Mao-era brigade and production team cadres did little to shield their villages from *central* state control. In fact, what is striking about the case of rural China is the degree to which local officials, viewing their leaders in Beijing as “overwhelming and irresistible,” struggled to carry out even the most unpopular national policies.⁶ Their ardor cooled, however, for policies originating further down the state hierarchy. Brigade cadres often buffered their communities from commune and county policies they viewed as antithetical to village interests—particularly the expropriation of collective land. Second, brigade leaders did not protect village land merely out of a sense of community loyalty. Resisting commune- and county-led expropriation was in their personal interest, as they depended on the collective harvest for their livelihoods.

The history of national policy initiatives in Maoist China is a history of state domination and penetration, not cadre buffering. Consider land reform, the Communist Party’s first priority upon seizing power. Between 1950 and 1952, rural cadres (with the help of work teams and villagers) redistributed 42% of China’s arable land—at the same

⁵ Shue, *The Reach of the State*, 112.

⁶ Jonathan Unger, “State and Peasant in Post-Revolution China,” *Journal of Peasant Studies* 17(1) (1989): 118.

time that the country was embroiled in the Korean War.⁷ In the four years that followed, rural cadres eliminated private farms in favor of agricultural collectives that—while shifting in size according to political winds—largely stayed intact until the 1980s. Peasants who supported land reform were often hostile to collectivization, preferring to kill their livestock rather than turning them over to production teams and brigades.⁸ Their skepticism makes the nationwide implementation of the policy all the more impressive.

Throughout the Maoist period, the state achieved many of its major goals in the countryside, from cheap grain procurement to radical social transformation. As for the former, the Soviet development model adopted by Mao relied on squeezing rural consumption to extract large grain surpluses for investment; China's peasant revolution, in other words, gave birth to a regime that prioritized extraction from a population tied to the land.⁹ If village cadres indeed strove to buffer their communities from central state predation, they should have begun by deflecting the state's onerous grain demands. This does not appear to have been the case. In her analysis of the struggle over the surplus, Jean Oi observes that village cadres could be tireless in their delivery of grain to higher levels, even when villagers suffered.¹⁰ Underreporting, when it happened, amounted to little more than "keeping crumbs."¹¹ The hunger of the central state may not have been insatiable; Yang argues that, chastened by the tragedy of the Great Leap Famine, China's leaders encouraged the construction of grain reserves to ensure that state procurement would never again lead to massive famine.¹² Still, most available evidence indicates that, in the contest between state and peasant over the ownership of the harvest, village cadres stood firmly on the side of the state.

The Maoist state did not just reach into the countryside to extract grain; it also sought to radically remake rural society. In this vein, People's Commune and production

⁷ Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge: MIT Press, 2007), 65.

⁸ Dali L. Yang, *Calamity and Reform in China: State, Rural Society, and Institutional Change since the Great Leap Famine* (Stanford: Stanford University Press, 1996).

⁹ Nicholas R. Lardy, *Agriculture in China's Economic Development* (New York: Cambridge University Press, 1983); Naughton, *The Chinese Economy*.

¹⁰ Jean C. Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989), 14.

¹¹ Unger, "State and Peasant in Post-Revolution China," 120.

¹² Yang, *Calamity and Reform*, 106.

brigade cadres took the lead in providing villagers with previously unavailable goods and services, such as free health care and primary education.¹³ More dubiously, they also took the lead in mobilizing local participation in national campaigns, which at their best took time away from farming and personal leisure, and at their worst devolved into chaos and mass violence. There is little evidence that most rural cadres took pains to shield villagers from radical winds; like Chen Longyong in Chan et al's classic *Chen Village*, they would "pursue all the Party's nationwide campaigns with ostentatious enthusiasm and vigor, even when a campaign was unpopular among the peasantry."¹⁴ If the state that inspired such compliance in the rural periphery was indeed gloved, one struggles to imagine its impact had it been unencumbered.

Local-state policies, though, were not as "overwhelming and irresistible." Even Shue's harshest critics acknowledge that brigade cadres could play an active role in buffering villagers from commune- and county-level interference in village affairs. In an otherwise scathing review of Shue's book, Jonathan Unger writes: "Brigade leaders carefully appraised whether unwanted policies originated at high levels in the Party, in which case they fulsomely mouthed support and made sure that their own brigade toed the line, as compared to programs originating more locally at the commune level. In the latter case, they could risk a public show of resistance on behalf of their village, knowing that the commune administration, when acting on its own, was the weakest level of the Party/state's chain-of-command."¹⁵ In *Chen Village*, Chen Longyong may have eagerly carried out national policies, but he would "repeatedly fight against more locally devised economic policies whenever he thought they impaired the village's economic interests."¹⁶ Given that commune and county leaders showed little concern for improving agricultural productivity or raising peasant living standards, brigade cadres had frequent opportunities to resist their exactions.¹⁷

Brigade leaders played a particularly active role in resisting the expropriation of village collective land, historically regarded as the lifeblood of the community. Not

¹³ Naughton, *The Chinese Economy*, 82.

¹⁴ Anita Chan, Richard Madsen and Jonathan Unger, *Chen Village: Revolution to Globalization* (Berkeley: University of California Press, 2009), 101.

¹⁵ Unger, "State and Peasant in Post-Revolution China," 123.

¹⁶ Chan et al, *Chen Village*, 101.

¹⁷ Unger, "State and Peasant in Post-Revolution China," 121.

surprisingly, efforts by higher-level governments to requisition village land tended to be met with strong resistance. Burns writes that villagers would resort to spontaneous demonstrations or even violence to protect their “collective property.” These demonstrations required a high degree of group solidarity to succeed, which often required the organizational skills of local cadres.¹⁸ Zweig writes that even during radical periods when insubordination was most dangerous, brigade and production team leaders would oppose the transfer of land and resources to units outside the village.¹⁹ Unlike today, then, village cadres tended to buffer their communities against higher-level expropriation efforts.

Why did village cadres shield their communities from commune- and county-led predation? Community loyalty played a part, as did the threat of social exclusion; Chan et al write that, during the Four Cleanups campaign of 1965, villagers were particularly harsh in struggle sessions against Chen Village’s “local emperor” Chen Qingfa—not because he was cruel or corrupt, but because he had agreed to give away village land to the commune to be used as commercial forest.²⁰ However, protecting village collective land was also in the personal material interest of brigade cadres. Unlike commune officials, village leaders did not receive state salaries. Their earnings depended on the total number of production team work points; more collective land thus meant more collective property and potentially higher earnings for the community, including themselves.²¹

One can see the importance of personal interests in the contrasting attitudes of brigade and production team leaders toward restrictions on private sideline farming. In the aftermath of the Great Leap Forward, China’s moderate-leaning leadership formally approved the farming of small, private plots of land in addition to collective work. Viewed as a necessary bulwark against poverty and starvation, private plots allowed some villagers in the 1960s to get richer than their neighbors. Unsurprisingly, private plots repeatedly came under fire during the radical period of 1968-1976. Zweig observes

¹⁸ John P. Burns, *Political Participation in Rural China* (Berkeley: University of California Press, 1988), 153.

¹⁹ David Zweig, *Agrarian Radicalism in China, 1968-1981* (Cambridge: Harvard University Press, 1989), 146.

²⁰ Chan et al, *Chen Village*, 63-4.

²¹ Zweig, *Agrarian Radicalism*, 130.

that production team leaders, like most peasants, opposed higher-level attempts to restrict private sideline farming. They were farmers, too, and often depended on private plots for their livelihoods. Brigade leaders, on the other hand, personally benefited when private plots became collective land because of the remuneration system that rewarded them for collective profits. They were therefore more willing to accede to higher-level demands for crackdowns on sideline farming.²² If community spirit alone explained cadre buffering, then one would expect the attitudes of brigade and production team leaders to be the same.

Shue's "gloved hand" image, while evocative, should be viewed from multiple angles and perspectives. Brigade leaders did not face a single unified state reaching down from Beijing, through their county and commune headquarters, and into the village. The political demands they confronted came from every level of the state hierarchy, and sometimes contradicted each other. Brigade cadres thus became discerning defenders of village interests. While they might have more willingly bowed to the heavy hand of the central state, they were also capable of swatting away the hands of less awe-inspiring local authorities—especially if doing so promoted their own personal interests. It is precisely these personal interests that, in the next section, we observe changing during the course of the reform period.

Section II: The “Grabbing Hand” of the Post-Mao Local State

We return now to the question posed by Shue's hypothesis: has the reform order increased the vulnerability of Chinese villages to “outside power holders?” The answer depends on which outside power holders one is talking about. The central state has curtailed its reach into the countryside during the reform era—at least in regards to the economy. Its hunger sated by the success of decollectivization, the center arguably no longer needs to rely on brute coercion to procure grain (though we recognize that, from a more radical stance, one might count the government grain purchasing system as an instrument of coercion). The state no longer uses mass campaigns and work teams in an attempt to radically reorganize rural life. The center has also relaxed its longstanding

²² Ibid., Chapter 6.

policy and practice of keeping rural Chinese tied to the land, in practice allowing rural migrants to work—through generally not acquire full residency rights—wherever they can find employment. It would be hard to claim, of course, that the emperor seems far away to rural citizens who still must abide by the central state’s strict birth-control policy. In economic terms, though, it is clear that the state relinquished much of its day-to-day control over rural affairs.

If, however, by “outside power holders” one means local state agents at the county and township levels, the picture becomes more blurred. The rising rate of land expropriation presents a clear example of local state penetration of village life. As numerous sources have indicated, land seizures—often accompanied by villager demonstrations—have increased in rural China.²³ Municipal, county- and township-level officials are responsible for many of these expropriation efforts.²⁴ Of course, government land requisition is not necessarily a bad thing; even in countries with long histories of reverence for private property, such as the United States, eminent domain laws recognize the legitimacy of national or local governments requisitioning land in the name of the public interest. In rural China, however, compensation for rural land requisition has tended to be meager at best for most of the reform era, and those losing land often do not benefit from the “development projects” that result. In a recent nationwide survey, villagers who had lost land reported receiving an average of 2.4% of the revenue from the sale of their collective property. By a ratio of 2:1, they expressed dissatisfaction with the level of compensation they received.²⁵ That land seizures have replaced “peasant burdens” as the main source of villager protests should amply demonstrate that many—if

²³ E.g., Andrew Jacobs, “Village Revolts over Inequities of Chinese Life,” *New York Times*, December 14, 2011.

²⁴ Yongshun Cai, “Collective Ownership or Cadres’ Ownership? The Non-Agricultural Use of Farmland in China,” *China Quarterly* 175 (2003): 662-80; Xiaolin Guo, “Land Expropriation and Rural Conflicts in China,” *China Quarterly* 166 (2001): 422-39. Ho and Lin claim that village officials are responsible for the bulk of under-compensated land seizures, but note that these seizures require the approval of higher-level governments. Samuel P.S. Ho and Peter C.S. Lin, “Emerging Land Markets in Urban and Rural China: Policies and Practices,” *China Quarterly* 175 (2003): 681-707.

²⁵ “Summary of 2011 17-Province Survey’s Findings: Insecure Land Rights: The Single Greatest Challenge Facing China’s Sustainable Development and Continued Stability,” Landesa, accessed August 29, 2012, <http://www.landesa.org/china-survey-6/>.

not most—rural Chinese view land requisition as harmful to their interests.²⁶ When it comes to land use policy, at least, the vulnerability of villagers to local state agents is on the rise.

Our main interest here is not explaining why local state agents are interested in collective property; as we mention in the previous section, a hunger for village land is not unique to the reform period, and one would expect such hunger to increase in a rapidly developing, rapidly urbanizing society.²⁷ Instead, we seek to analyze the decreased buffering role of local officials in the wake of post-Mao reforms. Reports by other observers indicate that village leaders, once defenders of community interests, often collude with higher-level officials to seize villagers' land. Our primary argument in this section is that villages have become more vulnerable to local state predation as the material interests of village cadres have changed.

Villagers have an interest in either retaining their collective land, or in personally benefiting from its development. Admittedly, rural Chinese receive a diminishing share of their income from farming.²⁸ Table 1 shows that rural residents not only constitute a decreasing proportion of the total population; they also increasingly find employment outside of agriculture. Only 63% of rural Chinese were employed in agriculture in 2009, down from 92% in 1978. Table 2 provides additional context for the declining importance of agriculture. More and more village residents are joining the ballooning ranks of China's "floating population," comprised of individuals who are not legal residents of the communities in which they work. More than 221 million Chinese currently live and work away from their legal residence; most of these are villagers who have chosen outside employment over personally farming their collective land. Nevertheless, the declining importance of farming income does *not* mean that villagers

²⁶ Thomas P. Bernstein, "Village Democracy and Its Limits," *ASIEN* 99 (2006); Yongshun Cai, "Local Governments and the Suppression of Popular Resistance in China," *China Quarterly* 193 (2008).

²⁷ For more information on how industrialization and urbanization have increased the demand for rural land, see: You-tien Hsing, *The Great Urban Transformation: Politics of Land and Property in China* (New York: Oxford University Press, 2010); Ho and Lin, "Emerging Land Markets in Urban and Rural China"; and Zhai Nianxiang and Xiang Guangqing, "Zhongguo Tudi Zhengyong Tizhi Fenxi ji Zhengce Jianyi" [An Analysis of China's Current Land Requisition System and Policy Implications], *Zhongguo Guanli* 3 (2007): 9-12.

²⁸ Zhao Shukai, *Nongmin de Zhengzhi* [Peasant Politics] (Beijing: Shangwu Yin Shuguan, 2011), 311.

are indifferent to losing their land. Not only does collective property carry great symbolic significance for villagers; it also guarantees them a certain level of income in the absence of other opportunities. Even villagers who receive the majority of their income from other sources frequently resent being forced off the land they think of as their own—particularly if they don't feel fairly compensated.²⁹ However, the interests of village cadres are no longer tied to those of their fellow villagers. They look to benefit not from retaining collective land, but from transferring its use to higher-level governments. Moreover, they have a material interest in under-compensating villagers for their land.

The divergence of cadre and villager interests was not an overnight phenomenon. We highlight three processes that, over the course of market reform, have channeled cadre interests in the direction of land expropriation. First, *decollectivization* attenuated the link between agricultural production and cadre pay. Second, *rural industrialization and urbanization* increased the value of agricultural land, giving cadres an incentive to transfer it to other entities. Third, *tax reform* and an imperfect system of fiscal transfers created revenue shortages, which often left cadres with no other source of income besides the transfer of village land.³⁰

Decollectivization reduced the stake of village cadres in promoting agricultural production. As we discuss in the previous section, pre-reform brigade leaders, in the absence of state salaries, depended on team grain (and, in more developed areas, small industries) for their incomes and administrative expenditures. The advent of household farming, however, denied village cadres a direct income from the collective harvest. While rural leaders in more developed parts of the country were able to acquire revenue by nurturing collective enterprises (as discussed below), those in poorer regions, who had little choice but to rely on locally levied taxes and fees, found it increasingly difficult to

²⁹ Zhao Shukai, *Nongmin de Zhengzhi*, 314.

³⁰ Unlike Shue, we do not claim that marketization *per se* was responsible for increasing village vulnerability. Rather, it was the particular form taken by market reform in rural China that caused the divergence in cadre and villager interests. Though we do not do so here, one might argue that a more “complete” program of marketization—particularly one that included individual property rights—might have helped curb land seizures by empowering property-owning farmers to negotiate directly with local authorities and developers. For this insight, we thank the participants in the conference on Power in the Making in China, Oxford University, March 31 to April 1, 2012.

fund their local government operations.³¹ Decollectivization also decreased the authority of village leaders. Villagers during the Maoist period had depended on brigade and team cadres for all inputs (fertilizer, draft animals, equipment, etc.) related to agricultural production. Household farming spelled the end of this type of dependency, as the control of many inputs slipped beyond the grasp of village leaders.³² By the 1990s, the only agricultural input that remained under the authority of local leaders was collective land.³³ Robbed of a direct income from grain, and denied their traditional command over its harvest, village officials had little reason to view collective land as a resource for promoting agricultural production; instead, they had reason to see it as a valuable resource in and of itself—a resource that they could lease or sell for a profit to “outside power holders.”

The conditions that make land expropriation so attractive to local governments today were not yet ripe in the immediate wake of decollectivization. As early as the mid 1980s, however, there were already signs that the interests of cadres and villagers had begun to diverge. The job description of a village cadre became more ambiguous after the disappearance of production teams and the dismantling of brigades. Village leaders did not direct the harvest, as they had in the past. They did not provide much in the way of social services, either; as Naughton writes, “Rural collectives were important in health care and education, and after their elimination the supply of both declined.”³⁴ It is unsurprising, perhaps, that villagers began to view local cadres as “unnecessary, even parasitic.”³⁵ Spates of violence began to erupt between cadres and villagers in many parts of the country.³⁶ Central government concerns about deteriorating rural governance

³¹ Thomas P. Bernstein and Xiaobo Lü, “Taxation without Representation: Peasants, the Central and the Local States in Reform China,” *China Quarterly* 163 (2000): 742-63; Jean C. Oi, *Rural China Takes Off: Institutional Foundations of Economic Reform* (Berkeley: University of California Press, 1999).

³² Jude Howell, “Prospects for Village Self-Governance in China,” *Journal of Peasant Studies* 25(3) (1998): 86-111; Oi, *State and Peasant in Contemporary China*.

³³ Jean C. Oi and Scott Rozelle, “Elections and Power: The Locus of Decision-Making in Chinese Villages,” *China Quarterly* 162 (2000): 525.

³⁴ Naughton, *The Chinese Economy*, 243.

³⁵ Kevin O’Brien, “Implementing Political Reform in China’s Villages,” *Australian Journal of Chinese Affairs* 32 (1994): 35.

³⁶ Yang, *Calamity and Reform*.

helped contribute to the passage, in 1987, of the draft Organic Law of Villagers' Committees, which provided the foundation for the village elections we discuss below.³⁷

As the reform era progressed, marketization and urbanization increased the value of land, especially in areas close to urban centers, making land requisition from the countryside an attractive source of local government revenue. First, local cadres in many parts of the country went into business during the “golden age of township and village enterprises,” which lasted from the start of reform until the mid 1990s.³⁸ Fiscal reform allowed township and village officials to use surplus revenues from local collective enterprises. Combined with a hard budget restraint and a reduced ability to derive income from agriculture, the right to enterprise revenue gave grassroots cadres an incentive to transform moribund collective enterprises into nationally competitive businesses, even in the absence of formal property rights.³⁹ The resulting surge in rural industrialization served as a major engine for China's economic take-off during the early reform period.⁴⁰ Unsurprisingly, growing businesses and expanding cities needed land to expand. The demand for agricultural land that could be converted to non-agricultural purposes therefore increased.⁴¹ Whether they sought to enlarge their own small-scale operations, or to lease land to outside investors, village cadres had a clear reason to appropriate village land.

Fierce market competition had eroded the competitive advantages of township and village enterprises by the mid 1990s; most collective TVEs that escaped shuttering were privatized. Still, rural businesses have not disappeared. Private enterprises in the countryside have continued to grow—if more slowly than before—steadily adding employees into the 2000s.⁴² “Development zones” and “industrial parks” have proliferated as local government rush to attract investment by private firms.⁴³ The decline of collective TVEs, in other words, has not eliminated the incentive of local cadres to gain revenue by leasing farmers' land to local—mostly private—enterprises.

³⁷ Daniel Kelliher, “The Debate over Village Self-Government,” *China Journal* 37 (1997): 63-86.

³⁸ Naughton, *The Chinese Economy*, 274.

³⁹ Oi, *Rural China Takes Off*.

⁴⁰ Naughton, *The Chinese Economy*, 274.

⁴¹ Ho and Lin, “Emerging Land Markets.”

⁴² Naughton, *The Chinese Economy*, 286.

⁴³ Dali Yang, *Beyond Beijing: Liberalization and the Regions in China*, London: Routledge, 1997; Zhai and Xiang, “Zhongguo Tudi Zhengyong Tizhi Fenxi ji Zhengce Jianyi.”

In recent years, though, urbanization has played as large of a role as rural industrialization in increasing the demand for farmer's land. It is not just the municipal governments of expanding urban centers that are hungry for land; township governments on the rural fringes of cities such as Beijing and Shenzhen have seen in urban dwellers' desire for affordable housing an opportunity to make a fortune—or, more realistically, stay solvent—through real estate development. Many of the resulting housing projects are, at best, ambiguously legal. You-tien Hsing details the rise, since the late 1990s, of *xiangchanquan*, or “housing with township-granted ownership certificates.” The legal conversion of agricultural land to non-agricultural purposes requires higher-level approval, which can mean townships' losing a considerable proportion of their land sale revenues. Township governments often prefer to bypass the approval process altogether, building apartment buildings on village land, and then granting their own “extra-legal” ownership certificates to urban buyers. The resulting suburban developments serve the interests of both local governments looking for revenues and urban dwellers seeking a respite from rising real estate prices. (Hsing reports that *xiangchanquan* housing costs 40-60% less than other housing in the area.) The same cannot be said for the villagers losing their land.⁴⁴

So far, we have portrayed land seizures as an *opportunity* for revenue-hungry village cadres; recent fiscal reforms, though, may have made land requisition a *necessity*. Local government finance became more complex after decollectivization, as village cadres no longer directly controlled the harvest. Still, they retained the ability to indirectly profit from agriculture by levying taxes and fees. Where TVEs did not take off, cadres were often left with no choice but to collect taxes and fees in excess of the legal limit of 5% of village income. The so-called “peasant burdens” that resulted were the primary cause of rural unrest through most of the 1990s.⁴⁵

The new administration of Hu Jintao and Wen Jiabao took the problem of “peasant burdens” seriously. In the early-to-mid 2000s, the central government enacted two ambitious policies intended to rein in local state exactions. The first was “tax-for-

⁴⁴ You-tien Hsing, *The Great Urban Transformation* Chapter 6.

⁴⁵ Bernstein and Lü, “Taxation without Representation.”

fee” reform, which prohibited non-tax fee collection.⁴⁶ (Compared to taxes, locally determined fees were viewed as “extremely chaotic, nontransparent and often inequitable.”⁴⁷) The second was the complete elimination of the agricultural tax, which Chinese farmers had reportedly paid for over 2,000 years. Sensitive to the budgetary dislocation that would result, the central government proposed to fill local revenue shortfalls with increased transfer payments from higher-level governments.⁴⁸ Subsequent research, though, has portrayed the system of local government transfer payments as woefully insufficient.⁴⁹ County and township governments struggle to fill their coffers as never before—making land expropriation not only attractive as a revenue source, but sometimes, perhaps, inevitable.

Returning to Shue’s hypothesis, we see that reform era policies have increased the vulnerability of villagers to “outside power holders” by raising the value of land for investors and changing the attitudes of village cadres toward land. During the Maoist era, brigade cadres had reason to see collective land as the base for agricultural production; increasing the harvest meant improving their bottom line. *Decollectivization*, however, alienated cadres from agricultural production. *Rural industrialization and urbanization* gave them an incentive to view collective property as a resource in itself, to be developed for local enterprises, or to be sold or leased to outside entities. Finally, in the absence of an effective system of financial transfers, *tax reform* made revenue shortages more acute, heightening the incentive of local cadres to turn to land seizures.⁵⁰

Of course, the trajectory we identify here, of increasing village vulnerability to land expropriation, is not equally applicable to every Chinese village—or even to every Chinese province. Decollectivization and tax reform were nationwide policies, but rural

⁴⁶ Ray Yep, “Can ‘Tax-for-Fee’ Reform Reduce Rural Tension in China? The Process, Progress and Limitations,” *China Quarterly* 177 (2004): 42-70.

⁴⁷ Christine Wong, “Rural Public Finance,” in *Financing Local Government in the People’s Republic of China*, ed. Christine Wong (Hong Kong: Oxford University Press, 1997), 203.

⁴⁸ “China to Abolish Age-Old Agriculture Tax,” *China Daily*, December 25, 2005.

⁴⁹ Renfu Luo et al, “Elections, Fiscal Reform, and Public Goods Provision in Rural China,” *Journal of Comparative Economics* 35 (2007): 583-611; Kevin O’Brien and Rongbin Han, “Path to Democracy? Assessing Village Elections in China,” *Journal of Contemporary China* 18(60) (2009): 359-78.

⁵⁰ Ran Tao and Dali Yang, "[The Revenue Imperative and the Role of Local Government in China's Transition and Growth](#)," Paper presented at the Coase Conference on China's Economic Transformation, July 2008, Chicago.

industrialization and urbanization have, naturally, progressed at uneven rates in different regions. The material incentives for village leaders to view land as a revenue source likely vary across the country; a Party branch secretary in remote Gansu Province faces different opportunities than his counterpart on the rural fringe of Shanghai or Beijing.

Still, in the aggregate, the results of these processes are clear. Between 1980 and 2003, between 50 and 66 million Chinese farmers lost their land. The total area appropriated by local governments amounted to nearly 100 million *mu*, or 13% of China's cultivatable land.⁵¹ Figure 1 shows the decline in China's cultivatable land from 1996 to 2008; the country lost 8 million hectares (from 130 million to 122 million), with the greatest drop occurring between the years of 2000 and 2004. A survey of 1,791 villages conducted in 2011 found that 43.1% of villages have experienced land requisition since the late 1990s—with apparently increasing frequency. In only 77.5% of cases did farmers report having received any compensation for their land. Compensated villagers received a small fraction of the total sale price; their mean compensation was 18,739 *yuan* per *mu*, compared to the 778,000 *yuan* per *mu* received, on average, by local authorities.⁵² It should therefore come as no surprise that, according to Chinese sociologist Yu Jianrong, land seizures and forced evictions have served as the primary cause of rural instability since 2000.⁵³ And social instability is no small problem in China; so-called “mass incidents”—the catchall term for riots, demonstrations and strikes—doubled from 2006 to 2010.⁵⁴ Wukan, in Guangdong, has been the subject of considerable international attention.⁵⁵ Demonstrations over land seizures are unlikely to subside as long as local governments collect a considerable portion of their revenues from land sales.⁵⁶ Where village cadres once deflected the “grabbing hand” of the local

⁵¹ Hsing, *The Great Urban Transformation*, 182.

⁵² “Summary of 2011 17-Province Survey's Findings.”

⁵³ Jianrong Yu, “Tudi wenti yichengwei nongmin weiquan kangzhengde jiaodian” [Land has become the focus of peasants' rights protests], *Guangming Guan*, 2006.

⁵⁴ “Wen Pledges to Curb Graft, Income Inequality as Police Head Off Protests,” *Bloomberg News*, February 28, 2011.

⁵⁵ E.g., Jacobs, “Village Revolts over Inequities of Chinese Life.”

⁵⁶ Wang Tao, a Hong Kong-based economist, estimates that, on average, land sales constitute 30% of local government budgets. “Chinese See Communist Land Sales Hurting Mao's Poor to Pay Rich,” *Bloomberg News*, October 23, 2011.

state, they increasingly reach out to its predatory grasp—or serve as grabbing hands themselves.

Section III: The Unfulfilled Promise of Grassroots “Democratization”

Marketization is not the only process with the potential to remake state-society relations in the Chinese countryside. Since 1987, when the National People’s Congress passed the draft Organic Law of Villagers’ Committees, rural China has also undergone a form of grassroots “democratization.” Despite persistent procedural problems, village elections are now held in nearly every one of China’s 600,000 villages, in all 31 provinces.⁵⁷ Shue does not mention village elections in *The Reach of the State*, and for good reason; her book was published years before it became clear that the Chinese leadership was serious about requiring elections for villagers’ committees. Still, as much as marketization, democratization has the potential to condition the interests of village cadres.

In this section, we evaluate the effect of village elections on the buffering role played by village officials. While, in theory, elections should serve to align the interests of villagers and cadres in regards to land, we find little evidence that they have done so. We identify three persistent features of rural governance that continue to limit democratization’s buffering effect: a village-level authority structure ill-suited to democratic reform, a cadre management system that makes village leaders hypersensitive to the demands of township superiors, and short time horizons for village officials.

We should first point out that marketization and democratization are not necessarily countervailing processes, at least when it comes to general state penetration into the countryside. On face, there are reasons to believe that village elections could be either state strengthening or villager strengthening—and perhaps both. Kelliher reminds us that the original purpose of village elections was not democracy *per se*, but was instead bolstering state authority in the aftermath of decollectivization. Proponents of the Organic Law argued that elected officials would be more effective at carrying out state

⁵⁷ O’Brien and Han, “Path to Democracy,” 363.

policies than appointed officials.⁵⁸ On the other hand, by allowing villagers to remove predatory leaders, elections should also help align the interests of cadres and their “constituents.” O’Brien notes that curbing local cadre predation was another chief justification for the Organic Law.⁵⁹ Furthermore, Manion argues that villagers should be able to elect officials with values similar to their own.⁶⁰

There is no need to set up an unnecessary dichotomy; it is possible that democratization in rural China might empower both state and peasantry.⁶¹ There would be no logical inconsistency in elections’ legitimizing the regime and local leaders while protecting villagers from cadre predation. In the case of land expropriation, though, the interests of villagers and local officials are clear and—more importantly—distinct. Bernstein argues that what villagers want are local cadres willing to protect their interests against the demands of higher authorities.⁶² They have an interest in keeping their land, or at least in being well compensated for its requisition.⁶³ As we have argued above, the reforms accompanying marketization have provided village cadres with strong incentives to profit from land transactions and potentially undermine this interest. Thus, on the matter of land, marketization and democratization may push village leaders in opposite directions—the former toward land expropriation and the latter toward land protection.

There is little evidence, however, that elections have presented a serious obstacle to land seizures. In the aggregate, land seizures became the most acute cause of rural instability at the same time that village elections spread nationwide. Recent well-publicized protests against land expropriation have shown that elected leaders will not necessarily protect village land. Systematic data on this sensitive problem are hard to obtain, but Cai observes that elections have done little to prevent land grabs because “village cadres, elected or otherwise, still operate in the administrative hierarchy of the political system and thus remain weak vis-à-vis the state and local officials.”⁶⁴

⁵⁸ Kelliher, “The Debate over Village Self-Government,” 73.

⁵⁹ O’Brien, “Implementing Political Reform.”

⁶⁰ Melanie Manion, “The Electoral Connection in the Chinese Countryside,” *American Political Science Review* 90(4) (1996): 736-48.

⁶¹ Xu Wang, “Mutual Empowerment of State and Peasantry: Grassroots Democracy in Rural China,” *World Development* 25(9) (1997): 1431-42.

⁶² Bernstein, “Village Democracy and Its Limits,” 31.

⁶³ Hsing, *The Great Urban Transformation*, 184.

⁶⁴ Cai, “Collective Ownership or Cadres’ Ownership,” 664.

This particular failure of elections is not unique. Grassroots “democratization” has a mixed record of improving governance in rural China. On one hand, there is evidence that elections improve cadre-villager relations. Manion contends that elections increase ideological congruence between cadres and villagers, and that more competitive electoral procedures promote the belief that cadres are trustworthy.⁶⁵ Li finds that elections embolden villagers to approach village leaders about township- and county-government malfeasance.⁶⁶ He also observes that, after participating in their first free and fair election, villagers feel a higher level of political efficacy vis-à-vis unresponsive local leaders.⁶⁷ Other scholars find that elections reduce cadre rent-seeking and increase villagers’ satisfaction with periodic land readjustments in the villages.⁶⁸ On the other hand, elections may have a negligible impact on the provision of public goods.⁶⁹ Moreover, the spread of village elections has done little to stem a rising tide of rural protests and in certain cases may have stimulated confrontations between the powers that be and popular interests.

Village elections have failed to achieve their potential because the political and economic conditions of rural China remain inhospitable to democratic reform. First, paeans to village elections often ignore (or at least downplay) the inconvenient fact that the top leaders in most villages are not popularly elected. Village committee chairs (VCC) must run for election every three years, but despite their designation as *cunzhang*, or village heads, they do not commonly serve as the top leaders in their villages. Instead, most VCCs must answer to their villagers’ unelected Party branch secretaries. Liang and He report that Party branch secretaries serve as the top leaders, or *yibashou*, in 80% of

⁶⁵ Manion, “The Electoral Connection”; Melanie Manion, “Democracy, Community, Trust: The Impact of Elections in Rural China,” *Comparative Political Studies* 39(3) (2006): 301-24.

⁶⁶ Lianjiang Li, “Elections and Popular Resistance in Rural China,” *China Information* 15(2) (2001): 1-19.

⁶⁷ Lianjiang Li, “The Empowering Effect of Village Elections in China,” *Asian Survey* 43(4) (2003): 648-62.

⁶⁸ Loren Brandt and Matthew A. Turner, “The Usefulness of Imperfect Elections: The Case of Village Elections in Rural China,” *Economics & Politics* 19(3) (2007): 453-80; John James Kennedy, Scott Rozelle and Yaojiang Shi, “Elected Leaders and Collective Land: Farmers’ Evaluation of Village Leaders’ Performance in Rural China,” *Journal of Chinese Political Science* 9(1) (2004): 1-22.

⁶⁹ Lily L. Tsai, *Accountability without Democracy: Solidary Groups and Public Goods Provision in Rural China* (New York: Cambridge University Press, 2007).

Chinese villages as of the late 1990s.⁷⁰ Newer data from the 2000s reveal that VCCs still answer to Party branch secretaries in half of sample villages, while sharing authority with them in another 26%.⁷¹ Selection methods for Party branch secretaries may be growing more representative, but the fact remains that when observers talk about spreading village elections, they are, in most cases, referring to a process of democratization that has not even reached the highest reaches of village politics—let alone higher levels.

Persistent Party branch dominance presents considerable challenges for the idea that rural China is “democratizing.”⁷² From a theoretical perspective, the election of secondary leaders, answerable to non-elected authorities, does not accord with most basic definitions of democratic accountability.⁷³ From a practical, buffering perspective, unelected Party branch secretaries are more likely than elected VCCs to cooperate with the designs of township authorities—predatory or otherwise.⁷⁴ Many Party branch secretaries are directly appointed by township Party committees; those who are elected by local Party members are still obligated to obey their Party superiors. A Party branch secretary would be unwise to resist attempts by the township government to acquire village land. Elections are therefore unlikely to align villager and cadre interests in communities where unelected leaders continue to dominate.

At the same time that village elections have failed to reorient cadre interests, higher-level governments have tightened the reins of hierarchical control. Making an

⁷⁰ Liang Kaijin and He Xuefeng, *Cunji Zuzhi Zhidu Anpai yu Chuangzhi [Institutional Arrangements and Innovations in Village-Level Organizations]* (Beijing: Hongqi Chubanshe, 1999), p. 118.

⁷¹ Mingxing Liu et al, “Patterns of Authority and Governance in Rural China: Who’s in Charge? Why?” Paper presented at Authoritarianism in East Asia: An International Conference, Hong Kong, China, June 29 to July 1.

⁷² Bjorn Alpermann, “The Post-Election Administration of Chinese Villages,” *China Journal* 46 (2001): 45-67; Bernstein, “Village Democracy and Its Limits”; O’Brien and Han, “Path to Democracy.”

⁷³ Electoral accountability requires the election of authoritative leaders. The threat of electoral sanction does little to induce governments to act in their citizens’ interest if top leaders are not subject to a vote. See Bernard Manin, Adam Przeworski and Susan C. Stokes, “Elections and Representation,” in *Democracy, Accountability, and Representation*, eds. Adam Przeworski, Bernard Manin, and Susan C. Stokes (New York: Cambridge University Press, 1999), 27-49; Philippe C. Schmitter and Terry Lynn Karl, “What Democracy Is...and Is Not,” *Journal of Democracy* 2(3) (1991): 75-88.

⁷⁴ Zhenglin Guo and Thomas P. Bernstein, “The Impact of Elections on the Village Structure of Power: The Relations between Village Committees and the Party Branches,” *Journal of Contemporary China* 13(39) (2004): 257-75; O’Brien and Han, “Path to Democracy.”

argument seemingly in line with Shue's prediction, O'Brien and Li find that a "pattern of selective policy implementation has emerged in the Chinese countryside, as some cadres conscientiously enforce unpopular policies while refusing to carry out other measures that villagers welcome."⁷⁵ They identify two reform-era policies that have caused village leaders to increasingly view higher-level interests as their own. First, one-level-down cadre management (which replaced the traditional two-level-down system in 1984) has made village leaders hypersensitive to the demands of their township superiors. Village leaders, particularly those in the Party branch, may find it hard to contravene the demands of township officials who control their political destinies—even when these demands conflict with villager interests.

Second, the specific form of the Cadre Responsibility System, used to evaluate cadre performance, favors the completion of township-preferred tasks over villager-preferred tasks. Besides the "priority targets" of birth control and stability maintenance, the targets emphasized by the Cadre Responsibility System tend to be those that are easily quantifiable.⁷⁶ Protecting the rights of villagers may or may not be a priority of the central government, but as a task it is more difficult to quantify.⁷⁷ In any case, protecting village land from expropriation is unlikely to figure highly in township evaluation when the evaluators themselves are the ones hungry for land. Thus, village elections are unlikely to compel local cadres to resist "outside power holders" as long as they are beholden to these power holders for their livelihoods.

This is, of course, assuming that village cadres want to keep their jobs; a Party branch secretary with no interest in serving another term in office—who has a short time horizon, in other words—may be inclined to ignore township directives. Far from being the answer to increasing village penetration, however, short time horizons are likely to cause elected village leaders to ignore villagers' interests as well. An elected VCC who has decided to forego the next election has little to fear (at least in terms of electoral

⁷⁵ Kevin O'Brien and Lianjiang Li, "Selective Policy Implementation in Rural China," *Comparative Politics* 31(2) (1999): 167.

⁷⁶ See also Maria Edin, "State Capacity and Local Agent Control in China: CCP Cadre Management from a Township Perspective," *China Quarterly* 173 (2003): 35-52.

⁷⁷ In "Emerging Land Markets," Ho and Lin claim that the Land Management Law of 1998 demonstrates the commitment of the central government to protecting villager land from unjust expropriation.

outcomes) from, say, seizing village land and pocketing a disproportionate share of the profit, or from cooperating with township officials intent on doing the same.⁷⁸

The reluctance of many rural residents to run for (re)election is therefore troubling. Tsai has observed that, in communities with vibrant private enterprises, local leaders may look forward to the end of their time in office; they anticipate a time when their official obligations no longer stand in the way of more lucrative business opportunities.⁷⁹ In other places, budget difficulties and/or the collapse of collective enterprises have reduced the benefits typically associated with holding office.⁸⁰ Villagers may be less than enthusiastic about shouldering the burdens of office-holding in places where making ends meet is a daily struggle. In either case, cadres with no further political ambitions may be sorely tempted to expropriate villagers' land before the end of their term.

The trend lines speak for themselves: village elections have become freer, fairer and more widespread at the same time that land seizures (and the demonstrations accompanying them) have accelerated. In this section we give three reasons why elections for villagers' committees have failed to align village leaders and villager interests on the issue of land. First, village elections are often not held for top leaders. Second, township governments, following the logic of the pressure-type system of government (*yali xing tizhi*), continue to exert their control over village subordinates, aligning cadre interests not with their constituents but with their superiors.⁸¹ Third, village elections are unlikely to serve as a sanction on cadre malfeasance in places where officials do not anticipate running for reelection. Despite the shortcomings of grassroots democracy, however, not all trends in the Chinese countryside are negative. In the

⁷⁸ Of course, by engaging in such behavior, a village cadre risks the opprobrium of friends and family members—as we discuss above.

⁷⁹ Tsai, *Accountability without Democracy*.

⁸⁰ Chen, "The Failure of Organizational Control"; James Kung, Yongshun Cai and Xiulin Sun, "Rural Cadres and Governance in China: Incentive, Institution, and Accountability," *China Journal* 62 (2009): 61-77.

⁸¹ Rong Jingben. *Cong Yalixing Tizhi Xiang Minzhu Hezuo Tizhi De Zhuanbian: Xianxiang Liangji Zhengzhi Tizhi Gaige [The Transformation from the Pressure System to the Democratic Cooperative System: The Political Reform of County and Township Governments]*, (Beijing: Central Compilation and Translation Press, 1998).

following section, we note several reasons for cautious optimism regarding the future of rural state-society relations.

Section IV: A Thawing of Cadre-Villager Relations?

We have so far described the plight of Chinese villagers in somewhat dire terms—and not without reason. While they may no longer be subject to convulsions of campaign terror, rural residents are increasingly exposed to local state predation due to the changing interests of their erstwhile protectors in village government. The effects of this vulnerability on rural Chinese lives should not be underestimated. In addition to the annual recitation of rising numbers of “mass incidents,” stories of farmers willing to self-immolate rather than give up their homes should remind us that, despite its successes, the program of market reform pursued by China’s leaders has wrought changes in the countryside with real human consequences.⁸²

Nevertheless, to portray rural China as a vast expanse of unremitting unrest, as some Western observers seem inclined to do, is to ignore a host of recent positive developments.⁸³ As in the case of Mao-era China, a more complex reality lies beneath the headlines. In this section, we highlight several changes with the potential to improve the often-contentious relationship between state and villager in China. First, we note two recent reforms in rural governance that may help to realign the divergent interests of cadres and farmers in regards to land. Second, we observe that the Hu-Wen administration’s longstanding emphasis on rural issues is beginning to show results; more resources are beginning to flow in the direction of rural development and welfare, particularly in the wake of the 2008 global financial crisis, and the central government’s stimulus response. Third, we cite recent survey evidence indicating that the Hu-Wen rural development push is improving villager attitudes toward the state—not only toward the central leadership, but also toward local authorities. While tens of thousands of rural

⁸² Zhan Caiqiang, “Zhuzhou Wushiba Sui Bei Chaiqian Hu Zifen” [58-Year-Old Zhuzhou Evictee Self-Immolates], *Nandu Xun*, April 24, 2011, accessed February 16, 2012, <http://news.dichan.sina.com.cn/2011/04/24/308274.html>.

⁸³ e.g., Alan Taylor, “Rising Protests in China,” *TheAtlantic.com*, February 17, 2012, accessed February 22, 2012, <http://www.theatlantic.com/infocus/2012/02/rising-protests-in-china/100247/>.

residents may bear intense grievances toward their local leaders, relations between peasant and local state may still be improving in the aggregate.

The predatory penetration of villages by local cadres may not be irreversible. As we mention above, one of the primary obstacles to grassroots “democratization” is that popular elections are rarely held for the village’s top leader; more often than not, elected village committee chairs must answer to unelected Party branch secretaries. However, an increasingly popular form of village leadership promises to subject even the most powerful *yibashou* to a vote. In 2002, the State Council and the Party Central Committee issued a joint declaration approving of “concurrent office-holding” in village government, or the practice of a single individual occupying the offices of village committee chair and Party branch secretary. In the survey used by Liu et al, 18% of villages reported concurrent office-holding in 2004.⁸⁴ Zhao Shukai writes that this proportion had risen to 60-70% by 2007.⁸⁵ While concurrent office-holders are as obligated as other Party branch secretaries to comply with township directives, they must also win village-wide elections, or risk losing *both* of their leadership positions. Little research exists on the impacts of concurrent office holding, but the necessity of running for election may induce top village leaders to pay more heed to villager interests.

A second factor that may realign cadre and villager interests is the presence or absence of the “one issue, one decision” (*yishi yiyi*) method of making collective financial decisions. Introduced in Anhui Province in the wake of tax-for-fee reform, *yishi yiyi* requires villagers to vote on policies with the potential to affect their livelihood.⁸⁶ The arrangement also gives villagers the chance to openly discuss village affairs, and to question local leaders on their use of village funds. To the extent that this variety of decision-making actually constrains cadre decisions, it may also cause village leaders to view villager interests as their own.

Though both phenomena remain under-analyzed, concurrent office-holding and *yishi yiyi* may help to recast village cadres in the role of defenders of village property. Land expropriation, though, is not the only problem facing rural residents. Villagers may have been the primary beneficiaries of the first wave of “reform and opening,” but their

⁸⁴ Liu et al, “Patterns of Authority and Governance.”

⁸⁵ Zhao Shukai, *Nongmin de Zhengzhi*, 177.

⁸⁶ Kung, Cai and Sun, “Rural Cadres and Governance.”

fortunes have lagged behind those of their urban counterparts for over two decades. As mentioned before, public service provision eroded with the breakup of agricultural collectives. Rural poverty has plummeted in the post-Mao period (as many as 500 million Chinese have risen out of poverty since 1978), but the number of extremely poor in the countryside remains stubbornly high; after revising its poverty line closer to the international standard in November 2011, the central government reported that 128 million rural Chinese now qualify as poor—nearly 100 million more than the previous estimate.⁸⁷

Hu Jintao and Wen Jiabao have emphasized raising rural living standards throughout their term. China's "number one document," often seen as a barometer of government priorities, addressed rural issues for seven straight years, from 2004 to 2010.⁸⁸ The state has accompanied these issue papers with concrete policies aimed at improving life in the countryside. The aforementioned tax-and-fee reform sought to reduce "peasant burdens," for example. While tax changes have squeezed local governments (as we note in Part II of this paper), they have also lightened the financial load on villagers.⁸⁹ Moreover, in 2005, Hu Jintao announced the central government's goal of building a "New Socialist Countryside" (*jianshe shehuizhuyi xin nongcun*) by investing heavily in rural infrastructure.⁹⁰

Rural spending ramped up in the wake of the global financial crisis. To prevent an economic slowdown, the central government implemented a four trillion *yuan* economic stimulus, nine percent of which went toward rural infrastructure. Billions more went toward nationwide education, health care, transportation and irrigation—much of which ended up in the countryside.⁹¹ In a recent article, Ethan Michelson portrays this crisis-response stimulus as only the most recent wave of a long-term rural stimulus package

⁸⁷ "China Raises Rural Poverty Line," *Associated Press*, November 30, 2011, accessed February 19, 2012, <http://www.guardian.co.uk/world/2011/nov/30/china-raises-rural-poverty-line>.

⁸⁸ Zhang Zhengfu, "Zhongguo Qi Nian Lai Lianxu Qige Zhongyang 'Yi Hao Wenjian' Qiuji 'San Nong Wenti'" [China's 'Number-One Document' Addresses 'Three Rural Issues' for Seven Years in a Row], *Xinhua*, 2010.

⁸⁹ Ray Yep, "Can 'Tax-for-Fee' Reform Reduce Rural Tension in China?"

⁹⁰ Elaine Kurtenbach, "China Shifts Focus to Rural Poor, But Its 'New Deal' Faces an Enormous Task," *Associated Press*, March 10, 2006.

⁹¹ Sarah Y. Tong, "China's Decisive Response to the Economic Crisis Bears Fruit," in *China and the Global Economic Crisis*, Zheng Yongnian and Sarah Y. Tong eds. (Singapore: World Scientific Publishing, 2010).

aimed at realizing Hu's stated goal of creating a "New Socialist Countryside." Among the other policies included in this rural stimulus are the abolishment of the agricultural tax; the nationwide abolishment of tuition and fees for poor students in compulsory education; the expansion of agricultural subsidies; and "direct investment in rural infrastructure, including the expansion and improvement of the power grid, roads, the supply of drinking water, agricultural irrigation, and so on."⁹² Table 3 shows the effect of this rural stimulus on aggregate government spending. As a proportion of the national budget, spending on agriculture increased 1.6 percentage points (or approximately 20%) between 2006 and 2008. As Figure 2 shows, this uptick appears to have reversed a nearly two-decade decline (stretching back to the early 1990s) in the relative importance of agriculture to the national budget.

One element of the rural stimulus that deserves particular emphasis is the expansion of the "minimum living standard support," or *dibao*. Previously, urban residents whose incomes fell beneath a locally defined minimum standard were eligible to receive a monthly income subsidy, designed to assure them at least a bare level of subsistence. Most rural governments, however, did not provide *dibao* subsidies; in 2001, only 3 million of China's rural poor received a minimum living standard payment. The Hu-Wen administration announced an aggressive expansion of the program in 2007. Regardless of their location, all rural residents are now eligible for *dibao* subsidies if their incomes fall below the local poverty line.⁹³

While implementation problems no doubt persist, the rural *dibao* program has shown impressive growth over the past decade. Figure 3 displays the number of *dibao* recipients in both urban and rural areas from 2001 to 2010. The number of urban Chinese receiving subsidy payments remained steady at 22 to 23 million for most of this period. The number of rural *dibao* recipients exploded over the same period, from 3 million in 2001 to 52 million in 2010. Unsurprisingly, the greatest jump occurred between 2006 and 2007, when Hu Jintao announced the nationwide implementation of the rural *dibao*. It is

⁹² Ethan Michelson, "Public Goods and State-Society Relations: An Impact Study of China's Rural Stimulus," in *The Global Recession and China's Political Economy*, ed. Dali L. Yang (New York: Palgrave Macmillan, 2012).

⁹³ Tony Saich, *Providing Public Goods in Transitional China* (New York: Palgrave MacMillan, 2008).

noteworthy, though, the number of subsidy recipients has continued to climb by at least 10% per year. It is possible to imagine that the vast majority of China's rural poor (128 million, according to the latest figures) will be assured a minimum living standard in the near future.

To be sure, a "minimum living standard" in rural China remains a very low standard indeed. In 2010, the average monthly payment to a rural resident receiving the *dibao* subsidy was 74 *yuan*, or a little less than 12 dollars. Consider, though, that the average recipient had a pre-subsidy income of less than 117 *yuan* per month; with such meager resources, an extra 74 *yuan* is likely to provide a considerable living standard boost. Moreover, the average monthly subsidy increased by an average of 20% per year between 2007 and 2010. As resources continue to flow into the *dibao* program, the direness of rural poverty is bound to decline.⁹⁴

Michelson finds evidence that programs such as these have had an ameliorative effect on rural state-society relations. Relying on rural surveys conducted in 2002 and 2010, he observes that villagers today express more satisfaction with their local leaders than they did at the beginning of the decade. They also report more satisfaction with their own personal lives. In cross-sectional data, he finds a positive relationship between public goods provision and satisfaction with local governments; he concludes that the apparent thawing of villager-cadre relations between 2002 and 2010 was likely due to improvements in public goods provision.⁹⁵

Thus, we observe a paradox in rural state-society relations. On one hand, Chinese villages are increasingly vulnerable to local-state predation in the form of land seizures. On the other, pro-rural central policies appear to be improving living conditions for the majority of villagers. Improved material conditions, moreover, appear to have ameliorated the often-tense relationship between villagers and local cadres—at least in the aggregate. We comment on this apparent contradiction in our conclusion.

Conclusion

⁹⁴ The statistics cited here come from the China Civil Affairs Statistical Yearbook (*Zhongguo Minzheng Tongji Nianjian*).

⁹⁵ Michelson, "Public Goods and State-Society Relations."

A recent photo essay in *The Atlantic* depicts, in graphic detail, the rise of popular unrest in China. A farmer wounded by riot police shows his scars; government documents litter the courtyard of a government office ransacked by rioting villagers; a bloodied female protestor struggles against arrest; demonstrators retreat in front of a cloud of tear gas. As reported in brief captions, the causes of these instances of instability include environmental degradation, police brutality and censorship, but one issue rises above the others: land expropriation.⁹⁶

Our argument provides a lens through which to view these images of unrest, particularly those having to do with rural land. Put simply, local leaders have strong incentives to turn collective property, especially land, into revenue generating assets. While their Maoist predecessors derived their income from agricultural production, present-day village officials benefit from transferring collective land to private enterprises and/or higher-level governments. This change in incentives is attributable to many of the same marketizing reforms responsible for raising rural living standards during the post-Mao era. While village elections have the potential to realign villager and cadre incentives, they have so far failed to do so, embedded as they are in a sociopolitical environment inhospitable to democratic reform.

As we detail in Section IV, however, the rise of land-related unrest may constitute just one chapter of the story of present-day rural China and recent modifications to the regulations governing the requisitioning of land may serve to alleviate the conflicts and tensions that have tended to land takings. Just as notable are recent central government attempts to raise rural living standards, including tax reform, infrastructural investment, minimum living standard subsidies, as well as efforts to improve rural education, health insurance, and welfare. The subject of rural state-society relations deserves further attention, but current evidence indicates that villagers are responding positively to these government initiatives. Overall villager satisfaction appears to be rising at the same time as rural unrest.

The question is perhaps inevitable: What is the *real* story behind present-day rural China? Protests or progress? Disorder or détente? The answer may depend crucially on “the reach of the state”—its capacity to effect change in the countryside and its

⁹⁶ Taylor, “Rising Protests in China.”

willingness to do so. Local state penetration into the village has, in many places, assumed a predatory character. Deepening market reforms will provide opportunities for both cadres and villagers, but are unlikely to alter cadre incentives to requisition village land. Land privatization could potentially strengthen the position of villagers vis-à-vis land-hungry local officials but is politically improbable for the foreseeable future. Realigning cadre and villager interests with respect to land may require substantive democratic reform—a change in the “exercise of power” in the countryside.⁹⁷ At the same time, raising rural living standards will require an emphasis not simply on rural development but also on reforms of the Hukou system and other institutions so that peasants can go into cities not as second-class migrant laborers but as genuine Chinese citizens.

⁹⁷ O’Brien and Han, “Path to Democracy.”

Table 1:

Rural Population and Employment in China 1978-2009

Year	Population (million)	Percentage (%)	Total Number of Employed (million)	Number of Employed in Agriculture (million)	Percentage of Employed in Agriculture (%)
1978	790.14	82.1	306.38	283.18	92.4
1980	795.65	80.6	318.36	291.22	91.5
1985	807.57	76.3	370.65	311.30	84.0
1990	841.38	73.6	477.08	389.14	81.6
1991	846.20	73.1	480.26	390.98	81.4
1992	849.96	72.5	482.91	386.99	80.1
1993	853.44	72.0	485.46	376.80	77.6
1994	856.81	71.5	488.02	366.28	75.1
1995	859.47	71.0	490.25	355.30	72.5
1996	850.85	69.5	490.28	348.20	71.0
1997	841.77	68.1	490.39	348.40	71.0
1998	831.53	66.7	490.21	351.77	71.8
1999	820.38	65.2	489.82	357.68	73.0
2000	808.37	63.8	489.34	360.43	73.7
2001	795.63	62.3	490.85	365.13	74.4
2002	782.41	60.9	489.60	368.70	75.3
2003	768.51	59.5	487.93	365.46	74.9
2004	757.05	58.2	487.24	352.69	72.4
2005	745.44	57.0	484.94	339.70	70.0
2006	737.42	56.1	480.90	325.61	67.7

2007	727.50	55.1	476.40	314.44	66.0
2008	721.35	54.3	472.70	306.54	64.8
2009	712.88	53.4	468.75	297.08	63.4

Source: China Rural Statistics Yearbook 2010.⁹⁸

Table 2:

Floating Population in China 1982-2010

Year	Floating Population (million)	Percentage of Floating Population in the Total Population (%)	Floating Population Modified* (million)	Percentage of Floating Population in the Total Population Modified** (%)
1982	6.57	0.66	11.54	1.66
1987	18.10	1.69	24.79	2.32
1990	21.35	1.89	37.50	3.32
1995	70.73	5.86	70.73	5.86
2000	102.29	7.90	102.29	7.90
2005	147.35	11.27	147.35	11.27
2010	221.43	16.16		

Note: ‘*’, ‘**’ 历年流动人口统计口径并不完全一致: 1) 市内人户分离人口在2000之前的调查中并未从流动人口中剔除, 而在2000年以后做了剔除; 2) 各次调查队流动人口离开户口登记地的时间长短和距离远近的界定有所差异。针对这方面, 《2007中国人口》给出了一组调整后的流动人口数据。调整方法为: 从五普和2005年1%抽样调查数据可知, 2000年和2005年的“一年以内”流动人口在当年全部流动人口当中所占比例分别是22.61%和21.40%。取这两个比例的平均数(22%)为时间调整系数; 县内跨乡镇流动人口在当年全部流动人口当中所占比例分别是30.2%和24.3%。取这两个比例的平均数(27%)为空间调整系数。然后用这两个调整系数对1982、1987和1990年直接计算得到的流动人口数进行调整, 其中, 1987年不需要进行时间调整。调整的计算公式为: 调整后的流动人口数=直接计算得到的流动人口数/[(1-时间调整系数)*(1-空间调整系数)]⁹⁹

Source: 2007 China Population¹⁰⁰; Press Release on Major Figures of the 2010 National Population Census.¹⁰¹

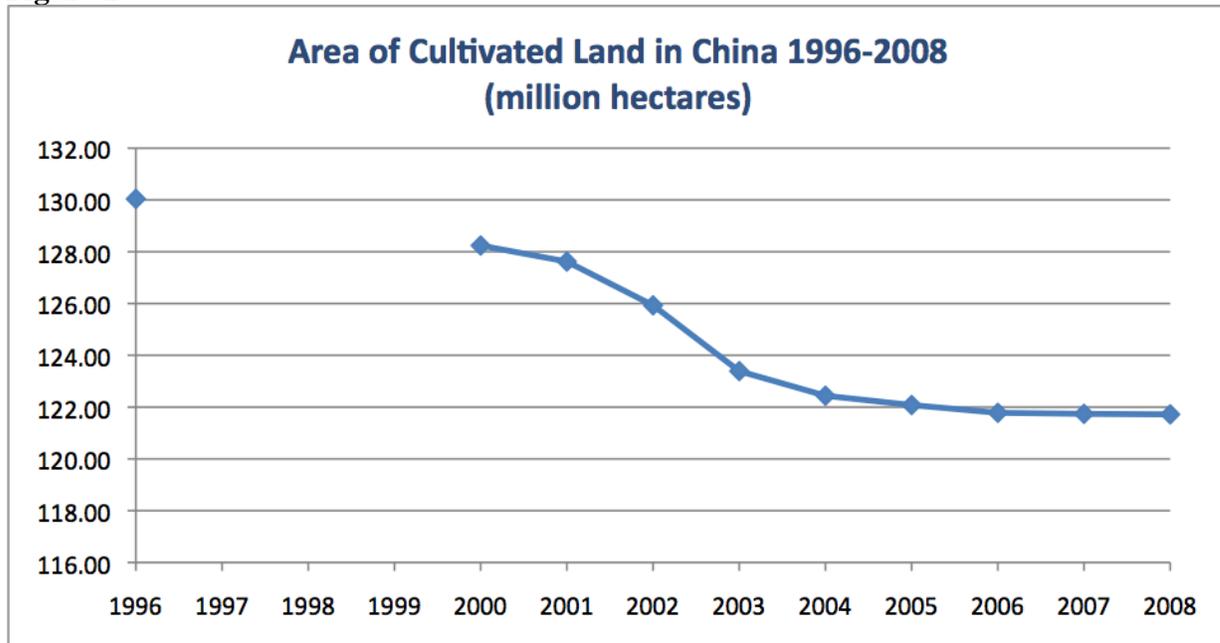
⁹⁸ Department of Rural Economic and Social Survey: National Bureau of Statistics of China (DRESS), *Zhongguo Nongcun Tongji Nianjian 2010 [China Rural Statistics Yearbook 2010]* (Beijing: China Statistics Press, 2011).

⁹⁹ Department of Population and Employment: National Bureau of Statistics of China (DPE), *2007 Zhongguo Renkou [2007 China Population]* (Beijing: China Statistics Press, 2008), 186-190.

¹⁰⁰ Department of Population and Employment, *2007 Zhongguo Renkou*.

¹⁰¹ National Bureau of Statistics of China (NBS), ‘Press Release on Major Figures of the 2010 National Population Census’, accessed April 28, 2011,

Figure 1:



Source: Notice of the State Council on Issuing the Outline of the National Overall Planning on Land Use¹⁰²; China Environment Statistics Yearbook 2010¹⁰³

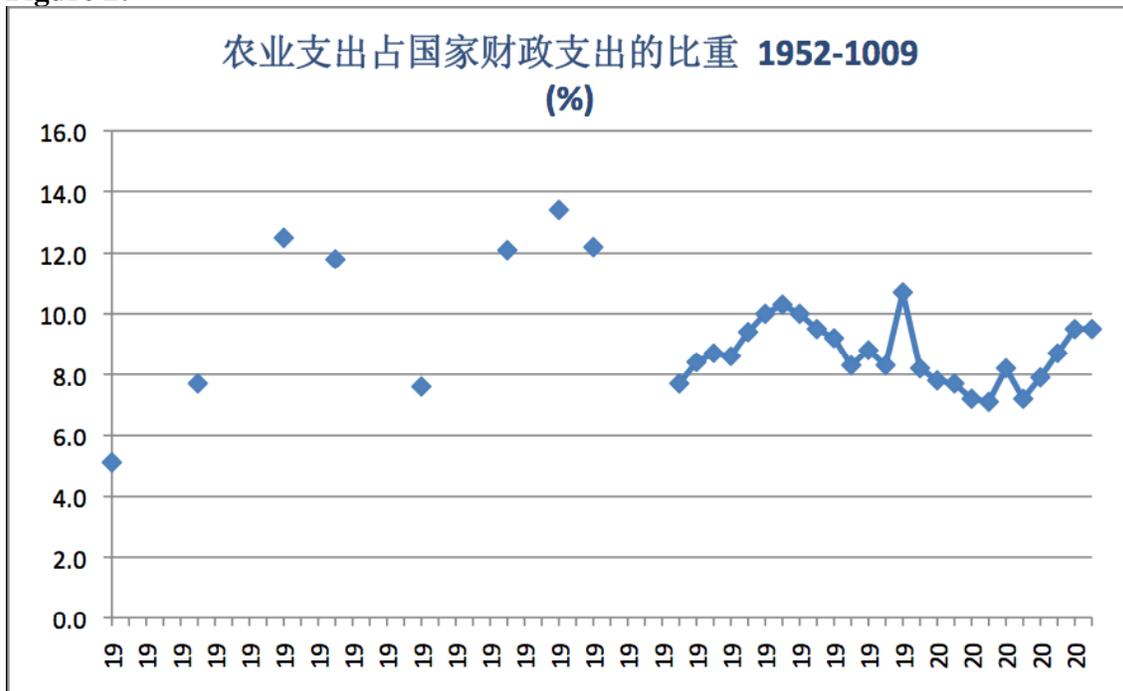
http://www.stats.gov.cn/was40/gjtjj_en_detail.jsp?searchword=population+census&channelid=9528&record=6.

¹⁰² General Office of the State Council of the People's Republic of China, 'Guowuyuan Bangongting Guanyu Yinfa Quanguo Tudi Liyong Zongti Guihua Gangyao de Tongzhi [Notice of the State Council on Issuing the Outline of the National Overall Planning on Land Use]', accessed April 2, 1999,

http://www.gov.cn/xxgk/pub/govpublic/mrlm/201011/t20101115_62801.html.

¹⁰³ National Bureau of Statistics of China and Ministry of Environmental Protection of the People's Republic of China, *2010 Zhongguo Huanjing Tongji Nianjian [China Statistical Yearbook on Environment 2011]* (Beijing: China Statistics Press, 2011).

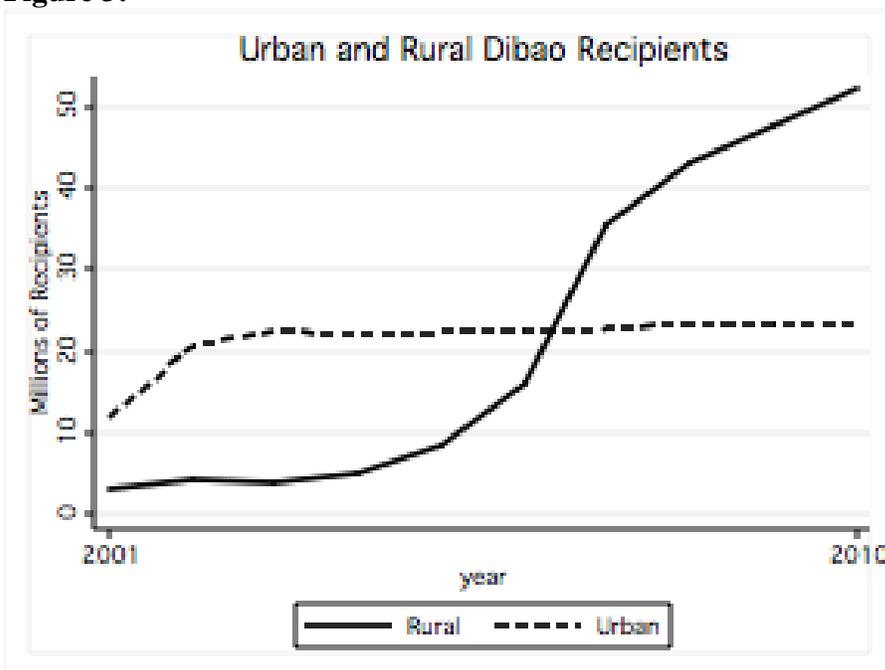
Figure 2:



Source: China Rural Statistics Yearbook 2010.¹⁰⁴

¹⁰⁴ Department of Rural Economic and Social Survey, *China Rural Statistics Yearbook 2010*, 77.

Figure 3:



Source: China Civil Affairs Yearbook 2011¹⁰⁵

¹⁰⁵ Ministry of Civil Affairs, *Zhongguo Minzheng Tongji Nianjian 2011 [China Civil Affairs Statistical Yearbook 2011]*, (Beijing: China Statistics Press, 2012).